Retire...Relax®

SPECIAL REPORT

What To Do . . .

. . . When Your Spouse Dies

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ROSENBERG FINANCIAL GROUP, INC.

I meet with a lot of widows and widowers, and they all tell me how overwhelmed they feel. Those feelings are the exact reason I have written this Guide for you. You are in a highly charged emotional time of your life. This can cause you to make financial decisions you may regret in the future. My goal is to help you avoid this, and to help you create a financial path for yourself. This is going to be a slow process, and that is ok. The key to making good decisions right now is to make them slowly.

Some people find grief support groups helpful, and others prefer to lean on their friends and family. Everyone has his or her own way of healing, and the first goal is to find what works for you. Every situation is different. Don't compare yourself to others. Don't rush yourself. As you heal, it will become a little easier to work through the financial decisions you face.

This is a very stressful time. I recommend you keep a note pad and write down things as they occur to you. You'll also want to keep a log of people who bring food, and of people who call. Writing down things as you think of them, and as they happen will be helpful later.

I have laid out your next action steps, in my priority order. My first priority for you is to apply for income and cash benefits. Once all claims are filed, you will know how much income you will have to live on each month, and how much money you will have available for emergencies and future expenses. The following time frames are only suggestions.

First Priority Actions

- **Life Insurance:**

Hopefully, the funeral home helped you file for life insurance benefits. If not, this is one of the first things I would suggest you do, so this money is available to you. Life insurance benefits generally go to named beneficiaries and therefore bypass probate. In addition, they are generally not taxable as income. Once your claim is approved, you will receive a check. However, many insurance companies prefer not to send you a check but will instead put the money in a money market account and send you a checkbook. Some even pay you interest if you leave the money in the account. If you would rather put this money into your own local bank or credit union account, that is up to you. The checking account with the life insurance company is probably not FDIC insured, but that doesn't necessarily mean there is anything wrong with the account itself.

There may also be life insurance benefits from your spouse's employer or an association they belonged to. If you can't find any records, this will require a call to their employer. If you believe that individual (not through an employer or association) life insurance policies exist, and cannot find proof, you have another option. The MIB, or Medical Information Bureau, keeps records of life insurance policies. You can ask them to search their database for policies, for a fee of $75. You can learn more by visiting their website, www.mib.com/lost_life_insurance.html.

Also, as alluded to above, if "Estate" was listed as the beneficiary of the life insurance, or the beneficiary listed is deceased, these benefits must be deposited into an Estate bank account. This requires filing for a tax I.D. number for the estate. Once the estate is settled, this money is then distributed according to the will.

- **Survivor Pension:**

If your spouse had a pension, he or she might have been receiving income from it. Depending on the choices made at retirement, you may or may not continue to receive monthly income. Survivor pension benefits are a percentage of what your spouse was receiving as a retirement pension. If you are supposed to receive this benefit, contact the Human Resources department where your spouse worked for instructions on filing. Also, if benefits hadn't started yet, you will need to contact Human Resources to see what options are available to you.

- **Annuity:**

Your spouse may have also been receiving income from an annuity. If so, contact the company and ask what your options are. Some annuities pay out a lump-sum death benefit, and some allow the surviving spouse to continue to receive the income payments. If your spouse owned an annuity, and was not taking income from it, you may have even more options.

- **Social Security:**

If you are age 60 or older, or you have been permanently disabled for 7 years and are age 50 or older, you are eligible for Social Security Survivor Benefits. Divorced spouses who were married for ten years, and who are currently unmarried (or married after the age of 60) are also eligible. You need to consider all the options before filing. Any Social Security benefits that are taken before Full Retirement Age are reduced. If you apply at age 60, you will receive 71% of the full Survivor Benefit. Each year you wait, the percentage that you receive increases. And, if you apply at your Full Retirement Age, you will receive 100% of the deceased worker's benefit amount. This percentage is applied to either the amount of reduced benefits your spouse was already receiving, or the amount they would receive at Full Retirement Age.

Taking this benefit does not change or reduce your own benefit, meaning you could take the Survivor Benefit now, and apply for your own benefit later. This scenario usually works in situations where the surviving spouse has higher earnings, or a longer work record. Or, the Survivor Benefit may be much greater than your benefit, so you may want to wait to take it at a later date (so that the benefit is larger). The right decision depends on how long each of you worked, and how much each of you earned. Every case is unique. And, percentages for a surviving divorced widow or widower are the same.

You are also eligible for a lump-sum benefit from Social Security of $255, and if you have dependent children they may be eligible for benefits as well. To see an estimate of these benefits, you can visit www.ssa.gov and use their benefit calculators, or visit a local Social Security office.

