

Redefining Life and Identity: Solutions to the Practical Challenges of Losing a Husband

Daniel J. Twomey, CFP®
Financial Advisor
Daniel.J.Twomey@morganstanley.com

Ronald L Fishbein
Senior Investment Management Consultant
Managing Director – Wealth Management
Financial Advisor
Ronald.L.Fishbein@morganstanley.com

“Dan.... I need you to have a seat...” Sitting at my parent’s kitchen table, my father looked up at me while still in his pajamas that Saturday morning. Any other time, he would have been excited to see his son come home to visit, but something was off this time. My mother stood in the background and I could feel her tension as she reluctantly stepped out to give us our time. I knew he was about to tell me something very serious... something I probably did not want to hear... I had a seat and the conversation began with, “I’ve been diagnosed with cancer, Dan.... And it’s bad....”

Needless to say, my mother became a widow. She was thrown into a world that looked the same, but was completely different from what she was used to. This paper is an attempt to help people like my mother. She and my father were married for 40 years before he passed away at the age of 64. She, like many other widows, slammed into unforeseen challenges. Most of those

challenges were completely emotional, but some very important ones were practical and financial. This article is intended to help widows deal with the practical side of losing a spouse.

In completing the research for this whitepaper, interviews were conducted with a dozen widows ranging in ages from 26 to 81 in the Washington, DC and Baltimore, MD areas. Each respondent was given the same set of qualitative and quantitative questions. While the study was not scientifically based, the information obtained is believed to be representative of many of the challenges faced by widows.

Executive Summary

In general, three major financial challenges were very commonly expressed. First, handling household finances and investments was largely delegated to the husband in the family during his lifetime. Upon his passing, his widow was forced into this area, which, in most cases, was not an area of comfort and expertise, and one where missteps could easily occur. Second, widows often felt that they needed to act decisively and quickly with major actions, like selling the home or getting a new job, which could be detrimental if not carefully and logically planned. Lastly, and most importantly, widows often faced a period of “mental fog” where even the easiest of tasks become challenging. The solution to these challenges relies on obtaining the right support. This support can come from friends and family, but should involve aid from one or more financial professionals who has expertise in helping widows. The most important advice that the financial professional can provide to the recent widow is to avoid making big decisions for a period of around a year on actions that cannot be undone. Based on our research, following this approach gives widows a chance of financial security.

Unfamiliar Tasks

Every respondent that we interviewed indicated that during their marriage there was a natural delegation of labor within the home. While there is no logical reason for this and it seems to be changing with the times, 92% of respondents in this study stated that during their marriage, their husbands handled some of the household finances and most if not all of the investment decisions. Given that many marriages last for decades, once the wife started handling the investment side of the finances, it was often difficult. This sometimes started during the husband's illness. Further, once their husband passed, not only did the new widow have to pick up monitoring these things, their husband was no longer available to answer clarifying questions. When asked what the greatest non-emotional challenge was to losing their husband, the single most prevalent response was, "dealing with all the paper". That is, figuring out where assets were held, the values of those assets, and what should be done with them. Often an immediate problem was what bills needed to be paid and when. Typically, it could take months to sort this out if no outline was in place before the husband's passing.

Fight or Flight

The second common challenge was the often felt need to act. It seemed that many of the newly widowed went into a "fight or flight" mentality. In some cases, the newly widowed liquidated investments to pay off the home, moved to new cities disregarding the cost, or sometimes even refused to make changes to investments at the advice of a professional which would have been to her benefit. In all these cases, the aim of the widow's action was for more financial security, but

resulted in less. Instead, oftentimes the best solution was to avoid making any big decision until time could heal some of her wounds and the urge to flight had subsided.

Mental Fog

Lastly, and most challenging to financial decisions, was a very commonly expressed state of “mental fog”. Nearly all respondents spoke about this and its crippling effect. It usually lasted for approximately one year after the date of death. One respondent shared her story on this topic. She had driven the same route to the same grocery store each week for the twenty years before her husband passed. One week, however, she loaded her groceries into her trunk, sat in the driver’s seat, turned on the car, and then had to ask herself, “How do I get home...?” She was terrified. With these challenges come some real dangers. How will she make good decisions? Besides the more simple issues of paying bills on time, how will she create a sustainable income stream? Who will make decisions for her if she becomes disabled? How will she ensure her taxes are filed correctly?

Solutions

Finding the right support group is extremely important for the recent widow. There are many support groups that are geared towards widows and some that are more specialized by age group. Every respondent shared that being around other women who had lost their husbands was very helpful. Most of this help was emotional support, but it also can become the way she finds a trusted financial professional. Ideally, she may have developed a relationship with a trusted financial professional before her husband passed or can develop such a relationship fairly quickly. This can help by having someone with a clear head and specialized skill guide her.

Specifically, the financial professional should help her in a few key ways. At first, he or she should mostly advise her against making any big, irreversible financial decisions, unless it is, in fact, necessary. He or she should be a resource for her on financial topics, check in on her frequently in the first few months after her husband's passing, and when the time is right, help her form a plan for her wealth. This wealth plan should cover how she will generate income, reasonably protect her from financial risks, plan for her care should she become unable to care for herself, and cover any other financial goals important to her.

In choosing a financial professional, it is important to choose one that knows his or her specialty and knows when to seek the help of other advisors. Commonly, financial professionals fall into one of three specialties - investment, taxation, and legal. Whichever specialty the financial professional has, they should be able to introduce her to advisors from the other specialties when appropriate. Once the initial relationship has gone from one to two or three, there can be a pitfall, though. Each will have individual conversations with the widow and rely on her to share information with her other advisors. This can lead to a lack of efficiency of the overall advice should anything be lost in translation or worse yet, not shared. For instance, the tax status could change drastically if her husband was employed fulltime at the time of his death. This could affect the choice of investments to recommend. Oftentimes, the widow can think of these things as independent of each other, when in fact they are related. It is important that the investment, tax, and legal advisors for the widow are in communication with each other. This way, instead of having several good, trustworthy advisors, she has a team and her needs are better met. Besides more appropriate investments, coordination by an advisory team can also lead to more efficient transfer of wealth to heirs, and better control of when investment gains are taxed. Overall, it is imperative

that the widow seeks guidance from a financial professional who recognizes his or her limitations and will create a team to oversee her needs.

Eighteen months after that Saturday morning conversation, my father passed away. This gave my mother some time to prepare, but not everyone gets that. Ultimately, most married women become widows and each story is slightly different. Nevertheless, if the new widow can find the right support, keep from making big mistakes, and can be introduced to the right helping hand, she is likely to move into this new phase of her life as well as possible.

The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

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