



Preparing for the loss of a spouse or life partner

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It is always difficult to lose someone you love either through death or divorce. The process can be mind numbing and many times our finances get lost in the shuffle. Keeping track of when we last ate becomes a priority, everything else can usually wait.

Loss is hard for everyone and we are rarely given a choice of when change happens. How we feel, the mourning process and taking care of our loved ones are more significant than anything else. Stay focused initially on these more important areas. Money will take center stage in due course and when we turn our attention to the minutia following dramatic change, it can be confusing without proper guidance and good advice.

Over the years we have worked with many divorcees, widows and widowers. There is a process to picking up the pieces and putting back the puzzle which seemed only too clear just a short time ago. We won't try to address every single area needing attention because which variables you address depend on your circumstances. But let's try to highlight some of the most common areas our clients have dealt with over the years.

Many of us don't have our hands firmly wrapped around our budget. We know it is important and we know we should, but in the practice of life it gets lost and not given the time it deserves. When we lose our partner it suddenly gets thrust into the forefront and the uneasiness and feeling of instability we experience can be amplified when we don't have a clear understanding of our budget. We naturally want to know everything will be okay and it often starts with the month to month finances.

Ideally, we have worked on and fully understand our budget before tragedy strikes; who we owe, how the bills are paid, and what resources we have. Then when change occurs, sitting down to update and understand the new budget is much easier and less scary. Often, we work to develop two budgets with our clients, one for the needs, the minimum we need to keep the lights on and food in the kitchen. Then a second budget of our wants and wishes, our aspirational budget. But it can be as simple as making a list of what comes in and what needs to go out.

Titling of assets refers to how a particular asset is owned, such as our home. Our accounts and assets should reflect our desire now and in the future regarding control and effective transition. Often this is not given much thought and what we thought was true may not emulate reality. Working with a Certified Financial Planner™ Practitioner to properly title assets so they are reflective of our wishes is very important.

Probate is the process of putting an estate through the courts for distribution to heirs and loved ones. In most cases we want to avoid probate because it can be a long expensive process which will not necessarily result in a completely favorable outcome. Making sure our financial lives are structured properly to avoid probate will allow for a more orderly distribution of an estate and titling of assets is one way to avoid probate.



When we go through divorce the titling of our assets needs to be updated. However, we will want to title them differently not only to reflect our new ownership structure, but also to make sure our assets pass according to our new wishes should something happen to us.

Debts too are always going to take a seat at the table in the process of change. Whose name appears on the debt will make a difference in whose responsibility it is to pay it off. When we lose a spouse, it is important to take our time with debts and not rush the process. Ultimately, if a debt is in the name of our spouse only, it is not legally the responsibility of the other spouse and/or survivor to pay. One place to start would be obtaining a current credit report and in the event of someone passing, putting a freeze on their credit file.

In the case of one spouse passing, the estate of the deceased will be responsible for paying the debt, and there is a difference. Sometimes in this case, debts can be negotiated down or eliminated entirely without the need to rush into paying them. But just like the budget, having a clear understanding of our debts is critical.

Belongings are normally the last thing people think about, but I have heard it said many times these are the things people cherish the most when someone passes or fight over the most in a divorce. In the end, these are simply material things and it is often better to know where we wish these things to go if we pass away or be willing to be flexible and not draw a line in the sand in the case of divorce.

Some of our clients have put a sticky note on the bottom of different furniture pieces or personal belongings identifying who gets what. Others have made a list detailing what they want done with their possessions. No matter how you do it, making it easy for your heirs is important both from a practical standpoint and from an emotional perspective.

Reorienting our life compass with regards to long-term goals and key personal initiatives is very important. All our clients at TenBridge Partners have a formal financial plan, but when we lose a spouse or life partner, this financial plan needs to be updated to reflect our new reality. The old financial plan which clearly pointed in the right direction for our lives, now needs to be reset.

We would be remiss not to mention insurance. Policies can be a deep rabbit hole to stick our nose in, but necessary when change happens. It is a carefully crafted insurance plan which is designed specifically for dramatic change in our life, risk mitigation is the key aspect and foundation of insurance. But navigating the different procedures, policies and hoops of the insurance companies can be a circus. Having someone who speaks the language and understands your policies will make this much smoother and understandable.

Working with people is a critical element of any successful transition. Certified Financial Planner™ practitioners, accountants, lawyers, and insurance agents should work in concert with each other to help you easily adapt to your new financial reality. Doing it alone can lead to unintentional mistakes and errors we could have easily avoided.

If you have any questions or need guidance, please do not hesitate to reach out. It is always our pleasure to be of service.

Erik Lawrence CFP®

Over the last two decades Erik has been providing advice and counsel on a wide range of financial planning topics, helping families and individuals navigate life. One area of focus has been helping people find solid ground again during and after transition. Erik is the founder of TenBridge Partners LLC.