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# For the Recently Widowed, Some Big Financial Pitfalls to Avoid

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There are few more wrenching events in life than losing your spouse.

But to make matters worse, the death of a life partner also unleashes a torrent of financial tasks. And more often than not, it is a woman — a widow — who is taking them on.

Women live longer than men, and they're likely to outlive their male spouses, given that decades ago, many women married men a few years older. Plus, gender roles being what they were, men often took on most of the household finances.

As a result, many widows aren't as familiar with investing, insurance and taxes as their dead husbands were.

Even if widows were the household money whizzes, however, they're likely to find themselves navigating an overwhelming mix of emotions. There is grief and despair, fears both rational and irrational and often a desperate urge to take action — any action — that will allow them to move on. But with important financial decisions, speed can make a mess of things.

Last week, in the first of a series of columns about financial mistakes that particular groups of people repeatedly make, I wrote about physicians and what we can learn from their blunders.

The pitfalls for widows are well-enough known that there are books for them, including "New Widow Financial Lifeline" and "Moving Forward on Your Own." I also recommend a 20-page offering on the Web site of Timberchase Financial, a financial planning firm that works with many widows, called "What Do I Do Now?"

But even a brief pamphlet may be too much for the grief-stricken to digest right away. In the meantime, widows can avoid many of the big financial pitfalls by keeping just four things in mind.

**THE RUSH** Some financial tasks you must do within a month or two of a spouse's death. Keep paying the bills, including any quarterly tax charges. Make sure you understand how your health insurance works, if it comes from your dead spouse's employer. Collect on any life insurance policies, especially if cash is running low.

Just about everything else can wait a little longer because you will probably not be in the clearest frame of mind. "I did not know my Social Security number one day when I was filling out a form," said Kathleen Rehl, a financial planner in Land O' Lakes, Fla., who is the author of "Moving Forward on Your Own." "I had helped widows before. But when I became one, I really got it. I was stuck in shock phase."

**Jennifer M. Murray**, who is also both a widow and financial planner, has a rule for her own widowed clients, who make up 50 percent of her practice: no irreversible decisions soon after the death of a spouse.

It can be hard to resist big, decisive moves, though, given that a lump sum insurance check may be landing and a widow may desperately want to march through every important decision and get on with her life. But hasty decisions about, say, paying off the mortgage can lead to a lot of regret if you need more liquidity years later.

Then there are the bad actors who prey on the recently widowed. Many surviving spouses immediately crave secure investments offering regular income that never runs out. So you'll no doubt hear from people selling all manner of annuities, which have the tendency to enrich the salesperson at your expense.

Even if you're certain that you want this sort of lifetime income stream, have an independent financial planner who is earning only fees from you look it all over. In fact, if you're tempted to do anything quickly with a significant chunk of your net worth, pay three different professionals for another opinion, just to be sure that you know what you're in for.

**THE HOME** One problem with rushing to, say, pay off your mortgage is that it may not ultimately be wise to remain in a house.

Even if the mortgage and real estate taxes seem manageable, there is the lawn, snow removal and the endless repairs that go along with homeownership. "All of these are expenses that most women don't seem to anticipate until they happen," Ms. Murray said.

When her husband died in 2004, she was 43 years old and decided to stay put with her two children in Chatham, N.J. The house isn't big, and neither is the mortgage; her son handles snow and the lawn.

Ms. Rehl, who is 64, also stayed in her Florida home when her husband died in 2007, but she understands the instinct to put it on the market and flee. "That empty house can be terrifying," she said.

Often, adult children will urge their widowed mother to move in with them in a different city. Ms. Rehl suggests caution here. "The idea of living with your son and not being alone may sound wonderful," she said. "Granted, that might be the right decision. But maybe think in terms of a long visit first, and then come back and think."

**THE PURSE** It isn't just annuity salesmen who see widows as a source of income. People much closer to her may have the same outlook.

Adult children may see an opportunity to request an advance on their inheritance. Cunning offspring will push all the emotional buttons. “How can you deny me this when we’re going through so much emotional pain already?” they may ask. Or they may trot out this gem: “Dad would have given me the down payment money if he was still here.”

Saying no will not be easy. If you have a financial planner or accountant helping you, you can let that professional be the stingy one. And if you succumb to the advance-on-my-inheritance approach, put it in writing so that there’s no confusion later on why one sibling is getting a bigger share of any future estate than another.

Then, there are the not-always-gentlemen callers. Wily widows of means are wary of men seeking “purses” (or nurses, for that matter). “They thought I would be a soft touch,” Ms. Rehl said of some of the men who turned up in recent years. “I tell my widowed clients that it is probably a good idea to investigate them. I have done my own criminal background searches and discovered that one person who I didn’t date that long had a lien on his property and had declared bankruptcy in the past.”

The point here is not that all adult children are greedy and that all older men are gold-digging deadbeats. But with sadness comes vulnerability, and there is nothing selfish about saying no, a lot, in the first few years after you lose your husband.

**THE GHOST** Once you’re a widow, your budget and long-term planning needs will almost certainly change. Oddly enough, however, many men try to dictate financial advice from the grave.

People do this with the best of intentions, but it can be terribly misguided. Take the trust that Anthony J. Ogorek, a financial planner in Williamsville, N.Y., saw once. “He carved it in stone 30 years earlier that the money could only be in AT&T stock and AAA-rated bonds,” Mr. Ogorek said. Fast-forward to today: AT&T is hardly the monopoly it once was, and the United States government no longer has a pristine AAA rating.

Mr. Ogorek refers to this as “fighting the ghost,” where stubborn dead men leave concentrated collections of Cooper Tire & Rubber or United Parcel Service stock along with instructions never to touch it. And their widows, either as a gesture of loyalty or because they genuinely believe that this is the last bit of protection that they have left from their late spouse, can’t bear to defy them.

But it is rare that a concentrated position in any investment is good for a widow. “In the quest to protect her, he’s created a vulnerability,” Mr. Ogorek said.

Solving for this emotional trap can be relatively simple, though. It is possible; after all, that your late husband was right at the time and that the stock has done well and paid dividends. So your desire to take fewer risks isn’t tantamount to declaring his investment plan a failure.

But things change. And given that you’re in the middle of one of the most transformative ones of your life, you have every right to alter your investments a little bit, too.

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