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THE INVESTMENT EXPERTS

Financial Lessons For Widows



Losing a husband often means that financial matters such as bank account information, investments, and insurance policies, as well as credit card and other debt, become the responsibility of the widow. In addition to that, a widow must also worry about funeral expenses. The prospect of making financial decisions can be paralyzing for a widow when just getting out of bed seems impossible.

According to researchers, 80% of women are alone in their last years of life, with many living alone for 15 to 20 years. In the event of losing their husbands, women frequently suffer specific economic losses as a result of funeral and medical bills. In general, widowhood might place certain women in financial destitution. Historically, the poverty rate for widows has been two to three times that of married women.

According to a survey done in 2013 by the Women's Institute for a Secure Retirement, half of the 246 widows aged 70 and younger who responded to the survey reported losing at least half of their income when their husbands passed on. Approximately one-eighth of those questioned had to relocate to less expensive homes, and nearly half were concerned about making financial decisions. According to the survey, there were also other findings, such as 29% of the widows questioned did not have emergency funds, 37% of the respondents had trouble figuring out what social security benefits they were entitled to as well as how to receive them, and 27% of the respondents struggled to access their husband's bank accounts and investments.

One of the most important decisions a widow must make is whether she wants to keep her current financial advisor or appoint a new one. While many women decide to stay with their current financial advisors, many also feel that the advisor's relationship is more with their husband and not them. Furthermore, many women feel they were never equally involved in investment decision-making and overall financial planning. Their goal is to find a financial advisor who will treat them as an equal and be a sounding board as they make all their financial decisions on their own. Before appointing a financial advisor, it is always wise to conduct some preliminary research, starting with company websites.

Once you, as a widow, have made the decision to stay with your current financial advisor or appoint a new financial advisor, you should consider repositioning your investments according to your new needs as a widow. The stocks and bonds you had when you were married might not be appropriate for you now that you are single. For example, you might come to find that when you were married, most of your investments consisted of high-risk funds, which might not be a good investment for a widow in her mid-60s. You might be a conservative investor who cares more about income than generating high returns.

Before seeking financial guidance, you should try to obtain all of your husband's financial records following his death. Check your husband's wallet and filing cabinets to gather credit and debit cards. You should also begin collecting copies of statements for bank accounts, credit cards, loans and outstanding mortgages, brokerage accounts, pensions, and retirement funds.

Be prepared to experience a reduction in income and an increase in taxes. Widows must understand that when a partner dies, their income typically decreases due to the loss of one social security benefit and a possible reduction in pension benefits. With this, their tax bracket may shift. For the first time, they may assume the roles of bill payer and investment account manager. Also, when your marital status changes, your tax filing status usually changes as well. This can result in a higher tax rate, the loss

of some tax advantages, and a lower standard deduction. In this case, seeking guidance from a tax professional might be a wise idea, as they are able to advise which moves would be advantageous and vice versa.

Updating your assets and estate plan would be crucial especially knowing your husband was the nominated beneficiary on most of your assets. An attorney will be able to help you update your will, power of attorney, and beneficiary forms for your life policies and retirement accounts. You might also be expected to update the title on your home and other assets. Try contacting your bank and financial institutions to have all your jointly owned bank, brokerage, and investment accounts retitled.

You would have to revise your spending patterns as a widow. Perhaps your husband handled most of the household finances and was the breadwinner, so you would need to step into that position and make any necessary adjustments. Establishing your needs and wants should be your first step. In order to secure your financial future, you need to put the most important things first.

Finally, in light of the foregoing, think about looking for a part-time job that would generate additional income if you are having financial difficulties and believe that the income you are receiving is not enabling you to live comfortably. At this point, you may be retired, and looking for work during your retirement years can be very challenging.

The loss of a husband is a traumatic and painful experience, and a widow is always encouraged to take time to grieve and heal. However, we urge you to make wise and calculated investment decisions, as the decisions you make will either alleviate stress by knowing you are securing your future financially or those decisions might lead you into additional financial difficulty.

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