



SAD BUSINESS: MANAGING FINANCIAL ISSUES IN BEREAVEMENT

This special double-edition of the Women & Aging Letter is designed to provide an overview of many of the financial issues that may be faced following the death of a family member or friend. For the bereaved individual, or the friends who are providing support at this time, this Letter provides information to help guide decision making. While much of the advice focuses on widows/widowers, it does apply to others experiencing a loss. It can help with the tasks faced by a bereaved person and it can be used by anyone who wants to take and/or advise thoughtful action now to help facilitate the inevitable financial responsibilities faced by survivors. Whether or not you are currently facing this situation, we hope this issue will be a useful resource.

A Task for Mourners That is Often Faced Alone

Few women move into middle age without experiencing the death of a family member or close friend. Nearly half of American women age 65 and older are widowed, compared to 14 percent of men (see graph on page 6). Noting the gender gap in mortality, Neugarten & Hagestad (1976) explain that women may go through a "rehearsal for widowhood" as they observe peers experience the loss of a spouse (Carr et al, report 00-462 undated). Loss of a loved one is a universal experience, though each situation is, of course, unique. The loneliness and sorrow that come in the period following a death are expected by the bereaved individual and those around her. And, for the most part, our culture has established rituals and support for the emotional challenges.

But what of the worry about how to pay the bills? Who is helping the grieving survivor make financial decisions, or even helping to identify the decisions that must be made? When someone loses a spouse the changes to the survivor's finances may be considerable. In addition to the actual dollar and cents impact, a widow may become responsible for financial decision making for the first time in her life. The failure to act, or

ill advised action, can have serious financial consequences. Just as it is necessary to work through the emotional process of grief, wresting control of the financial details resulting from a loss is a step toward healing.

An important caution, however, is that during the difficult months after a loss it is important not to rush into any permanent significant financial decisions. This might not be the time to sell your home, substantially re-allocate financial assets, or change employment.

"As baby boomers travel through middle age, many will become parentless within this decade. Already, a quarter of 50-year-olds have lost their mothers, and half have lost their fathers. In a society that continues to shy away from speaking openly about death, it appears this group may not be any better prepared than previous generations for what experts say is a profound, life-changing experience."

(Lise Funderburg, "The Last Goodbye" *Time Magazine* November 13, 2000 vol 156 No. 20. downloaded from time.com 11/20/00.)

Organizing Important Documents

Even the most organized individuals may not have an "Important Papers" file with a complete set of all of the papers that a survivor(s) can use to make a financial reckoning. Before making any important financial decisions, the survivor(s) must sort out assets and debts and revise the calculation of net worth. The following documents will be critical to the financial tasks faced by a survivor:

- ✓ The death certificate (multiple copies, as many agencies/offices will require one)
- ✓ All insurance policies
- ✓ Social Security number of the deceased and spouse
- ✓ Military discharge papers
- ✓ Marriage certificate
- ✓ If survivors include dependent children: children's birth certificates and Social Security numbers
- ✓ The deceased's will and/or estate plan
- ✓ A complete list of all assets/property including real estate
- ✓ Deceased's most recent federal income tax return

Financially Related Tasks

There are a number of tasks a survivor(s) may need to take care of in order to ascertain and ensure current and future financial stability. An important first step is securing survivor benefits. These benefits include:

- ✓ Insurance: life, mortgage or loan, accident, auto, credit card, various types of insurance provided by spouse's employer
- ✓ Social Security
- ✓ Veterans' benefits (Veterans Administration, toll free: 1-800-827-1000)
- ✓ Employee benefits such as health insurance. It is critical to maintain health insurance. If you are covered by your late spouse's employer you may be able to continue to purchase coverage through the employer's group under a federal law called COBRA.

Taxes are another responsibility of a surviving spouse or heir. Your accountant or attorney can help with:

- ✓ Federal Estate Tax
- ✓ State Death Taxes
- ✓ State Inheritance Taxes
- ✓ Federal and State Income Taxes of the deceased

Ownership, title, or beneficiaries may also need to be changed on:

- ✓ Insurance policies
- ✓ Automobiles or other property
- ✓ Your home
- ✓ Will
- ✓ Bank accounts, stocks, bonds
- ✓ Safe Deposit Box
- ✓ Credit cards (get a copy of your spouse's credit report; there may be accounts about which you are unaware)



Our New Look!

A new year brings a new look for the *Women & Aging Letter*. Our goal is to make the Letter easy to read and easy to file for future reference.

We welcome your opinions and comments on the changes we've made, as well as any input you have on content/topics for future issues. We'll be slightly modifying the design in the months ahead.

Please feel free to call or email the Center at any time. If you have access to a computer, remember to make periodic visits to our web site for updates on Center research, events, and publications!

