Surviving widowhood: Five tips to avoid financial hardship

Tom Keller
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Losing a spouse is one of life's most emotionally-devastating events, and many financial advisors recommend not making major financial decisions during that first year of grieving. But after a period of time, financial decisions will need to be made.

Seventy percent of widows retain a new financial advisor within the first year of their spouse's death, according to a Fidelity Investments survey. Why? For some women, the answer may be that the death of a spouse is a financial "Independence Day" – a chance to finally make financial decisions on her own instead of agreeing to a husband's wishes.

Regardless of how widows feel about their family's past financial decisions, it's predicted that women over the next few decades will inherit close to $30 trillion in intergenerational wealth transfers. Whether women act as partners in family financial decision-making or just go along for the ride, they need to educate themselves about money because women tend to outlive their husbands.

Here are five areas to address when a widow needs to begin effectively stewarding her financial portfolio:

•Take an inventory of bills and create a plan to cover expenses for the first six to 12 months, limiting big decisions during this time. This allows for time to analyze the decisions that may eventually need to be made to develop new financial goals and objectives.

•Review whether to stay in a current residence or move to a home requiring less maintenance and upkeep after one year has passed. This can be a difficult decision, since most widows choose to stay in the homes where their children grew up and their best memories will always be. Consider that just because a move may make economic sense, it may not be the best decision for the widow emotionally or for the long term.

•Update ownership of all investments and the beneficiary list on retirement accounts. If assets outside of retirement accounts are owned, consider titling those assets in a living trust or transfer on death designation so beneficiaries will receive assets without going through probate court upon your own death someday. This step is often overlooked, yet it can save heirs time and money.

•Re-evaluate your investment portfolio to match needs and risk tolerance. Widows may have a different level of risk compared to their spouse's investment philosophy.

•Work with a CPA or trusted family member during tax time the year after a spouse has passed. This is a good way to ensure that investments and insurance have been changed to the surviving spouse. Tax documents help confirm whether the assets have been moved – and more important – if an account was missed during the inventory phase. Sometimes widows are surprised by the number of open accounts. These can include investments, bank accounts and credit cards.

Whether a loved one has battled disease for a long period of time or was taken quickly doesn't matter when a widow is grieving. The length and depth of grief can vary significantly from one person to another, and it's important not to begin making important financial decisions until a widow is emotionally strong and clear-minded enough to make decisions that she will not regret later.

Time helps heal our emotional losses as we adjust to a new life without a loved one, and the security of knowing you are making good financial decisions in the wake of a death will only make the transition smoother.

Tom Keller is a certified financial planner with Kehoe Financial Advisors of Cincinnati, a 35-year-old financial advising and services practice. Kehoe assists clients in developing and implementing financial strategies to help meet retirement, estate and business planning objectives, business continuation and succession planning. For more information, go to www.kehoe-financial.com or call (513) 481-8555.