

# Financial Planning for Newly Widowed Clients

*Clients in crisis require a different approach.*



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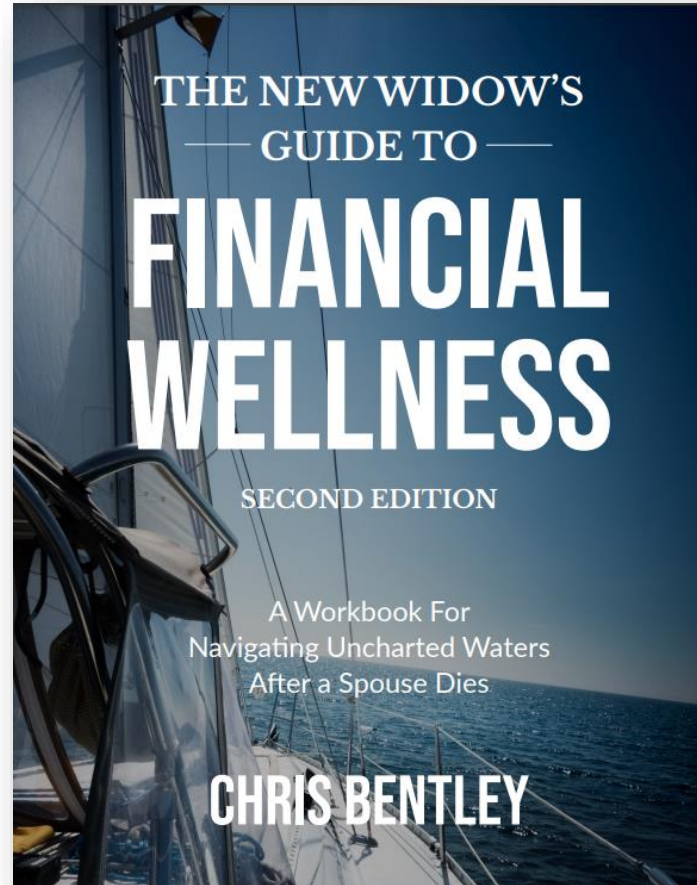
“Maureen was such a treasure! I cannot begin to tell you what a blessing this program seems to be at this stage. I have already started communicating the services Wings for Widows offers to several new widows in our region.” - Amanda G.

“I needed confidence in my financial understanding and decision making. I was in a panic. No longer, thanks to Wings for Widows.” - Phyllis K.



“Every widow needs to know about this resource. This took away a lot of my fears about my future, and being told I’d have to supplement my income after not working 23 years was hard but the truth. And I needed to hear it. I will tell any widows. I encounter about this service. Thank you so much for providing it.” - Becky L.

“I’m having trouble finding the words to let you know how grateful I am for Becky’s help. She is a bright light, in the midst of the darkest time in my life. Her caring spirit and professional expertise are gifts to me. They say ‘there are angels among us’. It means the world to me that I have found many angels at Wings for Widows.” - Leslie A.



“Wings for widows is a great resource to help when our world is in pieces.” - Michele T.

“I wish I had found Wings for Widows earlier in my process. What I gained from the financial coaching gave me hope and confidence. Every funeral home and other institutions should be aware of this organization and advise those of us who are suffering in so many ways. Thank you!” - Carolyn G.

“Melissa gave me confidence and understanding of my financial situation. My experience with her was life changing!! She has given me financial freedom with my assets I never knew was possible. I was very comfortable talking to her about anything and everything! She helped me formulate questions for my invest guy and my tax preparer. I would HIGHLY recommend Wings for Widows!” - Sandy M.

# Objectives

- Who is a Widow?
- What are their challenges?
- What do they need?
- How can I better meet their needs?
- Why is it important?



