

Managing the Financial Impact of Widowhood

The June 26, 2015 Supreme Court Ruling in *Obergefell vs. Hodges* provides equal protection for same-sex marriage. This series of fact sheets produced by WISER and SAGE's National Resource Center on LGBT Aging is designed to help LGBT couples understand their finances in relation to marriage, divorce and widowhood, all life events that now have the benefit of equal protection and due process.

The emotional impact of widowhood can be overwhelming, but the financial impact can hit just as hard. There is often a decline in standard of living for the surviving spouse; household income can decline due to changes in Social Security benefits and the possible loss of the deceased spouse's retirement income and earnings. However, the cost of living as an individual does not decline nearly as much; things like mortgage payments or utility bills remain the same.

If you are thinking about what will happen if your spouse passes away, or what will happen to your spouse if you pass away, you have taken the first step in planning for widowhood.

Here are some other important next steps:

Ask each other the question, *what would I struggle with financially if I were to become widowed?*

This can be a difficult conversation to have with your spouse, but it is an important one. By asking each other this question, you can identify where you might need help or what information you

need. It is also smart for each partner to make an "After I'm gone" file, that includes important financial documents, like retirement account plans and banking information, as well as any insurance documents, wills, powers of attorney, etc. Make sure you include passwords to all your accounts, too. Scrambling to collect documents or understand concepts while mourning is doubly challenging, so do this before you actually need the information. If your partner has been the one handling your finances, now is the time to ask them to walk you through everything.

Make sure you have a full understanding of your partner's retirement plan.

Federal law requires company and union pension plans to provide a joint and survivor's benefit option, meaning that the pension earner can choose to take a smaller benefit during their lifetime, in exchange for a survivor annuity that will continue for their spouse. If either spouse does not

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have their own retirement account that is large enough for them to live on, do not waive the survivor's annuity. If you waive the survivor annuity, then the pension benefit payments will stop once the pension earner passes away. Also make sure you know who to contact and what you are entitled to from other employer plans, including life insurance and death benefits. Keep in mind that different rules apply to state, local, and federal government pensions. If your spouse works for the government, speak with the human resources department to find out everything you can about their plan. Different rules also apply to certain other retirement savings plans, such as 401(k)s. Death benefits from a 401(k) are generally paid out in a lump sum, which can be rolled over— tax-free—into an Individual Retirement Account (IRA).

Assess your Social Security Benefit Options.

If you are over age 60 and have been married at least 9 months, you can receive between 71 and 100 percent of your spouse's Social Security benefit as a widow/er. However, if you are collecting a benefit based on your own earnings, you may receive no additional benefit. Social Security will not pay you two benefits, but will pay the highest one for which you are eligible. Also consider delaying when you and/or your spouse claim your benefit since the increase in the benefit from delaying will provide a larger potential survivor's benefit.

Resources for Widows/Widowers:

Here are two great resources for older adults that can be especially helpful for widows and widowers who are having difficulty with their finances or other challenging aspects of widowhood:

- ☒ **The Eldercare Locator** is a nationwide service from the Department of Health and Human Services that connects older adults with a variety of local, trusted services in their community. Call 1-800-677-1116 or visit eldercare.gov.
- ☒ **Benefits Check Up** is a free service of the National Council on Aging that allows you to quickly find benefit programs that could help pay for medications, health care, food, utilities and more. Visit benefitscheckup.org

For more resources on saving, retirement planning and the financial impact of widowhood, visit WISER's website: wiserwomen.org

The Women's Institute for a Secure Retirement (WISER) is dedicated to the education and advocacy that will improve long-term financial quality of life for women. WISER operates the The National Resource Center on Women and Retirement Planning which serves as a national clearinghouse of tools and information on retirement and related financial education.

The National Resource Center on LGBT Aging has an ever growing list of education resources as well as a search able data base of organizations. Visit lgbtagingcenter.org