

Financial Aspects of Losing Your Spouse Part 2



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[Editor's Note: This is part 2 of a two-part guest post about what to do when you lose your spouse, at least from a financial perspective. If you missed part 1, go back and [read it first](#). The anonymous (to you) author and I have no financial relationship.]

Banks

You need to notify all banks in which your spouse maintained accounts of his/her death and provide certified death certificates. Joint accounts are not usually a problem. The spouse's name will be taken off the account and nothing really changes. You can use the same checks, logins, PINs, etc. Individual accounts in the spouse's name will be closed and the money transferred to an account in your name or a check can be issued. A useful tip is that many banks have bereavement specialists that can walk you through the forms and changes and decisions. USAA even offered a 6 month bump in the interest rate paid on my savings account to 0.5%. My local credit union offered twice as much interest, so the insurance

payments were parked there.

Retirement accounts

We had IRAs and employer retirement accounts with both Vanguard and Fidelity as well as with a state employee retirement system. Both companies had excellent bereavement specialists that were assigned to me for as long as it took to transfer accounts and make decisions. There are important choices to make. Do you want to keep your spouse's retirement accounts as an inherited IRA or do you want to roll it into a new or existing IRA in your name? There are advantages and disadvantages to both approaches, and the bereavement specialists can help. I chose to roll everything into a single IRA in my name to simplify keeping track of my asset allocation and rebalancing. *[Editor's Note: This is usually the right decision.]*

Financial planning

The advertisement features the DRB logo in gold at the top. Below it, the text "Got student loans? Refinance!" is written in a bold, teal font. A dark teal horizontal bar contains the text "Rates Start at 1.90%" in white. At the bottom, a white box with a teal border contains the text "\$300 bonus to WCI readers who click the image above" in teal.

DRB

**Got student loans?
Refinance!**

Rates Start at 1.90%

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Once all insurance payments have been received and retirement and investment accounts rolled over and consolidated, you will need to take a step back and look at the big picture. Your goals may have changed. You may have more difficulty concentrating at work. Life may have taken on a different

meaning. Time may seem more precious. I know that I drastically revised my own plans for retirement, bumping it up to age 60—just 4.5 years away now, and counting! Don't be in a hurry to shake things up, but it is important to be thoughtful about revising your estate planning, reviewing your life and disability insurance, and thinking about what you want to accomplish with the rest of your life. In my case, I chose to honor my wife by establishing an endowment in her name at a local school and by contributing to the construction of a bridge at a local park and running trail where she spent countless hours running and enjoying her life. The bridge will have a plaque in her memory.

It is also important to get a handle on your investments and make sure that they are well situated to meet your goals. Is your asset allocation too aggressive or too conservative? Are your resources well positioned to get your children through school and launched as independent adults? Is your income stream adequate to fund your lifestyle with a single salary or in retirement? What if you meet someone else? Could you possibly remarry, and if so, how would that affect your finances? You may find that working with a low-cost, fee-only advisor or financial planner is appropriate.

Professional Organizations

If your deceased spouse was a physician, it is a good idea to notify all professional boards, licensing authorities, professional societies, and even the DEA. Our state board required a certified death certificate. A nice surprise was that I received a prorated refund of her annual dues from the American Board of Family Medicine that amounted to more than \$700.

Home

If you and your deceased spouse owned property together, you are entitled to a step up in her/his half of the basis. Thus,

it is a good idea to request an appraisal of your home or property with the value reported as of the day of his/her death. My appraisal cost \$400 and was a great investment as it protected several hundred thousand dollars from capital gain taxes. You may also decide to pay off any outstanding mortgages or home equity loans. Moving from possibly 2 salaries to 1 salary is a big adjustment, and eliminating monthly mortgage and debt payments is a great step to take.

Taxes

You need to file income taxes as you normally have done for the tax year in which your spouse died, typically Married Filing Jointly. Going forward, you have options and may decide to file as Surviving Widow/Widower for two additional years, offering favorable tax brackets compared to filing as Single. Even though I always have done my own taxes, I decided to work with an accountant for the tax year in which my wife died due to the complexity of settling her estate. Depending on the size of your spouse's estate and your state tax laws, you may also have to file an estate tax return. Consult an accountant to be sure you do the right thing.

