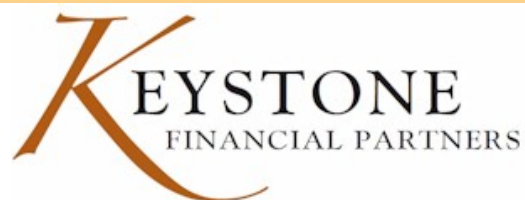




*W*ealth *M*anagement
*C*hallenges and *O*pportunities
for *W*idows

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Wealth Management Challenges and Opportunities for Widows

The average age for new widows in the United States is a mere 56 years old.



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Few life transitions are as difficult as becoming a widow. The life changes and critical decisions that new widows face can be overwhelming given the enormous emotional trauma of losing a spouse. And while the social stigma associated with being a widow has faded from modern American society, recent economic and demographic trends have created additional pressures.

For example, according to David Bach's excellent book, *Smart Women Finish Rich* (Broadway Books, 2002), the average age for new widows in the United States is a mere 56 years old. Not only does this mean that the average widow will need to find ways to economically, emotionally, and socially take care of herself for decades to come, but she may find herself in the "sandwich generation," asked to assist and perhaps provide for both her children and her parents in their old age. On top of that, the recent economic downturn—the worst economic crisis this country has faced since the Great Depression—has understandably left many widows feeling financially insecure.

Intended Audiences

This is the first in a series of articles addressing the financial and emotional needs of financially secure widows. By definition, if you're a financially secure widow, you have substantial economic resources at your disposal; consequently, you also have more complex choices and decisions to

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make. Without careful planning, it's entirely possible for your money to run out.

This article will also be useful to family members and close friends of recently widowed women. Since many widows are used to having their husbands take care of financial matters, they may benefit greatly from your support and advice, especially in the first few months after becoming a widow. It's best, however, if husbands financially empower their wives *throughout* their marriage, so that there is less urgency and a shorter learning curve once the husband passes on.

The Three Stages

It's useful to divide the economic lives of financially secure women into three life cycle stages: the Normal Life Stage, the Active Grief Stage, and the Renewed Life Stage. After reviewing some of the major decisions that should be made at each stage, we'll describe the substantial benefits that you will likely experience if you find a trusted and competent wealth manager with whom to work.

