

Surviving Death – Strategies For Financial Health After A Spouse Dies

By J.F. “Buddy” Thomas, Jr.

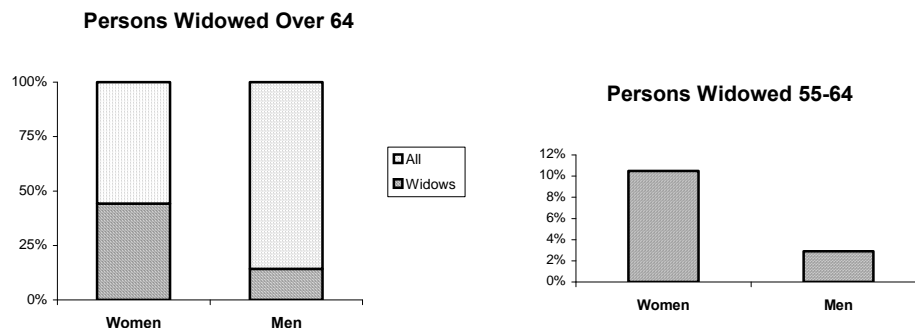
Overview

The recently widowed, normally overwhelmed, challenge family members and advisors in unique and often frustrating ways. Grief and family turmoil are pitted against the need for timely decisions, often the results of which are lasting. For those widowed, stress and uncertainty can drive them to inaction (they freeze up); for family and advisors (e.g. accountants, attorneys, planners, investment specialists, etc), timely decisions are difficult to obtain, and the demands of courts, family businesses, and financial realities only exacerbate their growing frustration. Because 80% of surviving spouses are women, this article focuses on them and those people they trust the most to help them.

A simple, structured approach to dealing with the widow’s plight can be a blessing to the widow and her advisors. A pre-set methodology to bridge from recent loss, and often chaos, to financial independence and good habits, can preclude family members and advisors from the need to blaze a new trail in order to adapt to the new norm. This general approach is discussed in this article.

Planning Isn’t Always Timely

We all know that planning ahead is the best policy, but it doesn’t always happen. One key reason plans aren’t made ahead to transition through the loss of a spouse is our natural instinct to savor life...and to assume death will come later. The common belief that death is imminent only when we begin to achieve life expectancy is supported by averages, however it rarely holds for an individual.



Statistics show, there are large numbers of untimely widows. From the 2003 U.S. Census we know that 44.3% of females over 65 are widowed. Even more revealing is that 10.5% of females aged 55-64 are widows and their number is five times higher than men who are widowers. It’s true: vastly more women than men lose their spouse ...and their number is growing at an increasing rate. Looking ahead, the demographics can be even more alarming. As the baby boomers (born between 1946 and 1964) begin to enter their 60’s and pass on, their unprecedented numbers coupled with the five-to-one female

survivor rate indicate a coming widow boom as big as any other phenomena created by this generation.

As this occurs, due to the untaxed transfer of assets between spouses, more wealth (\$41 trillion; www.morethanmoney.org/articles/mtm32-schervish) will be controlled by these survivors than any other group at any time in the history of capitalism. And the situation is not short lived. This (eighteen year) generation living the average life expectancy of a widow past her husband's death (14 years; US Bureau of Census - 1999) puts the preponderance of this family wealth under the control of these heiresses for the next three decades.

To make matters even more complicated, men are frequently the family's financial "experts"; the final decision-makers on investments, asset allocation, tax planning, etc. As they pass on, they leave in life's wake mostly unprepared widows normally unfamiliar with the breadth and complexity of family wealth management.

Need for a Different Approach

Whether the family has planned ahead and prepared or not, expecting recently bereaved widows to collect and organize family financial materials and seek out qualified advisors to help them is ignoring reality. In times of stress we humans tend to follow a consistent trail: we seek out those whom we already trust. The problem is that our choice of trusted support is rarely fully qualified to help. Often trust is found in family members or friends (e.g., a sister, a son, a neighbor, etc.). And even when a widow wisely seeks professional help, she often teams up with an expert specializing in one particular discipline (taxes, law, investments, etc). And these specialists naturally tend to lack experience in applying a comprehensive approach or a strategic timeline for dealing with the newly bereaved and their specific challenges.

The solution seems reasonable: be as prepared as possible for this inevitable event and (or) once it occurs, adopt a comprehensive, strategic methodology to bridge the transition and prepare for the years of ongoing family leadership and wealth management to come.

Much has been written about the importance and challenges of estate planning, prior to the first death of a married couple. And the state of the art is constantly evolving, particularly in light of the seemingly ever-changing body of estate tax laws. However, the focus of this paper is upon the conditions and challenges facing the survivor and what is commonly referred to in the estate-planning world as "post-mortem planning." A discipline that here to for has not been addressed as an area of specialization.

