

# WHAT DO YOU DO WHEN YOUR SPOUSE DIES?

## FINANCIAL STEPS FOR SURVIVING SPOUSES

When your spouse dies, you may be faced with a dark shadow of grief, fear and uncertainty. Just when you feel least able to cope with life, when you are low on mental and physical energy, there are many decisions to be made that can permanently affect you — your finances, your family, your livelihood and so much more.

This financial checklist was developed by Kathleen Rehl, PhD., CFP®, an ACA associate based in Florida, with input from selected members of the ACA family who, like Kathleen, have also lost spouses.

Review these items with members of your support network in the days, weeks, and months during the first year after your loved one's passing. Only time will help heal the grief you face. But organizing your finances and taking the right steps will help you regain a sense of control, well-being, and reduce financial worry during your time of healing.

### **FUNERAL/MEMORIAL PERIOD:**

- Follow directives if body or organ donation was planned.
- Select a funeral home, if not already arranged for.
- Discuss costs with funeral director with the assistance of a family member or friend. Select what is within your budget. Order pre-printed "thank you" cards.
- Decide on cremation or burial, if not already determined.
- Make arrangements for the service, in consultation with your minister, priest, or rabbi if appropriate.
- Write an obituary and send this to local newspapers. Include information about memorial gifts if appropriate.

A family member or friend can help you follow guidelines supplied by your local newspapers. The funeral home will also assist if requested.

- Notify friends, relatives and others.
- Order at least 15 copies of the death certificate from the funeral director or health department.
- Allow family and close friends to assist with food preparation and housekeeping tasks.
- Arrange care for young children, if needed.
- Make a list of contacts that may be reached in an emergency.
- Set up a system to record and later acknowledge cards, letters, phone calls, food, and other gifts.

### **BEGIN TO ORGANIZE INFORMATION:**

- Start a filing system for quick and easy retrieval. For example, use colored manila folders. Here are some possible file headings: bank correspondence, bills, business related, credit card statements, employer correspondence, estate documents, household, income tax related, investments, life insurance, other assets, personal documents, etc.
- Create a calendar with important "due dates."
- Keep a log of actions taken, including the date and contact person if someone else was involved and pertinent notes. (If you don't create a list, you're likely to forget the dozens of contacts you'll make and things done.)

### **WORK WITH AN ATTORNEY AND TAX PREPARER:**

- \_\_\_\_\_ Gather significant documents, including your spouse's will and trust if applicable.
- \_\_\_\_\_ If you have not previously worked with a tax preparation professional, inquire about which documents to keep and your pertinent tax issues for the current year.
- \_\_\_\_\_ Ask friends or professional advisor for names of a lawyer who does estate work, if you don't have an attorney already. This individual will guide you during the probate process.
- \_\_\_\_\_ If you're the executor, process and manage the estate settlement process with the guidance of your professional advisors. (Also see section on the next page — estate settlement.)

### **REVIEW CASH FLOW AND LIQUIDITY NEEDS:**

- \_\_\_\_\_ Be certain you have sufficient cash flow during this transition period. Prepare a statement listing where money will come from and where it needs to go in the coming months. Include a list of regular periodic bills.
- \_\_\_\_\_ Tap certain investments that may be available at face value without penalty, as they carry an "estate feature." (For example, certificates of deposit with a "death put" or a variable annuity with a death benefit greater than its current market value.)

### **COLLECT BENEFITS:**

- \_\_\_\_\_ Locate birth certificate, Social Security number, marriage license, military discharge papers, financial account statements, and company benefits brochure you may need to collect certain benefits. Keep these papers readily available in your organizational folders.
- \_\_\_\_\_ File a benefits claim form through the nearest Social Security office or go online at [www.ssa.gov](http://www.ssa.gov) if you qualify for benefits. Call 1-800-772-1213 and ask for Publication No. 05-10084: *Social Security Survivor Benefits*. If your spouse paid into the Social Security system for at least 40 quarters (10 years) and was eligible to receive Social Security, you will receive a lump-sum death benefit of \$255. Unmarried children under age 18 (or older if attending high school or if disabled) are eligible for benefits, and if you are caring for these children you may qualify for survivor benefits. You can apply for Social Security retirement benefits as early as age 60 if you are a widow with limited employment income (or in some cases, even earlier).
- \_\_\_\_\_ Contact your life insurance agent to start collecting benefits. You may have various payment options. Be certain you understand your choices before selecting the payout method. Check the following sources for other life insurance: your spouse's employer or former employers; insurance through your mortgage company, credit cards or certain other loans; and professional association or unions. (Veteran's benefits are discussed on the next page.)
- \_\_\_\_\_ Collect veteran's benefits if you qualify. Contact the Department of Veteran Affairs, if your spouse served in the military. You and children of active-duty or retired military may be eligible for certain benefits, such as medical care, commissary exchange, and veterans' mortgage life insurance. For more information on benefits and procedures, go to [www.va.gov](http://www.va.gov) or visit a local VA office.
- \_\_\_\_\_ Roll over your spouse's IRAs into your own. Or, if you are less than 59½ years old and need extra income, consider making his account a beneficiary IRA. This will minimize income tax you'll pay on early distributions. (Other exceptions may exist. Consult your tax professional or financial planner before making choices.)
- \_\_\_\_\_ Contact the Human Resources Department of your late spouse's employer, if he was employed at the time of death. Staff can assist you with unpaid salary, vacation pay, sick pay, medical-care flex or reimbursement account, bonuses and commissions, life insurance, pension benefits, access to qualified retirement accounts, stock options, and any other benefits due. If the death was because of an accident on the job, there may be accidental death benefits.
- \_\_\_\_\_ Take a pension from your spouse's qualified retirement plan or roll over money into your IRA, depending on your options. Review his employer's retirement plan document.