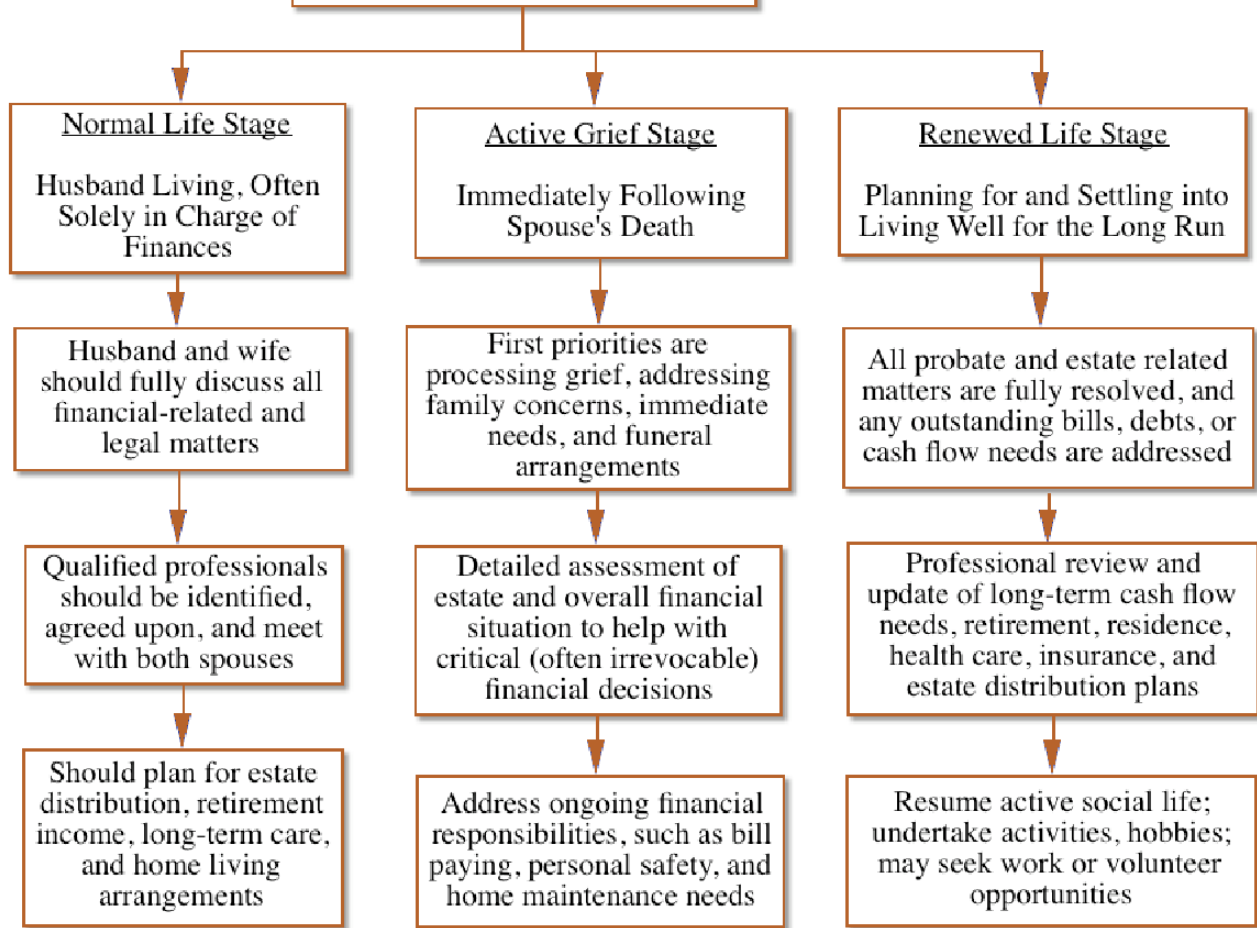
The chart on the next page illustrates these three stages. Since this is a general outline, the particular situation you find yourself in may be substantially different, with unique challenges, opportunities, and complications. Still, an overview like this one, drawn from the experience of many widows, can help serve as an overall guide and orientation to some of the specific situations and choices you'll likely be facing.

The **Normal Life Stage** is where everything begins. Here, your spouse is alive, you may have dependent or grown children (or parents you're taking care of), and either you or your husband may still be employed. This is the



The Three Stages of the Economic Lives of Financially Secure Widows

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Normal Life Stage

The perfect opportunity to begin long-term comprehensive financial planning.

perfect opportunity to begin two important aspects of long-term comprehensive financial planning.

The first aspect involves fully educating and bringing yourself into the financial conversation. As already mentioned, in many cases family finances are solely the husband's domain. You may have very little idea about how much you are worth as a couple, what your assets are or where they are held. You may also be unaware about how your assets are titled or how they will be transferred at death. Often women are unaware about what types and amounts of risk management programs are in place such as life insurance and long-term care, if any.

The second aspect involves recognizing the value of wealth management and the



importance of identifying and working with a trusted wealth manager. Wealth management refers to the proactive, comprehensive, and long-term stewardship of your wealth. This involves looking at the “Big Picture” to make sure that all the financial, legal, and insurance pieces work together to ensure the best long-term outcome.

Ideally, your husband will agree upon the value of fully bringing you into the financial conversation. It’s also a good idea to begin working with an estate planning attorney and an insurance agent. A good wealth manager will often have existing relationships with these other professionals.

With the assistance of a wealth manager you can take action with respect to many important decisions. A retirement plan focusing on investments, cash flow, and tax considerations can be crafted; a comprehensive estate plan can be formulated with the help of an estate planning attorney; funeral plans can be put into place; and long-term residence, health care, and insurance needs can be addressed.

