

# Surviving a Loss: Smart Steps for Coping With Widowhood

By Karen C. Altfest

**H**undreds of thousands of women are widowed in the United States each year. If you have recently lost your spouse, you may be confronting many changes in your daily life and need financial support and advice.

Where can you find someone to help you, what should you look for in a relationship, what can you put off for later, and how do you make wise decisions?

Because financial planning at this stage involves both a person's emotional state and her financial state, many widows are pushed by well-meaning relatives and even advisors to make unwise decisions, or to make changes before they are ready to do so.

This article documents smart steps for widows to take when the time is right for them. Figure 1 provides an overview of the process.

## Jane's Story

Jane lost her husband earlier this year. Although he had been ill for a while, Jane was not prepared for the loss, nor her reactions to it.

While her husband was in the hospital, Jane came to see me. She said she had his permission to seek financial help because for the past two years he just couldn't concentrate on his monthly statements, and did not make any decisions. In other words, things had been stagnant and her husband



knew they needed help.

We began to gather information about Jane's family assets, goals and need for money, but just one month after our meeting, Jane's husband died. Jane called weeping more than once, but said now that her husband had died and he wasn't there to guide her, that she would not make any more decisions. She had never made financial decisions on her own before, and was afraid to start now.

Jane is still going through tough times. Sometimes she eats a lot to console herself; other times she skips meals, thinking: "Why bother?" She often comes to our financial and investment seminars to talk about her situation, but still won't make any decisions.

Jane's husband has now been gone for five months, certainly not a long time after their lengthy, close marriage. When Jane is ready, she can begin to consider these smart steps that help other widows.

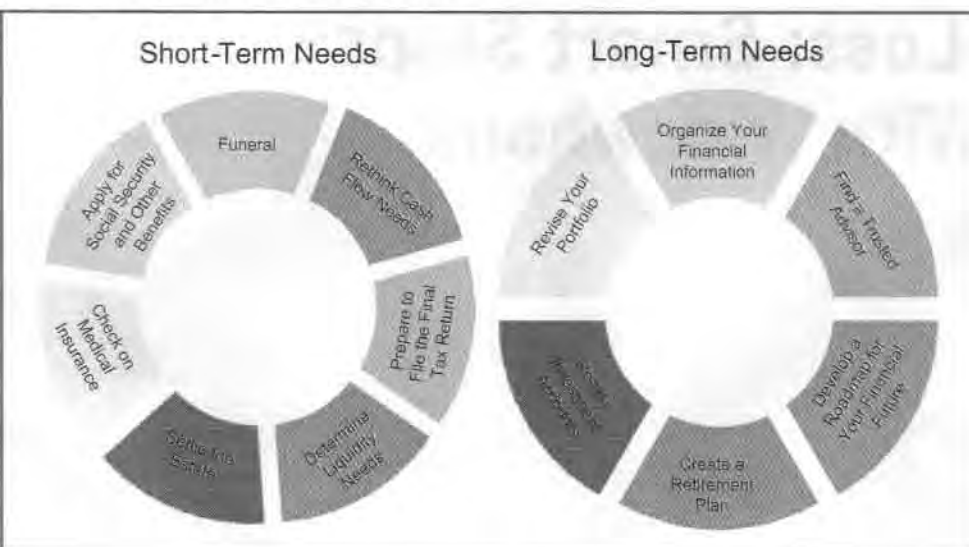
## Smart Step 1: Be Aware of the Varied Emotions You May Experience

Like Jane, you are entitled to new feelings; be prepared for them to change from time to time, sometimes suddenly and for seemingly no reason. Just when you think you have moved beyond a certain feeling, it can reappear.

Recent widows have told me that they feel some or all of the following emotions:

- **Shock:** A widow may be stunned by the turn of events, even after a lengthy illness.

Figure 1. Decision Chart for Widows



- **Confusion:** Some widows may become disoriented as if they were in new surroundings.
- **Denial:** A widow might feel as if she has dreamed all the bad events, and a spouse may return.
- **Anxiety:** This may take the form of worry about the widow's future.
- **Anger:** A widow may be angry at the husband who left her behind, at circumstances, and at others' more "normal" lives.
- **Guilt:** A widow may wish she had done things differently, or been there for her spouse more frequently.
- **Depression:** A widow may experience lingering sadness, or a melancholy that comes and goes.
- **Vulnerability:** Widows may feel that others are out to get them—and that may have a measure of truth in it, so it is wise to proceed into new areas with caution.
- **Loneliness:** Few people who have lived with others look forward to returning to an empty house at night. This emotion may prompt some widows to latch onto others just because they are available.
- **Cockiness:** Some widows experience the feeling that they can do anything. This can lead to short-term risk-taking, but it may not last. If you feel over-confident after a

loss, take a deep breath and think carefully before taking action.

