



SURVIVING THE LOSS OF A SPOUSE: A FINANCIAL CHECKLIST

Should tragedy strike there will be documents to compile and people to notify, information to absorb and decisions to be made. As many people grieving the loss of a loved one can testify, uncertainty about family finances greatly increased the stress of their loss—and in some cases caused them to make costly mistakes.

The September 2011 issue of Kiplinger's Retirement Report offers a checklist to help surviving spouses cope with their new financial responsibilities.

TAKE A DEEP BREATH AND HOLD OFF

Upon the death of your spouse, expect to feel overwhelmed by new financial tasks and pressures. If you did not play an active role in the family finances before, suddenly all that responsibility will be dropped in your lap.

The best thing you can do is to deal with your immediate financial needs first—such as your income and benefits from annuities and life insurance—and hold off on any other major decisions for six months to a year after your loss. Before you decide to sell the house, or the stocks and bonds, wait. Hold off before you decide to give the money away, move, or have someone else move in with you.

With time, you may decide that moving and selling the house is the best course of action, but for now, hold off. The grief and bereavement is overwhelming enough by itself. Do not compound your stress by rushing into more life-altering situations at a time when you might feel vulnerable and distracted.

The following checklist will help you sort through your new tasks and tackle the most pressing ones now.

→ A QUICK LOOK

- Take care of your immediate needs, but hold off on other life-altering changes for 6 months to a year after the loss of a spouse
- Keep an organized filing system, with the passwords needed to access computer files
- The stress of losing a spouse is compounded by money worries. Assemble a 'financial support team' to help you understand your options

GATHER THE DOCUMENTS

The funeral director can help you obtain about 10 to 25 copies of your late spouse's death certificate. Many financial institutions will need these when you close or change ownership of an account.

Notify Medicare and other health insurance companies so that you will no longer be billed for the premiums. Cancel subscriptions and memberships you no longer need. In some cases, you might even ask for a partial refund.

(The YMCA Retirement Fund's publication, *Your Personal Records Organizer* is a resource to help you identify other documents and records needed. Contact the Fund for a copy.)

GET SOME HELP

Now is the time to lean on trusted experts to help you sort through the details. You might enlist the help of an accountant, lawyer, financial planner, and a financially responsible friend or family member. Contact the National Association of Personal Financial Advisors (napfa.org) to find a planner.

YMCA Retirement Fund's RESOURCE TOOLKIT

VOL 2 NUMBER 10 OCTOBER 2011

ASSESS YOUR CASH FLOW

Take stock of your income and your expenses. Things will certainly shift in the wake of your loss. Make a list of all your sources of income, taking note of which amounts will change now that you are the surviving spouse: Social Security, pension payments, dividends, interest, job earnings, and IRA distributions.

Separately, list all you and your late spouse's fixed and reoccurring expenses: mortgage, utilities, and insurance. If you come up short and need to cut back on spending, start with your discretionary spending such as gifts and travel.

COLLECT LIFE INSURANCE BENEFITS

When you file a claim, the insurance company will offer you a number of different options for collecting the benefit. Do not let the company transfer your money to their own money-market fund, but instead, collect it yourself and put it in a federally insured bank account or money-market fund of your choosing. If you are considering a lifetime annuity, consult with your team of trusted experts before you commit.

PREPARE THE ESTATE

Keep all receipts from the funeral and post-funeral gatherings. You will need them to make deductions on the estate tax. Federal tax law gives you nine months from the time of your spouse's death to file a federal estate-tax return. State laws vary, and some are earlier than that.

Meet with an estate lawyer before you place your spouse's assets in your name. You may decide instead to 'disclaim' the property and allow it to go directly to your children or other heirs.

CHECK WITH THE EMPLOYER

If your spouse was employed at the time of his or her death, contact the human resources administrator at that place of employment. There could be unpaid salary and bonuses, accrued vacation and sick pay, and stock options due to you.

You may be able to continue receiving health coverage under your spouse's group plan for 36 months through COBRA. (Although employers with fewer than 20 employees are not required to provide COBRA coverage.)

If you wish to roll your spouse's 401(k) to the Fund, or if your spouse worked for a Y and has accounts with the Fund, contact the Fund. Have all Social Security Numbers ready so the Fund representative can access the accounts quickly.

ROLL OVER AN IRA

If you are younger than age 59½ and need to tap the IRA, you will avoid a 10% penalty on withdrawals if you leave it in your spouse's name and remain the 'beneficiary.' Otherwise, roll the account into your own.

If your spouse was 70½ or older at the time of death, check whether he or she took the required minimum distribution from the IRA. If not, you must take it by December 31 of the year he or she died or else pay a penalty.

CLAIM A SOCIAL SECURITY BENEFIT

You are entitled to a survivor benefit equal to 100% of your spouse's benefit, as long as you wait until full retirement age to collect. If you were collecting a spousal benefit, you can "step up" to a survivor benefit, at which point the spousal benefit will disappear.

This summary is based on the cover story of the September 2011 issue of Kiplinger's Retirement Report. Susan B. Garland, "A To-Do List for the Surviving Spouse," Kiplinger's Retirement Report, volume 18, no. 9.