# Maria's Story



“ I couldn't grieve, because I had Jake to worry about. I had many things to do, but I just didn't have the energy. I knew I couldn't keep up with the mortgage, but I didn't know what to do about it. I didn't have the answers and had nowhere to turn for help. ”

# Widowhood is the “Club” Nobody Wants to Join

- Approximately 3,000 women become widowed every day in the U.S.
- 70% of all married women will face widowhood
- The average age of a widow is 59
- Widows outnumber widowers 4:1
- Almost half of all widows earn less than \$25,000 a year; widowhood is often a ticket to poverty
- About 60% of elderly poor women are widows



# CHALLENGES WIDOWS FACE EVEN YEARS AFTER LOSS

## HEALTH

**91%**  
EXPERIENCED  
BRAIN FOG

◀ **44%**  
of the  
widows  
with  
brain fog  
reported  
it lasting  
2 years  
or more

(Brain Fog affects mental processes,  
such as memory and concentration)

**33%**  
Diagnosed  
with a **new  
mental or  
physical**  
health issue  
within a year  
of loss



## HOUSEHOLD

**69%**  
Felt forced  
to make  
decisions  
they were  
unprepared  
to make  
within the  
first 2 years



**48%**  
Had children  
living in the  
home at the  
time of loss



▲ **49%** of those families  
reported their education  
was negatively impacted

**17%** of widows currently care  
for senior family members

## EMPLOYMENT

WORKING OUTSIDE  
THE HOME WHEN  
WIDOWHOOD OCCURRED

NO <b>33%</b>	YES <b>67%</b>
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**29%**  
Had to start  
working after  
widowhood



**75%**  
Brain fog  
impacted  
them at work



**83%**  
Change in  
employment  
other than  
working less



## INSURANCE

**15%**  
LOST their health insurance



▲ **20%** of those widows  
had children living at home

**18%** of widows had a change  
in health insurance

## LEGAL

**44%**  
Sought legal help



▲ nearly **18%** of those widows had  
estates that took over 2 years to resolve

## SPIRITUAL / COMMUNITY

**70%**  
Had a place to worship



◀ **49%** of  
those widows  
felt support  
was insufficient

# The Financial Impact of Loss

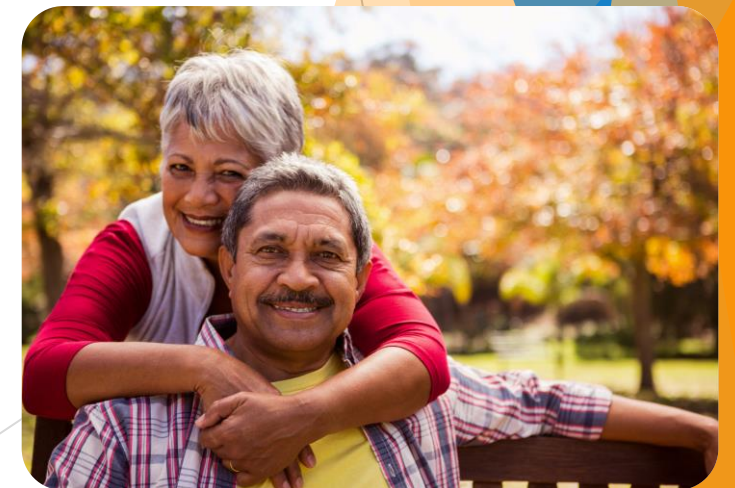
- Loss of income, 40% on average
- Nearly 50% had children living in the home at the time of loss
- 33% are diagnosed with a new mental or physical health issue within one year of loss
- If over 65, Medicare premiums will likely increase
- Credit score will likely decline, which makes borrowing harder
- Auto insurance rates often increase
- Subject to “The Widow Tax”



# The Widow Tax

- Meet Roberto and Dorothy, retirees
- Roberto: 72
- Dorothy: 70
- Roberto passed away in December 2019

Description	2019
Filing Status	Joint
Income from IRAs	\$100,000
Roberto's Social Security benefit	\$30,000
Dorothy's Social Security benefit	\$20,000
Total Income	\$150,000
Total Federal Tax	\$17,700





# The Widow Tax

Description	2019	2020
Filing Status	Joint	Single
Income from IRAs	\$100,000	\$100,000
Roberto's Social Security benefit	\$30,000	\$0
Dorothy's Social Security benefit	\$20,000	\$30,000
Total Income	\$150,000	\$130,000
Total Federal Tax	\$17,700	\$21,300

- **Loss of income: \$20,000**
- **Increase in taxes: \$3,600**
- **Medicare premium increase: \$1,735<sup>1</sup>**

<sup>1</sup>Lei L, Norton EC, Strominger J, Maust DT. Impact of Spousal Death on Healthcare Costs and Use Among Medicare Beneficiaries: NHATS 2011-2017. J Gen Intern Med. 2022 Aug;37(10):2514-2520. doi: 10.1007/s11606-021-07339-7. Epub 2022 Jan 26. PMID: 35083650; PMCID: PMC9360304.