For a detailed discussion about Social Security, read our report at www.retirerelax.com

- **V.A. Benefits:**

If your spouse served in the military, and was rated by the Department of Veteran's Affairs as being 100% disabled, this disability benefit continues to be paid to you. You will need to complete paperwork, and you will need some help. I encourage you to make an appointment with your local V.A. Field Office. Here is a link to the VA Website with the Field Office locations: www.veterans.georgia.gov/city. Just click on the location that serves your county and you will see the address, phone numbers, and names of the field agents.

There are other benefits you could be eligible to receive, and I will mention one that I find most people have never heard of. It is called ***Aid and Attendance***. This benefit may help pay for long term care expenses, for the military member or spouse. If you go to the VA Field Office, ask for information on all potential benefits you could qualify for now, and in the future.

- **Health Insurance:**

If you had coverage under your husband's employer, or from the company he/she retired from, you need to understand whether this coverage will continue. If he/she was still working, you may be told that benefits can continue through COBRA, the Consolidated Omnibus Benefits Reconciliation Act. This act allows for the continuation of health insurance benefits for employees and their spouses in certain cases. Find out if COBRA will allow you to continue your current coverage, and how much this will cost.

Once you find out the cost of COBRA coverage, shop locally for an individual policy to compare premiums. You will also want to see what is available through www.healthcare.gov as you may be eligible for a subsidy.

If your spouse was retired, you may or may not be able to continue using the retiree coverage. Find out where you stand, so you know whether you need to look for new coverage.

Secondary Priority Actions:

Most of the widows I meet with are very concerned about their ability to stay financially independent. Many of them were not in charge of the finances while married, so they are scared. I find that the more you learn, and the more you see how to manage things, the less scary things are. The first thing I suggest is to track all spending for 30 days. Use a note pad, and create categories for spending, such as groceries, gas, utilities, etc. Every evening, write down any money that you spent. This way, you will know exactly what it costs to run your household, and you can compare this total monthly figure to your income.

Next, make a list of all bank and investment accounts, so you can see the total amount of savings you have. Make note of any accounts that need to be transferred into your name. By now you should have received copies of the death certificate, which you will need to make changes for certain financial accounts.

- **Bank and Credit Union accounts:**

If you had joint accounts, all you need to do is request that they remove your spouse's name. If your spouse had individual bank accounts, and these are to pass to you by the will, you will need to take a death certificate to the bank and ask them to make this change. If the bank accounts had "Pay on Death" forms attached to them, the money will be transferred to the named beneficiaries. Ask the bank if this will have any effect on your credit or debit cards you have with them. If they plan to re-issue a card for some reason, make sure that any automatic bill payments get transferred to the new card.

- **Retirement Accounts:**

If your spouse had retirement accounts, these can be transferred to you, assuming you're the beneficiary. If your spouse had an employer-sponsored retirement account, such as a 401k, 403b or 457 plan, these can be rolled into an IRA (Individual Retirement Account) in your name. However, a word of caution. If you are under the age of 59½ and think you may need to spend some of this money, you do not want to roll all of it over into an IRA. While that money is in the employer's retirement account, there is an exemption from the 10% early withdrawal due to the death of the account owner. So you can get this money without penalties (but it is subject to taxes). However, once you roll it into an IRA, there is a 10% penalty if you take money out while you are under the age of 59½. So, leaving some money in the employer plan may be the right thing to do for now.

Before you take any action, be sure to read our Rollover report listed below.

If your spouse was over the age of 70½, they were taking RMD's (Required Minimum Distributions) from their IRA accounts. These IRA accounts can transfer to you, but the RMD might have to be taken first. Once the IRA's are transferred, they can be combined, and are treated as if they have always been your IRA account, and you will begin taking RMD's when you turn age 70½.

If your spouse had a Roth IRA, this can transfer to you as well. A Roth IRA is funded with after-tax money (so withdrawals are not taxable). A Traditional IRA is funded with pre-tax money (so withdrawals are taxable). You cannot combine Roth and Traditional IRA money because of the different tax status.

- **Non-Retirement Investment Accounts:**

  What happens to these accounts (brokerage, mutual fund accounts, etc.) depends upon the registration. If they are just in your spouse's name, then they will pass according to the will. If they are joint tenancy accounts, they will pass to the other joint tenant directly. Additionally, they can also be titled as "Transfer on Death," just like banks have "Payable on Death" accounts. The investment firm will need a copy of the death certificate to transfer these accounts, plus some additional paperwork they can help you complete.

Depending on how many accounts you are dealing with, this can be an easy or exhausting process. And, in the process the people you meet may try to "sell" you things. Don't make any changes you do not fully understand, and do not let anyone pressure you into doing anything.

You also need to contact your auto and long-term care insurance carrier. Premiums may be reduced going forward, and with long-term care you may be eligible for a return of part of the most recent premium payments.

For a detailed discussion on passing property, read “Who Really Gets My Money When I Die?" on the Free Reports section of our website.