The Widow's Plight

Better understanding the emotions and needs of the recently widowed can help to identify appropriate techniques for assisting them. As you might expect, the loss of a spouse is very unnerving. Besides the feeling of loneliness, there is the eventual realization that the burden of heavy responsibilities has been thrust upon her: burial arrangements, court

required data on specific scheduled dates, the need to arrange interim and ongoing finances, completion of income and estate tax forms, implementation of previously planned trusts, and many more. Though some of this burden is temporary and will pass along with the estate settlement, some is permanent, with the ramifications of today's decisions felt for years to come.

And yet, at this time of critical decision-making, the pain of loss, grief, and anger sometimes make her simply want to withdraw. It is at times such as these that no decision seems preferable to the possibility of making bad decisions.

Financial and emotional stability are often linked. Financial stability can be jeopardized by emotional instability brought on by grief, loneliness, etc. So too, emotional stability can be rattled by the effects of financial instability. For the widow, further stress frequently occurs because they are treated differently: recent widows speak of different responses from old friends and professionals alike. To whom do they turn?

In a survey consisting of a control group of existing widowed clients and a like number of widowed non-clients conducted in 2003, respondents who had no transition plan or transition team leader identified turned to the following categories of people they trusted (in alphabetical order):

- Accountant
- Attorney
- Children
- Investment Advisor

That same survey asked all widows what advice they would give others who found themselves recently widowed. Their advice (in order of priority):

- Identify a qualified guide
- List your responsibilities and act on them only as required
- Be patient with yourself and others
- Make conservative decisions (But do make them)

We also surveyed professional advisors to find the greatest challenges they faced in dealing with these unique clients. All those surveyed were specialists – focusing in one important field or another, but admittedly not qualified or staffed to handle all the multiple needs of recently widowed clients. Their greatest challenges (in order of importance) were:

- A fragmented and sometimes conflicting advisory team
- The client's emotional variances
- Discord among family members
- The client's inexperience with their new responsibilities

Additionally, our survey found that among those not in the control group, most widows felt they had lost money during the transition because of their inexperience with such

matters. The effect of not understanding their responsibilities and not having a comprehensive strategy resulted in money loss from the following several causes:

- Spending beyond their means
- Selling their home too soon (or not soon enough)
- Poor investment or tax planning choices
- Legal disputes among heirs

Our survey also discovered that specialist advisors often unintentionally failed to provide much needed empathy and emotional support, and in some cases the clinical approach to solving client issues actually created distrust and anger. In one extreme example, an advisor mailed a questionnaire for a widow to complete shortly after her spouse died. It was a form that included a question asking about the amount of money in the deceased's pockets, which she found rude and offensive.

Clearly widows and their advisors could benefit from a more strategic approach than the ad hoc one taken historically; one where each professional focus's on their specialty with the ill prepared widow left with the challenge of coordinating her technical albeit well-meaning advisors.

A Strategic Approach to the Widow's Plight

It should come as no surprise that comprehensive post-mortem planning requires the collaboration of all the involved specialists - a team approach. Our research has also shown that one member of the team is typically identified by the spouse as (what we will call) her "most trusted" advisor. This designation was identified, in almost every case, by the widow asking only one of her professional advisors or acquaintances some form of the question, "What do I do now?" The underlying message of course is, "I trust you more than anyone else I know and I hope you can help me through this," and creates a dilemma for the person to whom it is posed.

The person asked must wonder, "Do I possess the necessary knowledge, skills, experience, wisdom, and situation to fulfill the role of team leader. Am I prepared to act as client liaison for the duration of the time it will take for her to transition through her grief and into her new role as family matriarch?"

As the "team leader", it is necessary to provide specialized services and also to develop relationships with the other advisors who can be called upon to ensure the widow is given the full range of guidance she needs. It is also important to recognize that coordination with other team members is a skill unto itself, and it is critical to a successful transition.

Because of the emotional state of a widow and the special trust (like a very good friend) given to this "most trusted" advisor, he or she may be prudent in considering the following three guidelines that have been proven to be helpful when facing the problem:

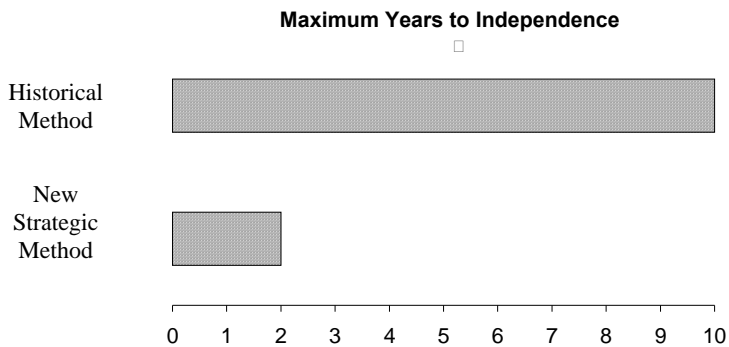
Think Big Picture. Due to their emotional state, recent widows require a significant amount of time to fully recover and become independent. Our research and experience confirms it is normal to expect fully two years or more for them to transition to independence. Realizing this from the start will give a widow the *breathing room* to go about her respective duties with confidence while minimizing frustration. First steps can be to concentrate on stabilizing her financial and emotional situation, postponing other less urgent tasks until some months later.

