Women and Wealth: How to Financially Survive the Death of a Spouse

Stuart Vick Smith

According to the U.S. Census Bureau, the average age of a new widow in the United States is 55 years old. For many women, this is a shocking statistic. We typically think of widowhood occurring in a woman's retirement and grandparental years. However, life's transitions can come quickly and unexpectedly.

Recently, I met with a 41-year-old woman whose husband of 18 years died suddenly from a heart attack. During our conversation, she expressed concern that she would not be able to survive financially. What I realized from this and other conversations with couples is that while married couples share responsibilities, they also tend to divide and conquer them independently.

For example, one spouse may do the cooking while the other will wash the dishes. One spouse may take care of the yard work while the other does the housework. The same holds true for financial matters. One spouse may pay the bills while the other manages the investments.

This was the case with the widow I met with. Even though she paid the bills and knew how much was in her checking account, she had no idea if she was financially secure or what her future held. She needed to be assured that there would be funds to support her and educate her children. To give her a sense of comfort and get her on the right track, I took her through a series of important steps. Anyone facing similar circumstances should also consider the following:

Find a friend or trusted advisor to lean on

Dealing with the death of a loved one is difficult, and no one can do it alone. To help you along the way, turn to a close friend or trusted advisor. You will need someone there to support you from both an emotional and practical perspective. A friend or trusted advisor can help you deal with new financial responsibilities, take the emotion out of the situation and determine the best course of action.

Take an inventory of your current assets and financial situation

Before making any major decisions, it is important to first assess your current financial situation, such as determining if there are insurance proceeds and where all your assets are located.

–Identify whether you have checking accounts, savings accounts, brokerage accounts, retirement accounts, employee benefits or other assets.
–Determine the monthly and annual bills that need to be paid, including when and how they are currently paid (such as by mail or online).

Creating this type of inventory gives you a starting point to determine how to best move forward.

Create a budget to support your annual spending needs

All transitions create change. After the death of a spouse, income may be lost, and expenses will change. A budget is an important tool to determine your future cash flow compared with what it was before.

You can start by asking yourself the following questions:

–How will my income and spending change?
–What responsibilities do I have for other family members, including children who still live at home?
–Which expenses will increase, decrease or go away entirely?

Once you have these details, you can build a budget to give you an idea if your current living situation is sustainable or some changes need to be made.

Formulate a long-term plan for your assets

Even if you have a long-term plan in place, it will need to be revisited. In order to build a new plan, you must understand your short-term and long-term goals. There are important questions you need to consider to determine what the next phase of your life will look like, including whether you will need to return to work to sustain your lifestyle, if your current retirement plan requires changes and whether your current investments will be enough to achieve your goals. If you discover adjustments need to be made, revising your long-term plan gives you a fresh start and a path to follow.

Set up an investment plan

Your long-term plan will set the tone for how your overall investment strategy should look. You should focus on simplifying various accounts and investments. Also focus on investing your portfolio according to your long-term goals and objectives and make sure it is well-thought-out and diversified. Another consideration is the amount of risk you need to take — and can tolerate — to achieve your goals. Then, your ongoing routine should include regularly revisiting your plan and staying accountable to your annual budget so you can stay on track to achieve your goals.

Change can be difficult, but the trauma associated with the death of a spouse can be devastating. Various stages of grief occur, one of which is the overwhelming stress of making financial decisions on your own. One of the most important steps you can take is to reach out to a friend or trusted advisor to lean on. Then, by understanding what you have and where you want to go, you will put yourself on the path to long-term financial stability. Take a deep breath, and take one step at a time. With a little help and support, you can go a long way.

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Stuart has been with ML&R since 2003. She currently focuses her attention on financial planning and investment management. She assists clients in the preparation of investment strategies and portfolio management to help them meet their financial goals. One of her areas of focus is working with women who are going through a transitional life event to help them achieve long-term financial stability.

Prior to joining ML&R, Stuart gained experience working with Price Waterhouse LLP in Atlanta and Charlotte. She moved back to Austin in 1998 where she spent five years in Dell's corporate tax department.

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