Continue Making Progress:

If your spouse owned property in their name only, it will need to pass by the will. Therefore, the will needs to be filed with the Probate Court. This is the link to the Georgia Probate Court's website, and "What to do When Someone Dies:" www.gaprobate.org/loved_one.php. While use of an attorney is not required, it can make this easier for you. If there is no will, the property will pass by state law.

If property is titled as "Joint Tenants," or "Joint Tenants with Rights of Survivorship," it will pass outside of probate. If the property is titled as, "Tenants in Common," then your spouses share of the property passes by the will, or your state laws.

If your spouse had savings bonds or shares of stock in their name, you need to transfer these into your name. Instructions for transferring savings bonds can be found at: www.treasurydirect.gov/. If there are individual shares of stock in a safe deposit box, then they will need to be transferred in the proper title. You can do this directly with the transfer agent of the stock you hold, or through a brokerage firm.

Last Steps:

You don't have to wait to do these next things, but they are just not as urgent:

__ Transfer the power, electricity and water bills to your name

__ Transfer the car to your name

__ Review your will to ensure it is accurate and up to date

__ Review your beneficiary designations to ensure they are still accurate

__ If your spouse was your Health Care Proxy in your Advance Directive, designate a new agent

__ Make an appointment with a financial advisor to lay out a plan for the future

__ File an estate tax return (due nine months after death) if necessary.

Your plan.

By now, you know what it costs to run the house, and you know what your income will be going forward. This will enable you to create a budget and plan for the future. Here are the bigger questions that I see surviving spouses having to face at some point:

- **How much money can I give the kids?**

This is usually the first question a widow will ask me. And, I usually say, "None." You need to know that you have enough money to take care of yourself before helping others.

- **When can I afford to retire?**

It really helps to meet with a Financial Advisor who can objectively help you look at and answer this question. I recommend you find an Advisor who is a Certified Financial Planner Professional™ by visiting www.cfp.net. From this website, you can search by zip code. You need to evaluate your projected retirement income and expenses, debt, and savings. Assuming a 5% annual inflation rate, your cost of living will double every 14.4. So, if things are tight now, they will be even tighter in the future. Plan for the long term.

For more information, read "Who Really Gets My Money When I Die?" on the Free Reports section of our website.

- **Am I going to stay in my current home when I am retired?**

Some advisors tell recent widows and widowers to immediately pay off their house so their monthly expenses will be lower. The first question I ask, is whether you plan to stay in your current home in retirement. This is a big decision. I meet a few people whose adult children live nearby, but most have to travel to see them. The big question is where would you like to live, and who would you like to live near? I typically don't recommend paying off a house early unless you know you'll continue to live in it.

- **Should I go ahead and pre-plan for myself?**

I think it is a great idea to pre-arrange your own final expense plans. And, if you want to lock in today's prices, you can pre-pay. In the state of Georgia, funeral homes cannot take possession of your pre-payment, so it is held in a life insurance policy or annuity contract. At any time, you can change the beneficiary (funeral home) if you move, or just change your mind about what you want. I think this is a great gift to give your family.

What Does Rosenberg Financial Group, Inc. Do?

We believe that most investors want a specialist. They want to call and talk to a person that understands them and can provide for their needs. They don't want a person who represents a company that is trying to push more of their products through their sales system.

At Rosenberg Financial Group, Inc., we have created the **RetireRelax Solution™** that assists us in managing our clients' money. This disciplined investment approach for retirees and pre-retirees includes an exit strategy when we feel that risk is high. Keeping an eye on the investment landscape for our clients is something we do each and every day.

To learn more about us, just download the report: ***What Do I Need To Know About Rosenberg Financial Group, Inc.?*** on http://www.retirerelax.com/

To learn about our complimentary consultations, just download the report: ***"What Can You Expect When You Come In For Your Complementary Consultation?"*** from our website.

Additional Free Reports on our Website.

- Can I Afford to Retire?
- Maximizing My Social Security Benefits
- What Do I Need To Do To Plan For My Secure Retirement?
- Who Will Really Get My Money When I Die?
- Your Stock Market Survival Guide
- Avoiding Internet Scams and Identity Theft
- Should I Keep My Money Where It Is Or Roll It Into An IRA?

If you would rather get paper reports, just call **844-337-3767** and leave a message as to which report(s) you are interested in. We'll mail them to you at no cost or obligation.

www.RetireRelax.com

Be sure to listen to *"Your Money"* with Steve Rosenberg, Sherri Goss, and Randy Goss live every Saturday morning at 9:00 on WMAC, AM940. Sherri also appears as WMAZ's Financial Expert every Wednesday afternoon on the 5:00 edition of *Eyewitness News.* After her appearance, Sherri remains at the station until 6:00 and takes personal questions off-the-air by phone.

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