



The First Financial Steps for Widows to Take

One of the most devastating life events one faces is the loss of a spouse, whether expected or unexpected. Even the best preparation cannot soften the emotional blow and it can take years to adjust to your new life.

Beyond the emotional turmoil you may be experiencing, you also could face a number of financial issues with which you may be unfamiliar. This is more often the case for women. According to a study by New York Life, “nearly 70% of all women report ‘significant life changes’ after the loss of a spouse, and financial concerns were at the top of the list.” Furthermore, “55% of widows have trouble adjusting to a change in income level versus 34% of widowers. They also have a tougher time budgeting for one income, cutting discretionary spending, and saving for retirement or affording a vacation.”

Throughout my career in financial planning, I have worked with a number of widows and understand the many concerns they have both in the immediate aftermath of a death and later, years down the road. I tell my clients that, while they can’t turn back the clock and address these issues beforehand - such as increasing their spouse’s life insurance or saving more - there are ways to take control and feel more confident in their future.

When working with widows, there are a few first steps I recommend taking:

1. Get Organized

Whether or not you handled all of your family’s finances, some, or none, the first step is to organize your financial documents. Before you can determine how to budget and what steps to take, you have to first understand where you stand financially. If you are having trouble translating your investment account statements, a financial advisor can help you understand what your documents mean. You’ll want to copy and safeguard your important documents and review life insurance policies with a trusted advisor.

2. Budget for a Single Income

More than half of widows have difficulty adjusting to a single income. This may be because they haven’t reevaluated their bills and expenses and adjusted them to reflect their new income. Once you organize your monthly and annual bills and expenses, look for areas to cut or eliminate. This could be something as small as lowering your cable bill or as large as refinancing your mortgage or adjusting your investment portfolio.

3. Plan for the Short and Long-Term

While at first you may be focused on addressing your immediate financial needs, you should still be saving and planning for retirement and your future objectives. Once you’ve taken care of your immediate needs, your financial advisor can help you with your life planning - from funding a child’s education to retirement.

4. Evaluate Social Security Benefits

You will want to work with your financial advisor to determine the best social security claiming options, as you may be able to receive benefits from your spouse's social security.

5. Don't Ignore Retirement

In New York Life's study, 21% of widows revealed they were no longer saving for retirement. While you may first focus on your immediate financial needs, you can't forget about your future. Consider contributing more to your 401(k) or changing your investment strategy.

6. Start Building a Reserve Fund

Once you've developed budgets and strategies for your necessary expenses (both current and future) as well as your retirement, it's time to start building a reserve fund to be used for emergencies only. I have often found that my clients feel more confident in their future when they know they have a reserve fund to fall back on, should an unexpected event occur.

7. Work with a Team of Professionals

Adjusting to widowhood isn't easy, but a network of caring professionals may be able to help. Beyond a financial advisor, consider connecting with a CPA, attorney, and/or counselor that you feel comfortable working with.

In this emotionally trying time, I understand how important it is for widows to feel comfortable discussing their challenges and fears. Working together, I give my clients my undivided attention and the time for them to ask any questions they may have. My goal is for them to feel that they can share all of their concerns and questions with me, no matter how small they may be.

Adjusting to widowhood can take years. My goal is to build trusted relationships with my clients and work with them for the long-term, offering ongoing guidance and advice as they navigate the next steps in life. If you are suddenly single and aren't sure if you are on the right financial track, I invite you to contact me today.

To set up a complimentary, commitment-free meeting, please call my office at 858-668-3038. Or, you can email me any questions you have at thomas.dobransky@lpl.com



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