



On Your Own: Financial Advice After Losing Your Spouse

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It's a day you hoped would never come. Your spouse has died. Your world is turned upside down, leaving you vulnerable and bereft. And as you are dealing with your grief and loss, you will be required to make critical legal and financial decisions in the coming days, weeks and months. It can be overwhelming, especially if your spouse was the one who managed your financial and legal affairs.

It's a familiar scenario. According to U.S. Census data, about 800,000 Americans are widowed each year, most of them women. Although there are some things you must deal with immediately, it is important to be cautious, take your time, and seek professional advice before making decisions, especially on matters that are not as urgent.

For surviving spouses who are not knowledgeable or comfortable handling financial matters on their own, it is vital to work with trusted professionals such as a wealth advisor, attorney, and accountant to assist in handling estate and other financial matters.

Consult with these objective advisors and arm yourself with information. You will need to find out what Social Security benefits you are entitled to, find bank account and investment statements, determine insurance and pension benefits, continue health care coverage, and learn to make sound financial decisions. Beware of those who may take advantage of your vulnerable state. Avoid working with anyone who attempts to sell you products or services such as insurance, annuities, or reverse mortgages immediately after your spouse's death.

The following are some recommendations about how to approach decisions that need to be made quickly and those that can wait until later, when you feel emotionally ready, more knowledgeable and in control.

IMMEDIATE PRIORITIES

Gathering Documents – Some of the items you will need to gather quickly after a spouse's death include:

- 15-20 copies of the certified death certificate. Certified copies can be obtained through your funeral director or directly from the county health department.
- Copies of insurance policies for life, health, home, auto, mortgage, accident and any other coverage. If you don't have them, ask your insurance agent/s for help.
- Social Security numbers for your spouse and dependent children, which can be obtained through your local Social Security office.
- Marriage certificate and children's birth certificates, which can be obtained from the county or state in which they were issued.
- Your spouse's will and a list of all assets:
 - The list of assets should include your spouse's property, including real estate, stocks, bonds, savings accounts, land titles, stock certificates and other financial papers, and personal property. Be sure to check safe deposit boxes for any documents that might be stored there.
 - Check the titles of any vehicles or property your spouse owned in case they need to be changed.
 - Military discharge papers, which can be obtained at The Department of Defense, National Personnel Record Center, 9700 Page Boulevard, St. Louis, MO 63132.

Collect or file benefits – Your financial situation will be significantly different than it was before your spouse’s death, and your financial goals and plans are likewise different from when you were part of a couple. Do not give in to pressure from insurers or any others to make quick decisions or to choose one option over another. Take your time, consult with a wealth advisor as needed, and determine the best choices for you.

Probate the will – Probate is the legal process of paying the deceased’s debts and distributing his or her estate to the rightful heirs. Contact your estate attorney who will assist with this process.

Notifications – It is important to send notifications quickly after a spouse dies. Notify your spouse’s employer, financial and investment institutions, and insurers. Your spouse’s employer can let you know of any insurance policies that were in effect and answer questions about health insurance if you were also covered by the employer’s insurance plan.

Under a federal law called COBRA, you and any dependent children may be entitled to continue coverage under your spouse’s work-related medical insurance plan for up to 36 months, provided you pay the premiums.¹ You also should ask whether you can continue with the employer’s group health insurance plan, which may be less expensive.

Update accounts, registrations, and beneficiaries – All accounts that were held jointly will need to be retitled in your name, including bank accounts, investment accounts, and credit cards. Any bank account held solely by your spouse will need to go through probate, unless it was part of a trust. Likewise, if a safety deposit box was held only in your spouse’s name, you will need a court order to have access to anything in it other than your spouse’s will and other materials related to your spouse’s death.

Credit card accounts held only in your spouse’s name should be canceled and balances owed should be paid by the estate.

You also will need to update beneficiaries on all insurance policies and retirement accounts.

Determine day-to-day cash needs – You’ll need to figure out what bills are coming in and make sure payments continue to go out on time. Important ones to keep top of mind are mortgage or rent, utilities, credit cards, and quarterly tax payments, along with mobile phone and cable charges, media subscriptions, and household services. Compile a list of all the bills you have and request paper copies so you can organize

them, changing title if necessary so that everything is in your name. This will be critical if payments have been set up online and you do not know the passwords. Cancel your spouse’s memberships, professional business subscriptions, and anything else that was only in his or her name. Watch out for any bills that appear to be unusual or unfamiliar; unscrupulous organizations often target families with fake invoices after a spouse has died.

Employer – If your spouse was employed, ask his or her employer about any payment for unused vacation or sick leave. If the employer provided life, health, or accident insurance, you may be entitled to receive payments under these policies. If your spouse belonged to a union or professional organization, ask about death benefits for members. If the death was work-related, you may be entitled to worker’s compensation benefits.