- **Acceptance:** This stage comes when a widow accepts her situation and is ready to move on. It may be a long time in coming, but may signal arriving at a new place.

These feelings, and others you might have, are not sequential. They may come and go at different times, even over a period of years.

Each widow moves at her own pace, and may not even be aware of her emotional changes. For example, you may not know what is causing you to feel a particular way or why your mood changes so rapidly. Your relatives may also be bewildered by your behavior.

While it is important for you to be aware of your feelings, you may wish to postpone major decision-making until you are on a more even keel. At the very least, involve long-standing friends or trusted relatives in your decision-making until you exhibit more consistent behavior.

### Smart Step 2: Deal With Certain Issues Relatively Quickly

Even though common wisdom dictates rules of no-action and no-new-decisions for a period of one year, that is not always practical. There are some things that need to be dealt with very soon after the death of a loved one.

Your goal for the first year should be

to get your bearings and stabilize your situation. Think in terms of maintaining a worry-free living situation for yourself until you can truly think clearly about where you want to be in the future.

Remember that years later many widows say that although they thought they were all right, in reality their decision-making was "fuzzy."

### Funeral needs

These might include arranging for a funeral, scattering ashes in a special place, or holding a memorial service. These decisions can be shared with family members, religious leaders, and funeral directors.

### Cash flow needs

You will need to review your cash flow needs—that is, find out what comes in and what goes out on a regular basis. Find out if there is insurance through work or personal policies. See if you will have enough to live on, or whether you need to liquidate some assets to give you the cash to pay your bills.

These are decisions to share with your financial planner or accountant, or someone else who knows your financial circumstances well. Try comparing what you and your husband lived on as a couple to your current needs. For example, one woman I met who did not know how to drive considered learning after the death of her spouse. When she considered the cost of the car payments, insurance, parking costs and gas and thought about how little she might use her car, she decided to sell it.

### Liquidity

Be sure that you have enough money that is easily accessible to you for your living expenses to see you through this time, perhaps enough to live on for one year. Consider keeping this money separate from your investment accounts, which may fluctuate, by putting it in a combination of CDs, Treasury bonds, and money market funds. You will know how much you

## How a Husband Can Help His Spouse

Each year, a few men come to my office with reluctant wives in tow.

"Tell me how to get my wife interested in our finances," they ask me.

Or, "Who will help my wife if something happens to me?"

Very often the man is retirement age or above. Sometimes he has not been well, or is distracted and feels he lacks the focus to continue making financial decisions.

I consider this an act of love. The person who in the past has made the financial decisions is preparing his spouse to take over if that need arises.

When this preparation has occurred, in cases where something does happen to the husband, the transition to the widow as the one in charge of the finances is very smooth because things are in place, the widow is prepared and accepts her new role.

How can you help your spouse?

Husbands can help in the following ways:

- See that accounts are titled properly and that your wife has knowledge of and access to account information.

- Check to make sure your estate planning is up to date and has been adjusted to meet recent changes in the law.
- Complete a list of assets, liabilities, insurance, advisors, and institutions that you do business with and update it once a year. Make sure your wife knows where you keep your lists.
- Encourage your wife to sit alongside you when you pay the bills or make investment choices. Discuss decisions with her as you do in other areas of your life together.
- Bring your wife along with you to meetings with professionals. Make sure to have her contribute her goals, concerns and questions.
- Be patient and don't expect too much progress at once. Don't be critical.
- Don't say things that lead your wife to think your financial decisions are forever. Let her know how frequently you review your choices and make changes and that—in the future as the world changes and her situation evolves—she will be making changes too.

need by determining how much you lived on last year, and how much comes in regularly in the form of paychecks, pension, and Social Security.

### **Review your financial statements and records**

You will need to understand your assets and liabilities. As a first step, locate all accounts, speak to all professionals who help with your financial matters, and know where everything is. If you are not sure, watch the mail for monthly or quarterly statements from accounts, then contact those companies for more information.

