

Organizing Your Finances: Before and After a Personal Loss

Presented by David M Weidmayer, CFP®

Life's uncertainties can present us with personal hardships that affect us not only emotionally, but financially as well.

The death of a spouse or life partner is one of the toughest events you can go through. Along with the emotional adjustment of continuing on without your best friend, there is additional stress involved in facing the relevant financial issues while you are still grieving. Even if you are the primary person who handles the family finances, this loss can leave you overwhelmed with financial affairs; it's not unusual for the surviving partner to experience depression as well. Because of this, it is easy to forget the details you need to attend to for your financial security.

There is a wide a variety of tasks you'll have to address when your partner passes away. The following lists provide you with a framework so you can keep your finances organized before and after this difficult time arrives.

Preparing now to minimize stress later

- **Keep a list of insurance companies, policy numbers, and social security numbers on hand.** Although you don't need to produce the original insurance policy to file for a death claim, having a copy will help speed up the process.
- **Store important documents in a safe location for easy accessibility.** Such documents include your marriage certificate, wills and trusts, deeds, titles, military discharge papers, and children's birth or adoption certificates. It's important that you can easily access these documents so you can apply for dependent benefits. **Please note:** You should not store a will in a safe deposit box, as many states seal safe deposit boxes upon the death of the owner.
- **Ensure that each spouse has a credit card account.** Contrary to popular belief, if you are a user on an account opened by your spouse, the credit does not automatically transfer to you after he or she passes. Credit card companies have a policy of cancelling the account issued to the deceased, even if a spouse has a secondary card. To ensure that you will not be left without a credit card, you should either each have a card in your own name or have a joint account in both names.

During and after the loss

- **Notify others and seek advice.** In addition to calling your family and friends, you should notify your employer and your spouse's employer. You should also inform the funeral director and your attorney, insurance professional, financial advisor, and accountant, so they can get started on paperwork and financial matters.
- **Obtain at least 10 certified copies of the death certificate.** You can get these from the funeral director or from your state's department of health or vital records. You will need plenty of copies to file for various benefits and change the ownership of investments.
- **Make sure to continue to pay bills.** It's important to keep up with your bills so you don't incur late charges.
- **Cancel unwanted club memberships and magazine subscriptions.**

- **Retrieve your spouse's belongings from his or her workplace.** Collect any salary, vacation, or sick pay owed to your spouse and ask about continuing health insurance coverage and potential survivor benefits for a spouse or children.
- **Check with your credit card, bank, and loan companies regarding eligible death benefits.**
- **Change the ownership of bank and brokerage accounts.** Contact your banker and broker to change any jointly owned accounts to your name. Joint accounts are not tied up in the probate process, but any accounts owned solely by your spouse will have to be transferred to an estate account.
- **Discuss what to do with IRAs and employer retirement plans.** Talk to your financial advisor about rolling over your spouse's IRAs into your own IRA. If you are under the age of 59½ and intend to use the IRA for living expenses, you may decide to move the account to an inherited IRA to avoid early withdrawal tax penalties. You should also discuss whether your spouse's plan offers a survivor annuity or lump-sum payout.
- **Contact the Social Security Administration.** You and your dependent children may be eligible to receive a small social security death benefit and survivor income benefits.
- **Obtain tax identification numbers.** Your spouse's executor, your spouse's trustee, or you will need to obtain tax identification numbers for the estate and for any formerly revocable trust; you will need to give these numbers to your bank and brokerage firm.
- **Talk with your attorney and accountant before transferring accounts or distributing assets.** You will have to file a final income tax return for your spouse, and you may or may not incur additional taxes at your spouse's death.
- **Take advantage of health insurance benefits.** If your spouse had health insurance through work, you may qualify for COBRA benefits for up to 36 months in most states. You should also contact your own employer to find out if you are eligible for benefits following a change in status.

Addressing personal financial affairs

It is important to avoid making major personal financial changes for at least six months after a partner's death or until you feel that you can make sound financial decisions. Take time to consider advice from your family, friends, and professional advisors. It's important to have a trusted advisor look over any financial decision you are considering and to ask as many questions as necessary during this stressful time.

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