# Challenges Unique to Newly Widowed People

- Operating out of fear
- Grief is an emotional rollercoaster
- Widow Brain (aka Widow Fog)
- Finances may be new and overwhelming
- Feel alone and isolated, which leads to low self-esteem and depression
- May now be a single-parent



# Surviving Spouses Are Not Financially Prepared for Widowhood

- 53% of current widow(er)s say they had no plan in place for what to do if one of them died.<sup>1</sup>
- Only 14% of widow(er)s say they were making financial decisions by themselves before they were widowed.<sup>2</sup>
- 69% of widows say, "becoming the sole financial decision-maker was the top financial challenge of widowhood."<sup>2</sup>

***70% do not have a financial advisor.<sup>3</sup>***

<sup>1</sup>Merrill Lynch/Age Wave Widowhood Research, 2018.

<sup>2</sup>The American College State Farm Center, Survey of Widows and Widowers Topline Report, July 2016.

<sup>3</sup>Godbout, Ted. "Why Consumer Use and Don't Use Financial Advisors." NAPA, March 2021.



# What Do Newly Widowed Clients Need From Their Advisor?

- Someone who understands them as a widowed person
- Someone who is comfortable with the topic of loss and death
- Someone who is more advocate than advisor
- Someone who can calmly deal with crisis and fear
- Someone who takes the time to coach and educate
- Someone who is authentically empathetic
- Someone who provides a safe space free from judgement
- Someone invested in their emotional wellbeing as much as their financial wellbeing



# Advice for Working with Widowed Clients

- DO understand their biggest concerns
- DON'T wait for them to contact you; check-in with them at least weekly to encourage communications and to stay on top of their progress
- DO use the late spouse's name when you can
- DON'T schedule long meetings in the afternoon - shorter meetings in the morning are better
- DO be flexible and work at their pace, which will likely be slower than your own
- DON'T do all the talking - listen to learn what's important to them
- DO offer praise and reassurances at every opportunity; encouragement is the key to empowerment
- DON'T say dumb or hurtful things; words matter!



# Widow Sensitivity Means Coaches Should Never Say...

- I understand how you feel.
- He/she is in a better place.
- My wife and I....
- It is all a part of God's plan.
- Trust God, He won't give you more than you can bear.
- You're much better off than other widows I talk to.
- Don't worry - you'll get over this.
- You are young; you'll find someone new.



# The Conversations Your Clients Find Most Important

- Discussing what things *not* to do
- Verifying cash flow
- Hiring an estate planning attorney
- Getting organized
- Claiming benefits



# Conversation #1

- **Discussing What Things Not To Do**
  - Don't go it alone
  - Don't pay your late spouse's bills
  - Don't use your late spouse's credit or debit cards
  - Don't sell your late spouse's property
  - Don't close your late spouse's phone or email accounts
  - Don't let mail pile up
  - Don't make large purchases or gift money





# Conversation #2

- **Verifying Cash Flow**
  - Determine all sources of income
  - Determine expenses using a budget
  - Assess 12-month cash flow using a projection
  - Consider other sources of income, if necessary
    - Emergency fund
    - IRAs
    - Rollover(s)
    - Annuities(s)
    - Unpaid benefits
    - HELOC
    - Life insurance CSV



# Conversation #3

- **Hiring an Estate Planning Attorney**
  - Is there a will, or not?
  - Is there a trust?
  - Does the trust have a pour over provision?
  - What does the late spouse's estate consist of?
  - Will probate be required and what kind?
  - Is an estate checking account necessary?
  - How do I handle my spouse's overdue bills?
  - How do I handle my spouse's property?
  - What happens in a community property state?