### **Your estate needs**

Find an attorney you can talk to who will help you with settling an estate, probate, and other things that can't wait, as well as an accountant who will help you file the final tax return for your spouse.

### **Apply for benefits**

See about collecting benefits, wheth-

er from Social Security, your husband's employer, and any veteran's benefits for which you may be eligible.

For information from your husband's employer, contact their human resources department. You will probably be asked to supply a copy of your husband's death certificate to process retirement plan claims.

Applying for Social Security benefits can be confusing. You may qualify for a monthly sum whether or not your husband has been collecting Social Security. There are many rules, so the best idea is to go to [SocialSecurity.gov](http://SocialSecurity.gov) or call 800/772-1213.

Survivors should notify Social Security as soon as possible after a death; in many cases the funeral director will do this. Survivors may qualify for a one-time payment of \$255 as well as regular payments thereafter if the widow is age 60 or older (or 50 if she is disabled), or at any age if she is caring for children under 16. Unmarried children younger than 18 (or 19 if attending elementary or high school) can qualify for pay-

ments as well.

When you apply for Social Security benefits, you will need to answer many questions, including the amount of the worker's earnings, dates of marriages, whether you qualify for a federal government pension, whether you or your spouse ever filed for Social Security benefits, and whether your spouse served in the U.S. military. There is even a question about whether you have an outstanding felony warrant for your arrest.

When you apply, you will need the following:

- Your original birth certificate,
- Any naturalization papers,
- You and your spouse's Social Security numbers, and dependent children's Social Security numbers,
- Your marriage certificate,
- Your name at birth,
- The worker's name, date of birth, date of death, place of death, and W-2 forms or federal self-employment tax return for the most recent year, and
- The name of your bank and your

account number if you want your benefits directly deposited into your account.

Some documents (such as tax returns) can be copies, while others (such as birth certificates) must be originals.

While some questions won't apply to your family, if you are familiar with them you won't be surprised or offended by any. It is best to visit the Web site and be prepared with all necessary documents.

### ***Check on your healthcare insurance***

If your medical insurance came through your husband's employer, call the human resources department at his firm to see what is available to you now.

In most cases, you and dependent children will be eligible for COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985), which is continued temporary coverage under the deceased's group health plan at your cost for up to an additional 36 months.

To learn more, go to frequently asked questions about COBRA at the Department of Labor Web site at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).

### **Smart Step 3: Make All Accounts Your Own**

If accounts are in your husband's name, you will need certificates of death to provide to each institution. Typically you won't need more than a few, depending on the number of institutions you have done business with. For many families, 10 is too many.

For IRA accounts, once the brokerage firm is notified of the death of your spouse, the accounts will be frozen. You will likely convert the account to a spousal IRA. To do that, you will need a death certificate, a letter of testamentary from the courts, and perhaps an affidavit of domicile.

For joint brokerage accounts, you will have to provide the same documentation as above in order to have your late husband's name removed from the account. If you are inheriting assets from your husband, you will want to speak to your estate attorney about how

best to accomplish the changeover from his assets to yours.

### **Smart Step 4: Don't Be Afraid to Lean on Friends and Relatives**

Most widows need outside help to deal with many financial issues—for instance, you most likely will need to seek the advice of an attorney to help deal with estate issues, and you may even need to consult with a financial advisor at some point. But determining who to trust is difficult, especially when you may be more emotionally vulnerable.

If you can, this is a good time to bring a trusted relative or friend with you to meetings when seeking outside help with your financial matters.

Don't be afraid to lean on friends and relatives for help. When a friend calls and asks if she can take you to dinner, say, "No thanks, but are you available to meet my investment advisor with me next week?"

Recently, a young widow came to my office bringing along a friend of her late husband. The friend, who works at a large financial firm, asked most of the investment questions, while the widow concentrated on her lifestyle choices. She handled things the right way: contributing her thoughts, listening and learning, and relying on a trusted friend to help with areas beyond her knowledge.

### **Smart Step 5: Deal With Other Issues at Your Own Pace**

#### ***Understand your long-term cash flow needs***

Think about your new lifestyle when you are ready: how it will differ from the past, what will change about your life, what you are adding, and what you are giving up. Will you stay in the same house? Will you live in the same city or move to be closer to friends or family members?