Past employers – Contact all past employers to determine whether you are entitled to any payments from a pension plan. If your spouse was already retired and receiving a pension, check with the employer about whether you will continue to receive a pension payment, and the amount. You may need to seek professional guidance as to when and how to take any retirement plan distributions to take into consideration tax ramifications.

Veterans – If your spouse was a veteran, you may be eligible to receive a lump-sum payment for burial expenses and an allowance toward a plot in a private cemetery (burial in a national cemetery is free to a veteran, his or her spouse, and dependent children). Veterans also may be eligible for a headstone or grave marker. The funeral director can help you apply for these benefits or you can contact the regional Department of Veterans’ Affairs (VA) office. If your spouse was receiving disability benefits, you and any dependent children may also be entitled to monthly payments. Check with your regional VA office.

Insurance – Contact insurers about policies such as life, mortgage or loan, accident, auto, and credit card insurance. Proceeds from an insurance policy can generally be paid quickly and directly to the named beneficiary and can be an important source of income for survivors. You may be required to decide on a payment plan, with options including a lump-sum, or fixed payments over a period of time. Consult with a wealth advisor or accountant as to which option is best for your particular situation. Your advisor also can help you determine whether you have the appropriate insurance for yourself and your family going forward.

Social Security – Your spouse is considered covered if he or she paid into Social Security for at least 40 quarters.² Check with your local Social Security office or call 800-772-1213 to determine if he or she was eligible. If so, there are two additional types of possible benefits, a one-time death benefit and survivor's benefits:

- **One-Time Death Benefit:** Social Security pays a one-time death benefit toward burial expenses. Complete the necessary form at your local Social Security office or ask the funeral director to complete the application and apply the payment directly to the funeral bill. This payment is made only to eligible spouses or to a child entitled to survivor's benefits.
- **Survivor's Benefits for a Spouse or Children.** If you are age 60 or older, you may be eligible for survivor's benefits. It's advisable to consult with a financial professional to determine the best claiming strategy for your situation.

Update your estate plan – Your estate attorney should review your current plan and make necessary changes such as updating your will, living will, health care proxy, and power of attorney documents.

Meet with your accountant – Your accountant can determine which benefits are taxable and which are tax exempt. Together, your estate attorney and accountant can help to determine estate taxes, file returns for any trusts, and optimize deductions. The tax filing deadlines for an estate are different than the regular Federal tax filing deadline, so it is important to meet with your accountant as soon as possible.

Avoid hasty decisions – The emotional toll of losing a spouse cannot be overstated, even when death was expected because of illness or age. In the short term, it is best not to make any major decisions regarding investments, selling a home, or spending or investing lump sum insurance or pension payouts. Consult your financial planner if you have questions, especially regarding potential investments or large purchases, such as real estate.

LONG-TERM PLANNING

Review your financial plan – Consult with your wealth advisor, who can assess your current financial situation and update your financial plans, taking into account your liquidity needs, risk tolerance, time horizon, and goals. If you don't have an advisor, this is a good time to select one, seeking a person who will be balanced and objective concerning your financial circumstance.

Your advisor can do a lifestyle analysis to help determine how much you need and how long your assets will last. He or she also can itemize and assess your investments and align your portfolio to match your needs, including generating income, now and in the future.

An advisor can also help determine future costs, such as retirement living expenses, and help you decide whether you need to keep working, when you can afford to retire, or if you can afford to stay retired.

Looking ahead – Once you have completed your financial review, you can focus on decisions such as where you will live and whether you need to make major changes in your lifestyle. Your advisor can help with scenarios on downsizing, relocating, or remaining in your current home. Even if you are able to cover your mortgage and taxes, you might be stretched to handle upkeep costs or to physically handle maintenance and repairs.

Even if you are confident you can manage, living in an empty house can be daunting after losing your spouse. Resist the impulse to sell your home or move in with family, even if they suggest it. Try living on your own. Stay with family for a few weeks to see if you are comfortable. Take your time with these major decisions so you will be comfortable for the long term.

The same caution goes toward dealing with new relationships or financial requests from children and other relatives. You likely will be emotionally vulnerable for a long time, even if you have begun the process of healing after your loss. Don't let anyone take advantage of your kindness or vulnerability. For example, if one of your children wants an inheritance early, consult your advisor before making a decision and make sure any loan or financial gift is documented so there are no misunderstandings later. Do a background check on anyone who seeks a romantic relationship to check their character and make sure there are no ulterior financial motives.

Above all, believe in yourself and your ability to persevere and have the confidence to build a new life for yourself and your loved ones after your spouse is gone.

Footnotes

1 <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra>

2 <https://secure.ssa.gov/poms.nsf/lnx/0500502135>

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