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People Who Can Help You

Friends and family can be of help with the financial challenges that face the newly bereaved. In addition, there are many professionals whose expertise can be valuable. As you begin to make a list of the tasks you need to complete, use the appropriate professional to answer your questions and to point you to other sources of information or assistance. Examples of key sources of information are:

- ✓ The benefits administrator at the deceased's job, who can explain the details of pensions, 401(k)s, and life and health insurance plans, accrued vacation time, etc.
- ✓ The deceased's accountant and/or lawyer who will deal with the will and probate.
- ✓ A representative of the Social Security Administration who can explain what benefits survivors are eligible for and the amount that can be expected each month (Social Security Administration: 1-800-772-1213).
- ✓ A professional financial planner: If you and your spouse used someone together, it is a good idea to sit down with him or her and revise your short- and long-term financial plans. If you do not have a planner, you may want to consult someone now, especially if you will be taking over money management tasks that are unfamiliar. For some tips on finding a good planner visit the Center website [www.heller.brandeis.edu/national/5tips.htm] or call toll free: 1-800-929-1995.

Other widows or widowers can warn you about financial mistakes they made and may be able to recommend helpful professionals or community resources. Many people who are experiencing grief and loss find great comfort and help from other people who have gone through the same experience. AARP runs one of the most well respected widow-to-widow programs, called Widowed Persons Service. To locate the program closest to you call 1-800-424-3410 or e-mail griefandloss@aarp.org. Other programs may be located through the hospital, hospice program, or senior center in your community.

Lessons Learned

Though her husband had been very ill, Tom's death was still unexpected. At age 61, Evelyn was only the second widow among the large group of couples with whom she and Tom had shared years of friendship. About three weeks after Tom died a letter from a company with an unfamiliar name came addressed to him. In it, Evelyn found a dividend check for \$63 dollars made out to Tom. There was no explanation, just a reference number on the invoice attached to the check. Evelyn called the company because she needed to know whether the check could be reissued in her name or if she had to return it. She was not even curious about why her husband was due this money, partially because grief had muffled any curiosity and partially because she and her brother had just reviewed all of the financial records and the detailed planning Tom had left for her. No surprises were expected. Fortunately, the surprise, when it came, was a good one. The dividend had been thrown off by a life insurance policy purchased years ago from a state professional association of which Tom had been a member. Though the association and insurance company had changed names and locations over the years, Tom had continued to pay the small premium. Evelyn was owed a \$100,000 death benefit.

The actual experience related above sheds light on several aspects of the immediate financial challenges faced by the bereaved (in this case, a widow). Amidst the common occurrence of anxiety regarding having enough money upon the death of her husband, Evelyn had no information regarding an important insurance policy her husband had left behind. What good is planning for one's death via an insurance policy if the beneficiary doesn't know about it? Fortunately, Evelyn understood that she had to follow-up on everything and, despite worrying that there would be more bad news, her efforts were rewarded by a substantial sum of money.

How to Make it Easier for Your Loved Ones

There are financial steps you can take now to prepare for the future. The following is a list of recommendations for couples:

- ✓ Be sure you each have emergency money. A bank account with your emergency savings should contain at least enough cash to pay three month's bills. The account can be in both names, or each person can have a separate account, but each of you should have easy and immediate access to three month's of emergency cash.
- ✓ Open a bank account in your own name. This will allow you to arrange for direct deposit for Social Security or pension benefits.
- ✓ Save or invest money in your own name each month. Get used to making savings and investment decisions and put away a little extra money on a regular basis.
- ✓ If you or your spouse are still working, make sure to put money into your company's pension plan, the 401(k) plan, or an individual retirement account. Small amounts add up, whether you start with \$25 a month or 1% of your paycheck.
- ✓ Set a long-term (retirement, helping with a grandchild's education) and a short-term (vacation or holiday gifts) goal and save for them in your account.
- ✓ Establish credit in your name. If you don't have a credit card in your name, get one and use it responsibly to establish your own credit record.
- ✓ Balance the family check book and write checks for the bills. If your spouse usually does this, begin to take turns or take over the job entirely for six months.
- ✓ Know what your family *owns* and what your family *owes*. If you have high credit card balances, work on paying them down and keep consumer debt under control.
- ✓ Take a class in managing money. Call the American Association of Retired Persons (AARP), a local community college, the Cooperative Extension office in your county, or the YMCA or YWCA to see if they have courses or if they know who does.

(List from *Coping Financially with the Loss of a Loved One: Financial Guidance for Families*, a publication of the National Endowment for Financial Education and the American Cancer Society.)

The Women & Aging Letter

A project of Brandeis University's National Center on Women & Aging in association with 32 organizations serving women's and aging interests. The Center is located at the Heller School for Social Policy and Management, Brandeis University, Waltham MA 02454-9110. 1-800-929-1995.