Work out your financial needs, either with expense and income sheets that you record monthly, or with a program such as Quicken. Mostly, become familiar with your cost of living and stay within your means. Remember, you

don't have to duplicate the way you've been living. To develop a new lifestyle, keep the parts that suit you and be creative about how you'll live.

Knowing what it will cost you to live will enable you to take the next step in determining where the money will come from. Perhaps you are still working, or are receiving a pension, or are eligible for Social Security income or you will be getting insurance money. Maybe most of your money will come from investment accounts. Either way, you'll want to match your expenses with your income to make sure you stay in "safe" territory.

#### ***Deal with paperwork***

You may need help with the paperwork coming through the door as it can pile up—old financial records can be overwhelming. One widow I worked with had an entire guest room filled floor-to-ceiling and wall-to-wall with filing cabinets and piles of papers that only her late husband could navigate. Determining where to begin and what was important was a year-long project that involved home visits from my staff.

#### ***A roadmap for going forward***

This is the key to the kingdom of independence, and one your professional advisors can help with. Many widows sense that developing a roadmap based on their own goals for the future will relieve them of considerable uncertainty and anxiety.

#### ***Confirm that you will be okay financially***

This is a time for reassurance and for taking it slow and easy. Consider a retirement plan that shows you will be okay into your nineties or, if not, what you have to change to make sure you can live comfortably (for example, including selling your home at a certain age, going back to work if you are able, or cutting back on certain expenses).

### **Smart Step 6: Revise Your Portfolio to Fit You**

Although you might not like to be reminded, the portfolio that suited

## Documents You'll Need

To make the paperwork easier when dealing with your immediate financial concerns after the death of a spouse, it is helpful to locate certain documents and have them easily available. The following, suggested by the Securities Industry and Financial Markets Association Foundation for Investor Education, is a list of documents you will need in order to file insurance claims, change account names, apply for benefits, etc.

- Your spouse's will
- Your spouse's birth and death certificates
- Your marriage certificate
- You and your spouse's Social Security numbers
- Any dependents' Social Security numbers
- Power of attorney document
- Joint tax returns for the past five years
- Your spouse's most recent W-2 forms or federal self-employment tax return

- Records of any outstanding loans
- Records of any employee benefits, such as retirement accounts or stock option plans
- Insurance policies, including homeowners, auto, disability, life
- Real estate-related documents, such as your most recent mortgage statement, titles, deeds, leases, rental agreements
- Financial statements including checking, savings, CD, brokerage, mutual funds, retirement account and credit card statements
- Stock certificates and current statements of mutual fund holdings or other investments
- Car titles, registrations, loan and lease agreements

Source: [www.unwantedchange.org](http://www.unwantedchange.org), sponsored by the SIFMA Foundation for Investor Education.

you and your husband may now not be suitable for you alone. If you've never been an investor, this is an important enough task for you to find a professional to help.

First, think about your investment objectives going forward:

- Do you need to withdraw money from the account to live on?
- Is this money for you or for other generations in the future?
- Do you wish to preserve capital as your main goal, or would you like to see a combination of preserving capital while having some growth?
- Or is growth your main reason for keeping a portfolio?

Next decide how much risk you are willing to take, and what return you hope to achieve. This should enable you to develop, in conjunction with a professional, the correct asset allocation in terms of stocks, bonds, cash, real estate, and other items for your needs.

Set the correct time horizon for your portfolio. Think of when you might need certain amounts of money, and determine how much time you can leave it to grow.

If you need to take money out of the portfolio, think about the correct

withdrawal rate that will not deplete your portfolio. Many investment professionals use 4% as a "safe" amount to withdraw each year, but this should be examined based on each person's total assets, income, expenses, age, and many other personal factors.

Keep only those financial items that you believe will help you achieve your investment goals. Hanging on to stocks because you remember when you got them makes no more sense than keeping an old dress you never plan to wear again because you remember the special dinner you wore it to. However, many people are reluctant to part with something that bears pleasant memories. If something is so meaningful to you, it may be all right to hang on to it, as long as it is only a small part of your portfolio.

Even for the items you plan to keep, rebalancing your portfolio annually is a good idea and an important part of "Spring Cleaning" to refresh the portfolio and keep it up to date.

### Five Mistakes Widows Make

Everyone makes mistakes. Here are the most common mistakes widows tend to make—and why you should

avoid them.