The Active Grief and Renewed Life Stages

All of this planning and working with professionals may sound daunting—complicated, time consuming, and expensive. However, it’s generally easier and more effective to set these plans into place during the Normal Life Stage, and *more difficult* to address these concerns during the Active Grief Stage. In fact, the Active Grief Stage requires substantial financial and legal focus precisely when many emotional difficulties and real-world demands arise.

The first priority during the **Active Grief Stage**, of course, is to make sure that your own immediate physical and emotional needs, as well as those of other



Active Grief Stage

Widows will need to make decisions about how to handle life insurance proceeds, retirement plan distributions as well as social security and pension elections.



Renewed Life Stage

*Plan for and settle
into living well for
the long run.*



family members and close friends, are handled. Some of us can address basic needs when experiencing deep grief, but some people really do need the kind of caretaking that family members, good friends, and close members of religious communities can best provide.

Regardless of the depth of your grief, a variety of real world needs will rapidly assert themselves. These include the need to make or finalize funeral arrangements, pay recurring bills, and frequently make critical financial decisions that can have a lasting impact on your long-term financial situation. Decisions about how to handle life insurance proceeds, and choices regarding both retirement plan distributions, social security and pension elections, are often required while most widows are in the Active Grief Stage.

If you haven't been working with a financial advisor or wealth manager up to this point, this is a perfect time to bring one in. The right wealth manager will not only be supportive of your emotional situation, but will also help evaluate your estate. This may include how your assets are titled as well as advising on critical and often irrevocable decisions which could have long-term implications.

Eventually, the **Renewed Life Stage** is reached. Here, you plan for and settle into living well for the long run. All probate and estate related matters are fully resolved, financial equilibrium is reached, and long-term comprehensive plans are updated, created and set into motion. These include decisions regarding retirement and estate plans, residency options, and making appropriate choices regarding insurance coverage. It may take some time, but during the Renewed Life Stage you'll probably resume many of your previous activities, or perhaps create a new lifestyle appropriate for your changed circumstances.

A Wealth of Advantages

Ideally, a competent and trusted wealth manager will have come into the picture during your Normal Life Stage, and if not then, during your Active Grief Stage. The advice of a wealth manager during the Active Grief Stage can be truly invaluable, both as to real-world practicalities and as to urgent financial decisions that need to be made.

Even if you weren't able to benefit from the advice of a wealth manager at these earlier stages, you can still put yourself in a much better long-term position by working with a wealth manager in the Renewed Life Stage. If less than optimal financial decisions were made during the Active Grief Stage, important strides can be taken that will enable you to live well for the long run and then eventually pass on your estate's assets in exactly the manner you desire.

Future articles in this series will look in more detail at the importance of long-term planning, and at some of the critical decisions that have to be made during the Active Grief Stage. Emotional and social issues that are part of living well for the long run will also be considered. Finally, ways of identifying and distinguishing between stockbrokers, typical financial advisors, and true wealth managers will be discussed.

Certainly, a good investment generalist can help you with your investments. But it takes a true wealth manager to thoroughly review, understand, and make sensible recommendations as to the many moving parts of your financial situation. With the help of the right wealth manager, the challenges you face become opportunities as you move forward in a reasonably happy, fulfilled, and vibrant Renewed Life Stage.

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About Jim Trull, AIF[®], CFP[®]

As president and founder of Keystone Financial Partners, Jim is a Wealth Manager and CERTIFIED FINANCIAL PLANNER[™] Professional, Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Certified in Long-Term Care (CLTC) and Affiliated Investment Fiduciary (AIF[®]). A veteran of the financial services industry with more than 30 years of experience, he has demonstrated a consistent ability to help protect and grow the hard-earned assets of his clients, many whom have experienced major life changes including retirement, divorce, or the loss of a spouse.

Jim graduated from North Carolina State University with a bachelor's degree in Business Management. He is a member of the Financial Planning Association (FPA), the Wake County Estate Planning Council, and is the founder and managing director of the Senior Resource Alliance of the Triangle.

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