Visit the Center on the web: www.heller.brandeis.edu/national

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If you have had the experience of assuming financial responsibility following a death you probably have a good idea of how helpful it is if financial details are well organized and records and documents easily located. You can make things easier for your survivors by setting up and maintaining your financial records. If you keep this information all in one place it will be right there when someone needs it. Make sure that the file is organized, kept up-to-date, and that one or two key people know it exists and where to find it. Your financial file should include:

CATEGORY OF INFORMATION	WHAT THIS INCLUDES <i>account numbers, where the asset is located, contact information, what professionals have been involved</i>
Income and Assets	Pension funds, annuities, stock and bond holdings, mutual funds, real estate, trust accounts.
Bank Accounts	Each savings, checking, or credit union account and cash management accounts.
Insurance Plans	Personal and group life, health, property and casualty, long-term care, and business insurance. (Someone should know where the policies are located, and the contact information for any insurance agents.)
Social Security Information	Social Security records. Retain Social Security numbers for current and former spouses, whether the earlier marriage ended in divorce or widowhood.
Safe-Deposit Boxes	Box location and how to access it. If valuables are stored in a safe-deposit box, a list of contents is a good precaution.
Tax Records	Copies of tax returns for the last seven years as well as other pertinent tax information. All W-2 and 1099 forms (income records).
Loans and Debt	Credit card balances, auto loans, and other liabilities.
Relevant Professionals	Up-to-date files for attorneys, accountants, insurance agents, or other legal or estate planning professionals. These should include the professionals' names, phone numbers, and addresses.



It Is Not Just About the “Business of Loss”...Recommended Reading

Carol Kummet, Coordinator of Bereavement Services for Swedish Home Health & Hospice of Seattle, Washington, moderates a book club for those who have lost a loved one. She recommends the following books with themes of dying, death, grief, loss, hope and life.

Tuesdays with Morrie by Mitch Albom

The Sweet Hereafter by Russell Banks

The Diving Bell and the Butterfly by Jean-Dominic Bauby

Talk Before Sleep by Elizabeth Berg

Uphill Walkers by Madeline Blais

In Lieu of Flowers by Nancy Cobb

A Very Easy Death by Simone De Beauvoir

Souls Raised from the Dead by Doris Betts

The Spirit Catches You and You Fall Down: A Hmong Child, Her American Doctors, and the Collision of Two Cultures by Anne Fadiman

Safe Passage by Molly Furnia

Wherever You Go You Are There by Jon Kabat-Zinn

A Grief Observed by C.S. Lewis

Kitchen Table Wisdom by Rachel Naomi Remen

Mom’s Marijuana By Dan Shapiro

A Time to Grieve by Carol Staudacher

The Death of Ivan Ilyich by Leo Tolstoy

Refuge by Terry Tempest Williams

For a slightly different reading list. Here are some books on health care ethics (recommended by Jyl Gentzler, Associate Professor of Philosophy, Amherst College) that might be of interest.

Life Support: Three Nurses on the Front Lines by Suzanne Gordon

Mama Might Be Better Off Dead: The Failure of Health Care in Urban America by Laurie Kaye Abraham

The Lives to Come: The Genetic Revolution and Human Possibilities by Phillip Kitcher

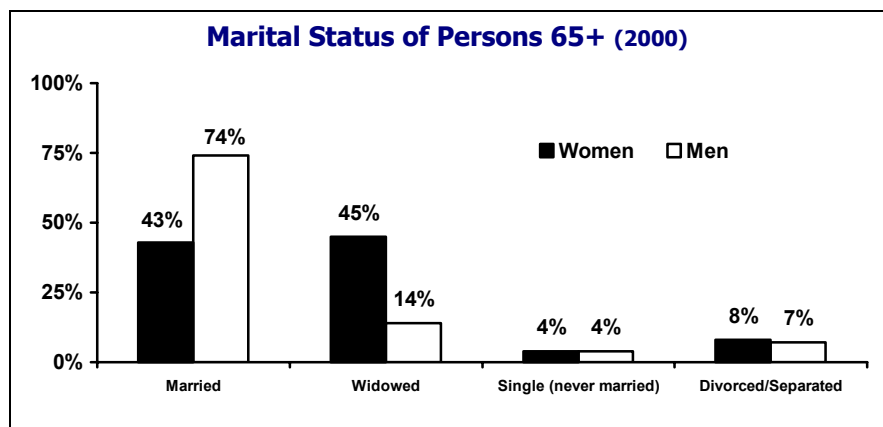
Just Health Care by Norman Daniels

The Patient in the Family: An Ethics of Medicine and Families by Hilde Lindemann Nelson

Love’s Labor: Essays on Women, Equality, and Dependency by Eva Feder Kittay

"Mourning has become unfashionable in the United States. The bereaved are supposed to pull themselves together as quickly as possible and to reweave the torn fabric of life. We do not allow for the weeks and months during which a loss is realized."

-Margaret Mead



Source: A Profile of Older Americans: 2001. Administration on Aging. Based on data from the U.S. Bureau of the Census. See: "America's Families and Living Arrangements; Population Characteristics: June, 2001, Current Population Reports, P20-537"

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& Tactics

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We created this interactive directory

with the hope you will use it today

and will keep using it as you make

planning for your financial future

one of your proud accomplishments.

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