- \_\_\_ Contact the financial aid office, if you have a child in college. Your son or daughter may be eligible for special assistance or increased financial aid.

### **ADJUST HEALTH INSURANCE AND OTHER INSURANCE COVERAGE:**

- \_\_\_ Make sure you have your own medical insurance coverage. If you and your family were covered under your deceased spouse's policy at work, inquire about continuing under the group plan through COBRA coverage. (You are eligible to enroll for up to 36 months after your spouse's death — more than the standard 18-month period.) You will have to pay the premium. Another option may be to convert from existing group coverage to an individual plan. If you had your own policy previously, notify the agent of your spouse's death so premiums may be reduced. Notify Medicare if covered.
- \_\_\_ Inform your auto, homeowner's, liability, long-term care and other appropriate insurance agents. Premiums may be reduced for one less driver. If your spouse had long-term care insurance, you may be eligible for a return of part of his most recent premium payment.

### **REVIEW ASSETS AND LIABILITIES:**

- \_\_\_ Create a list of all you own and what you owe, in a financial net worth statement.

### **COMPLETE THE ESTATE SETTLEMENT:**

- \_\_\_ Change the title and beneficiaries, at the appropriate time, on investments, vehicles, and your safe deposit box. It may not be necessary to change the title on your residence, depending on how it's titled now. You may want to hold off temporarily on changing names on credit cards so you will continue to have use of the existing cards. (When you are ready to change ownership of a credit card, write a letter to this effect and send this to the company, along with a death certificate.)
- \_\_\_ Don't change your joint checking account name for a year or so, as checks may still come payable to your spouse for some time. You'll be able to deposit these into your joint account.
- \_\_\_ File an estate tax return if federal or state estate tax is owed (due 9 months after death).

### **MOVE FORWARD WITH NEW GOALS . . . AND A NEW LIFE:**

- \_\_\_ Create an updated financial plan. Focus on short-term goals first, especially during the first year or so. Keep your plan simple and manageable.
- \_\_\_ Update your own estate plan. You may want to include charitable bequests for those organizations that you and your spouse supported previously.
- \_\_\_ Think about writing a legacy letter (also known as an ethical will) that passes on your values, beliefs, hopes for the next generation, insights, special stories, history . . . and so much more.
- \_\_\_ Read a good book about survivorship to give you guidance and inspiration. Here's a great one to start with — *For Widows Only!* by Annie Estlund (iUniverse, Inc., 2003).
- \_\_\_ Consider joining a support group for widows or talking with a counselor. Several website support groups for widows are also available. One excellent location is [www.widowsbond.com](http://www.widowsbond.com).
- \_\_\_ Remember self-care, which may include exercise, yoga, meditation, facials, manicures, bubble baths, enjoying a beautiful sunset, spiritual practices, and chocolate! DO NOT let this slide!
- \_\_\_ Know that there is life after grief. You will be able to reframe parts of your life positively as you continue your survivorship transition.
- \_\_\_ Expand your social circles. Meet new people who know you as yourself and not as half of the couple you were before your spouse died.
- \_\_\_ Be careful about "coupling" too quickly if you are interested in a new relationship. Give yourself some time. Be careful about new partners looking for a "purse." Keep your finances to yourself.

## **POSTPONE MAJOR DECISIONS DURING THE FIRST YEAR WHEN POSSIBLE!**

You don't need to rush. Especially take time with your big, long-lasting decisions. You are going through a grieving process, and your life may feel like it's been turned upside down. Your mental, emotional and physical condition may be very different than before your spouse's death.

You might be bombarded with suggestions made by acquaintances, extended family or salespeople who don't really know your entire situation. It can be good to have a friend help you think through some decisions you'll face. For example, right now may not be the time to pay off your home mortgage. It might also not be good to move in with your adult daughter and her family, either.

To avoid making some decisions alone, consider asking a trusted professional to assist you. Be careful about whom you select, because survivors are sometimes viewed as "easy targets" by those who sell financial products.

You are very vulnerable following your spouse's death. Go slowly. Be gentle. Give yourself time to heal.

**ASK YOURSELF THE QUESTION:** *Does this decision have to be made right now, or can it wait for a future date? When is it better for me to make the right choice or take action?*

**These suggested steps are generic and certainly not all-inclusive for each survivor's situation. Consult the advice of your attorney, accountant, financial planner, or other professional.**