# Conversation #4

## ➤ Getting Organized

- Find and identify important documents
  - Create a filing system if one doesn't exist
  - Inventory the safe deposit box
  - Get the right documents to the right people
- Keep a daily journal
- Pull and review credit reports for both spouses
  - The best inventory of late spouse's accounts, creditors
  - Notify creditors
  - Record these conversations in the journal
- Manage bills



# Conversation #5

- **Claiming Benefits**
  - Social Security
  - Life Insurance
  - Deferred Annuity
  - Employer Benefits
    - Retirement Savings Plan (i.e., beneficiary to 401(k))
    - Pension (as spousal beneficiary)
    - Unpaid Salary, Bonus, Vacation and Sick Days
    - Deferred Compensation
    - Stock Options
    - Flexible Spending Account (FSA)
    - Health Savings Account (HSA)
    - Continued Medical Coverage (COBRA)
- **Veteran Benefits**

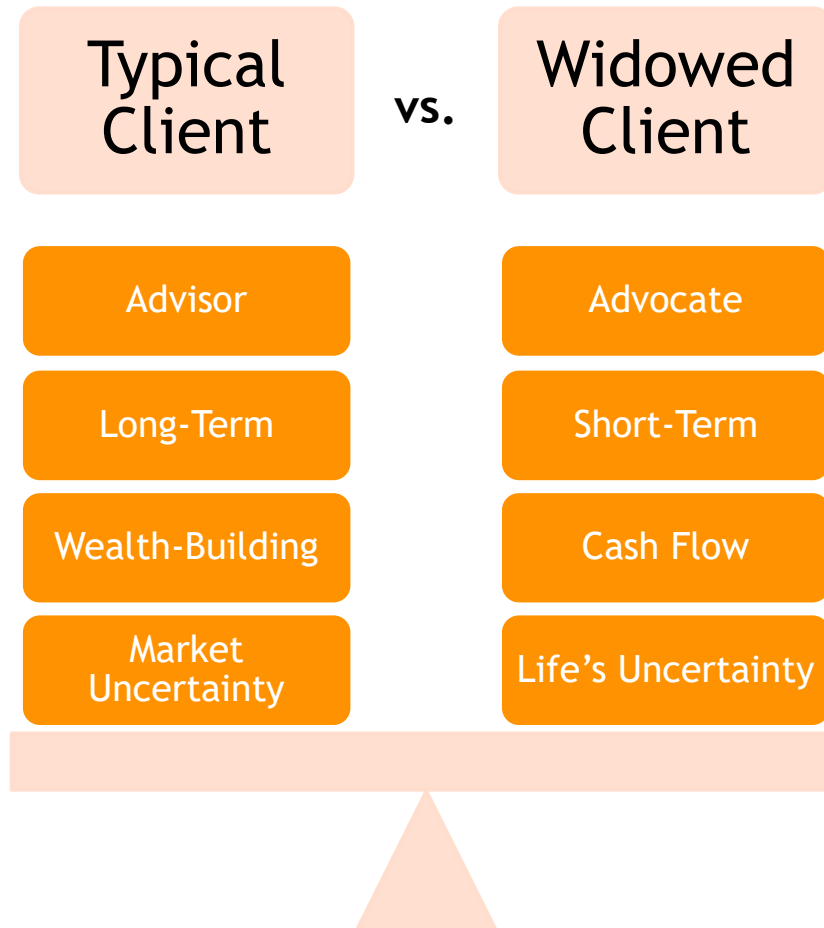


# Bonus Conversation

- **Transferring Ownership**
  - Banking
  - Investments
  - Real Estate
  - Vehicles
  - Digital Assets
  - Annuities
  - Use of Beneficiaries, TOD, POD



# New Framework for Financial Planning With Widowed Clients



# Maria's Story



“ I couldn't have done it without Don. Selling the property was such a hard decision, but he really helped me to see what I needed to do. The equestrian property was the dream for John and me. Now my new dream is to be financially stable. ”

# Why Is It Important?

- Client's efficacy
- Gratefulness
- Trust and loyalty
- Deeper relationship
- Enduring friendship
- Rewarding experience
- Retention
- Referrals





# Questions

**THE PURPOSE OF  
HUMAN LIFE IS TO  
SERVE, AND TO SHOW  
COMPASSION AND THE  
WILL TO HELP OTHERS.**

– Albert Schweitzer

**Volunteer?**

<https://probonoplannermatch.org>