Create a Linear Strategy. Important milestones (e.g., estate tax filing and trust funding deadlines, etc.) must be achieved in a timely fashion despite the requisite recovery period. Having these milestones in mind from the beginning will permit the advisor and the widow the opportunity to anticipate and address them in a timely manner. Doing so will allow her to build confidence as these deadlines are planned for and met. Recall that these milestones must be comprehensive, addressing the legal, financial, tax, investment, and emotional issues facing a widow. Creating this strategy yields a plan of action.

Work the Plan. How simple and how often overlooked this directive has become. Recent widows require much emotional support. So regular contact, as frequently as weekly, can maintain a dialogue with them, and can demonstrate to them that both she and the advisor are vital to a successful outcome. Frustration and indecision can be overcome with an attitude that the team is working the plan together – that she is controlling the process, not the reverse.

Upon reaching an understanding of the responsibilities and requirements of the role of team leader, the question then becomes: as the most trusted advisor, do I assume the role of team leader/coordinator or do I identify that person and become the liaison between the widow and the professional who does?

When pondering the question, it may be insightful to consider the following: The professional specialists surveyed responded that some widows required as long as ten years to recover emotionally and financially from the loss of a spouse; some had *never* recovered and passed away themselves without ever making the transition. Our survey also showed all of those widows using a strategic method were planning proactively and taking control of their financial lives after two years or less of their spouse's death. Additionally, of survey respondents who followed the strategic process, none reported that they had lost money because of the transition.



(Source: Superior Planning Survey, 2003)

The strategic method also focused on the widow’s emotional well-being. Clearly, how the clients felt, as they worked through the issues, was critical to their successful transition. This new approach of combining the emotional healing process with the linear strategic fiscal planning greatly improved the likelihood of that success. The critical elements to this type of strategic planning have proven to be the following (in order of sequence):

- Clarify the issues
- Enhance confidence with a comprehensive timeline
- Prioritize fiduciary tasks
- Empower through understanding financial facts
- Focus on future events
- Analyze best alternatives
- Create an action plan

Within each of the eight elements checklists were used to aid widows and advisory team members as they worked through the transition plan. Significantly, all strategic method clients naturally have become more financially sophisticated – many vowing never to be dependent on others for managing their financial affairs again.

Summary

The challenges facing the recently widowed are daunting. They need a team of qualified experts able to guide them through this lengthy and emotional transition. Normal routes through trusted but inexperienced advisors (family, friends, and specialist advisors) have proven inadequate and frustrating for both widow and advisors. A team leader, overseeing the process, following the three basic guidelines of Thinking Big Picture, Creating a Linear Strategy, and Working the Plan through the normal grieving period of approximately two years, can yield significant dividends for the widow – both financially and emotionally.

The widow’s “most trusted” advisor can act as a vital catalyst to identify the team members and the team leader who will coordinate them through the transition period. He

or she, if not acting as the team leader, can act as the liaison between the widow and the team leader to ensure the widow's emotional as well as financial needs are being met. Utilizing a strategic process with the help of a dedicated team leader, has been proven to: save money, bolster a widow's confidence, empower her to control what she can, and lead to greater peace of mind.

Superior Planning conducted the study over the past three decades working directly with and helping the recently bereaved. Contributions to the study also included interviews with existing clients, non-client widows and widowers, numerous professional advisors, grief counselors, and the staff of the San Diego Hospice.

More detailed information about the process and the study is available in the book: *The Widow's Bridge – A Handbook for the Recently Widowed and Their Most Trusted Advisor.*

Superior Planning serves an exclusive number of families promoting and supporting the collaborative advisory team approach. The firm's mission is to reinforce the continuity of the family enterprise as family's plan for and transition through major life events for multiple generations.

J.F. "Buddy" Thomas, Jr.
President & Chief Advisor

Superior Planning, Inc.
4275 Executive Square, Suite 990
La Jolla, CA 92037
(619) 546-1046

Buddy@superplan.com
WidowsBridge.com
Superplan.com

Financial Planning offered through Superior Planning Inc., a State Registered Investment Advisor.
Securities and other Investment Advisory Services offered through Capital Analysts Incorporated; Member
NASD – SIPC.

4275 Executive Square, Suite 900. La Jolla, CA 92037

(858) 546-8686
California Insurance License Number 06326000