#### **1) Trying to assume the role of both parents.**

For widows with young children the urge to attend all school, sport, and social functions, run a home, and work can be both demanding and exhausting. The desire to compensate children for loss of a parent with more vacations than the family can afford, and other tangible gifts, can be unwise.

#### **2) Making major changes in your job, your lifestyle, or your family make-up too quickly.**

A recent widow I met told me how within her first year of widowhood she had almost sold the family business to a competitor at a great discount, and had considered marriage to a man she met on a plane. She feels that both moves would have been disastrous for her, but that she was very vulnerable and listened to all comers. Assume that an offer that is good for you will stand the test of time.

#### **3) Treating each meeting with a professional as an isolated event.**

It's best to choose advisors you can keep for the long term. Find advisors

## On-Line Resources

### Retirement Benefits

Social Security  
[www.socialsecurity.gov](http://www.socialsecurity.gov)

Veterans Affairs  
[www.va.gov](http://www.va.gov)

### Health Insurance Information

Department of Labor/FAQs on COBRA  
[www.dol.gov/ebsa](http://www.dol.gov/ebsa)

Internal Revenue Service  
[www.irs.gov](http://www.irs.gov)

### Locating an Advisor

National Association of Personal Financial Advisors  
[findanadvisor.napfa.org](http://findanadvisor.napfa.org)

Financial Planning Association  
[www.fpaforfinancialplanning.org](http://www.fpaforfinancialplanning.org)

who can interact well as a team when it is necessary. Think about whether arranging a meeting with your accountant, your attorney, the attorney for your husband's estate and your financial planner can add benefit to the planning you are undertaking or your decision-making process.

#### **4) Assuming you cannot manage or at least supervise the management of your own investments.**

Over time and with education, you can grow into doing some of this management yourself. If you need to, have annual check-ups with an investment professional who can explain concepts and teach you to grow into a take-charge investor.

#### **5) Leaving the portfolio the way your husband had it.**

Even if your husband had a great record as an investor, chances are he would rebalance the portfolio annually and make new choices on what to buy, sell or hold. Keeping investments for sentimental reasons is a personal choice but likely not the best financial decision.

### Five Things Wise Widows Should Seek

#### **1) An Advisor You Can Trust**

As much as everyone needs a competent advisor who puts their interests first, widows need that supportive relationship more. You have just had a shock to the system, a major blow to your lifestyle, and need to reevaluate your plans and goals for the future. Take your time finding the right professional relationship for you; ask others in your position who they are working with, and consider starting a new relationship with a small task that can help you evaluate the work of the professional and your comfort with that person.

Two organizations that can help you locate an advisor are the National Association of Personal Financial Advisors at [findanadvisor.napfa.org](http://findanadvisor.napfa.org) and the Financial Planning Association at [www.fpaforfinancialplanning.org](http://www.fpaforfinancialplanning.org).

#### **2) Someone Who Answers Questions Well**

Communication skills are very important. That means you want a professional who listens more than they talk, asks questions to bring out feelings as well as facts, and shows patience when you are not ready to make a decision. A willingness to explain things in understandable language and show patience in answering all manner of questions, and then answering them again when it turns out that you were distracted, can go far.

#### **3) Financial Education**

Finance is a huge field, and if your husband had been the caretaker of your money, you might want to learn enough to be a good consumer, to be able to work with professionals, ask the right questions, and understand what they are telling you. Education over a period of years through newsletters, personal discussions, question and answer sessions, referrals to books and articles, and more formal education seminars can be very helpful. You need to prepare for the rest of your life and to develop the skills to do so.

#### **4) A Review of Your Goals**

Your goals for life as a widow may not be the same as they had been with your spouse. Develop both short- and long-term goals through conversation and creative thinking. Over time, prioritize your goals and set some aside for your wish list.

I worked with one widow who insisted on joining a country club because that's what she and her husband had planned to do. Membership in the club cost a lot of money and since she didn't play golf, didn't enjoy the dinner dances without her husband, and didn't like driving home alone late at night, she realized it wasn't where she wanted to spend her time. I helped her examine her goals and substitute some weekends away for membership in that club.

#### **5) An End to Uncertainty**

Many widows end up second-guessing themselves on every decision for a long time. Preparing a plan, and taking one small step at a time will keep you from feeling overwhelmed. This will show you what you need to progress to financial independence at your own pace.

Gaining a secure structure will enable you to have something concrete to turn to. ▲

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