

The Risk of Being a Suddenly Single Woman

BY DOMINIC LUCENTE

Contending with the possibility of widowhood.

On average, women outlive their husbands. According to the Social Security Administration's estimate, the average 65-year-old woman will outlive the average 65-year-old man by more than two years, dying at age 86½. Averages aside, it also estimates that about a quarter of today's 65-year-olds will live into their nineties. Around 10% will live to age 95 or beyond.¹

Eying these figures, it is easy to deduce that some women may outlive their spouses by five years or longer and contend with complex financial issues after age 85. There is one detail, however, that all these facts and figures leave out.

The average age of widowhood in the U.S. is 59. A widow might spend 30 or more years managing her finances. Is she prepared for this possibility?²

Too often, conversations about money are male driven. A recent Key Private Bank survey confirms this. The wealth management firm polled financial professionals, and the advisors responding said that women took the lead in just 3% of their talks with married couples. More than 80% of these advisors said that most of their female clients had no contingency plan to respond to the risk of being widowed.²

Women need to plan for the probability of someday managing their finances. Given the above statistics, "probability" is not too strong a word. What steps should be taken?

Both spouses should be financially literate. Some women are extremely well versed in investing, retirement planning, and personal finance matters.

A successive investment policy can be determined. A widow may want (or need) to take a different investment approach than the one stated in a couple's investment policy statement (IPS). This approach needs to be one she is comfortable with, but it must not be so risk averse that it jeopardizes her potential to sustain her standard of living in the face of inflation.

Sufficient insurance and a thoughtful estate plan need to be in place. If a spouse dies, the death benefit from a permanent life insurance policy may ease some of the financial pressures that follow. Up-to-date beneficiary designations, trusts, and other estate planning mechanisms may help assets transfer from spouse to spouse and within the family without contention or undue delay.

A good estate plan clearly defines the steps of the asset transfer process for a surviving spouse and other heirs.

An asset map should be prepared for a surviving spouse. Some widows must search for vital financial documents because a deceased spouse left them in an obscure location. Other times, a widow is left with only a hazy understanding of how many accounts there are, how they are titled, and how to address the requirements of asset distribution or transfer. Each spouse should have a copy of a document (or access to an online or brick-and-mortar vault) where this information is kept. This is the information from which much of a widow's financial future may be planned.

With a clear understanding of where she stands, financially, a widow may evaluate her investment and wealth management options and take steps toward the next phase of life with some confidence.

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Citations.

- 1 - ssa.gov/planners/lifeexpectancy.html [12/18/17]
- 2 - cnbc.com/2017/09/05/how-to-prepare-for-being-suddenly-single.html [9/5/17]

WHAT'S NEXT?



Each year, nearly 150 million households file their federal tax returns: digging for receipts; gathering mortgage, retirement, and investment account statements; and trying to take advantage of every tax break the code permits.

This tax season, why not make the most of all that effort?

It's a perfect time to take a critical look at your financial situation. Let us help you analyze both where you are and where you'd like to be, and work with you to craft a plan to work towards financial well-being.



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FIRE CHIEF AWARDS NIGHT

On December 16, 2017, the Fire Chief recognized the following other members of the fire department at a dinner catered by the Bow Men's Club.

John Keller-Completion of 1st year.

Richard Oberman-Completion of 1st year.

Scott Stone-Completion of 1st year.

Craig Beulac- 10 Years of Service

Maria Koustas-15 Years of Service

Mark Mattice-25 Years of Service

Ken Judkins-45 Years of Service

Ted Bardwell-55 Years of Service

Mitchell Harrington
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