Spousal debts/creditors

As surviving spouse and probably executor of your spouse's estate, you are responsible for paying any outstanding bills, debts, etc. For couples with merged finances, this should be more or less automatic. If your spouse had significant debt in his or her own name that was acquired before your marriage, you may have other options, including negotiation of debt relief. These issues can be enormously complicated, and I recommend seeking legal advice.

Residual estate

In addition to financial accounts, your spouse may have owned other assets including vehicles, collectibles, jewelry, family

heirlooms, and more. I found it helpful to make a detailed inventory with a spreadsheet and photographs. Most items in my wife's residual estate had more sentimental than monetary value, but this may not always be the case. Consult an appraiser or consignment dealer if you are uncertain. I also found several items of clothing and jewelry that she had exchanged with friends, and it felt good to return these to their original owners.

Electronic access/social media

You may or may not know or have access to your spouse's login credentials for the SSA, banks, financial houses, employer systems, etc. In any case it is illegal to login using credentials that are not your own, even more so if your spouse is deceased. Don't do it. Anything you need to know you can request through official channels. It is probably also a good idea to request that the accounts be locked to prevent identity theft or unauthorized access to financial information. It might be a good time to review and upgrade your own passwords and increase login security as well. You may become an unwitting target as news circulates of your loss, with implied increased vulnerability.

Social media is more complicated, and the legal boundaries are perhaps a bit less clear. At the very least I would increase security on your spouse's Gmail, Amazon, Facebook, Skype, blog, Twitter accounts, etc. You don't want someone else to hack these accounts, either to obtain information or to communicate in your spouse's name. One useful tip is that I was able to identify some outstanding bills and discover a previously overlooked retirement account upon review of my wife's Gmail. We also had a number of community newsletters, communications with local farmers, artisans and vendors coming through her account, so it was helpful to be able to change the mailing address to my own Gmail account. In our marriage we freely comingled all assets and shared access to all media accounts, so we had no secrets. But your case may well be

different. Bottom line: Be cautious interfacing with your spouse's social media, but it may be helpful or even important to gain control of these communication assets.

Unclaimed Property

Worth a search at your state treasurer's webpage or missingmoney.com. I found several thousand dollars in my wife's name from refunds, deposits, reimbursements, etc that were never received due to incorrect address information. These are quite simple to claim as a surviving spouse with a certified death certificate and proof of identity. Of course, you can also do this while everyone is alive.

Giving

After the loss of a dear colleague or friend, many people feel moved to honor them with financial contributions to a cause that was meaningful to the deceased. I chose to facilitate these wishes by opening a donor advised fund at Fidelity Charitable. The fund is named in honor of my wife, "The <full name here> Charitable Fund". Any donor can make gifts any time they want, the value of which is fully deductible for the donor in the year in which the contribution is made. The contributions are invested in mutual funds as I direct. I chose Fidelity Charitable because of its excellent reputation and outstanding investment options, and its expenses are among the lowest I could find. I can select a single recipient or build a portfolio of recipients that will receive funds when I direct the distributions to occur. Note also that this fund serves as an ultimate contingent beneficiary for my estate if both of my children should predecease me. My father-in-law is also directing his estate to contribute to this charitable fund named in honor of his daughter.

The lessons learned in losing my spouse have guided me in my own estate planning. Going forward, as the widowed father of

two wonderful kids, I have refined and re-refined my own planning so that they will be well provided for in the event of my demise. All of my accounts and other assets are documented and fully up to date in Quicken, with an encrypted backup stored in the cloud. I have prepared a "[master information kit](#)" that details everything my survivors could possibly need to know. All of my passwords are maintained in a cloud-based encrypted password management system, and the executor of my estate has written instructions on how to access the master password. Of course, death is inevitable for us all and is arguably even a blessing at the right time. But an untimely death can derail the bright future of an entire family. Making essential preparations can soften the blow of an untimely death and can provide continued guidance and support for surviving family members even after a loved one is gone.

Has your spouse died? What were the financial issues you found most stressful? How about the spouse of a family member or client? What about a non-spouse partner? What was new to you in this post? Comment below!