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October 2007

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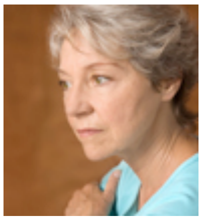
An Attentive Financial Pro is a Widow's Greatest Asset



It's a fact of life that women typically outlive their husbands. Nearly 800,000 wives lose their spouses each year, and that number is escalating as baby boomers age. All financial advisors can accommodate asset purchase, transfer and liquidation requests. But an advisor who compassionately and comprehensively addresses a widow's financial needs will help the survivor maintain or regain control of her fiscal future and most likely earn her enduring loyalty.

"These woman are emotionally consumed, yet at the same time have to make important financial decisions—it's a major conflict," says Mark Colgan CFP, founder of Plan Your Legacy LLC, and author of *The Survivor Assistance Handbook: A Guide for Financial Transition*. Today's widow is not a 75-year-old woman living on a fixed income; she's just 56 years old and has her own unique set of financial needs and obligations. Handling her spouse's life insurance payouts and 401(k) and IRA transfers can be an overwhelming burden even for the most financially sophisticated person. Collectively, these women will be controlling millions of dollars of wealth in the next few decades.

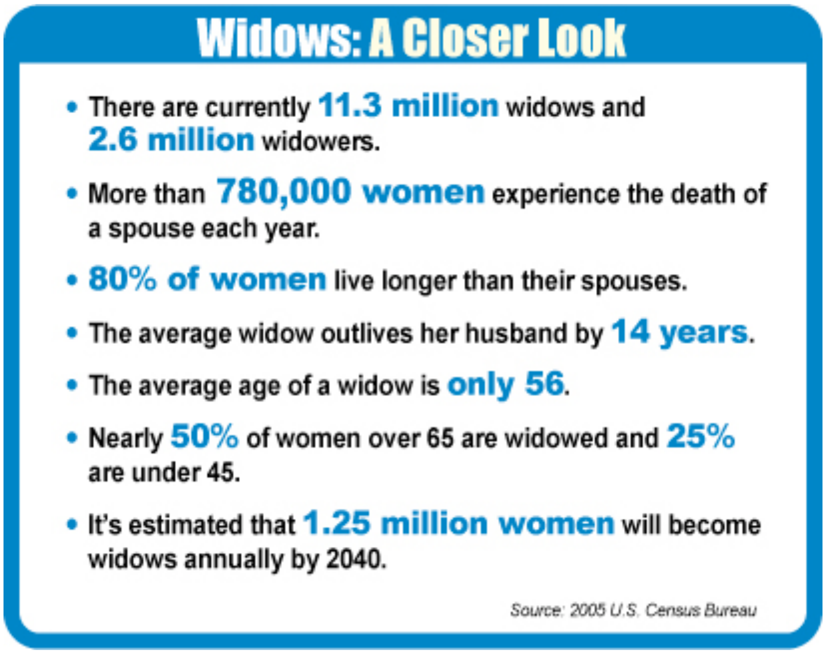
Prevent Irrevocable Errors

Fearing they'll have insufficient funds to live comfortably or naively assuming that spousal income sources such as pensions or Social Security benefits will remain constant cause many widows to stumble through the emotional and financial transition. "Many widows make horrible mistakes that affect the rest of their lives," says Pat Nowak, author of *The ABC's of Widowhood*. Some are so anxious to build their portfolios that they purchase high-risk stocks with money they can't afford to lose. Out of guilt others liquidate assets to gift money to children. Some try to "spend themselves into happiness," she says. "Looking for short-term gratification can easily become long-term hell."

Financial advisors and planners need to take a proactive approach to their widowed clients. "They need to step out of their comfort zone and talk about the soft side of estate planning issues, such as organizing finances, hiring an attorney and finding grief support," says Colgan. "You don't get compensated for these things directly, but you add value to your service by protecting clients."

Perhaps the best advice a financial planner can give a widow is what not to do. "The key is making sure clients don't make rash and irrevocable decisions," says Alexandra Armstrong, chairman of Armstrong, Flemming & Moore Inc., and author of *On Your Own: A Widow's Passage to Emotional and Financial Well-Being*. Instead, slow and steady wins the race.

Financial advisors need to ensure their client's money will last another 20, 30 or 40 years. Thus, financial planning needs to focus on maximizing income, protecting assets and minimizing taxes. While taking life insurance money and paying off the mortgage may sound like a good idea, some can't afford to lose the tax write-off.



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The Steps to Securing a Financial Future
Rebuilding or maintaining financial independence is a step-by-step process, says Colgan.

- **Review and collect survivor benefits.**
  Once you know spouses are able to cover short-term cash flow needs like funeral expenses and daily living costs, it's important to review and collect survivor benefits. This may include Social Security, veteran's benefits and life insurance that may be provided by the deceased's previous employers, social organizations and mortgage, loan and credit card companies. Employer-provided health insurance and COBRA (continuing insurance coverage) should not be overlooked.

- **Review assets and liabilities.**
  Evaluate retirement accounts, investments, real estate and any tangible assets such as cars, and transfer ownership when appropriate, says Colgan. Determine which unpaid bills the widow is responsible for to prevent any needless payments. Examine retirement assets like IRAs to determine if the widow should consider a benefit distribution account.

  "This is a good opportunity to gather more assets and expand relationships with clients who may want to simplify their lives and consolidate accounts they have with various financial professionals," says Colgan.

  "I tell clients not to do business with anyone you don't know personally or has not been referred to you because there are a lot of ambulance chasers who may try to take advantage of you," says Armstrong.

- **Secure your client's financial future.**
  "The key [to this final step] is to develop a simple financial plan that the client is comfortable with, that's easy to understand, is customized to her risk tolerance and offers a certain level of guarantee," says Colgan. This stage is an opportunity to advocate financial products based on individual needs such as solid stocks or mutual funds that pay dividends, income-producing annuities and long-term care insurance. It's also a perfect segue to discussing legacy planning. "Widows have been touched by death and realize the importance of creating a legacy that will make an imprint on the future of their children, family and community,"

says Colgan. In fact, widowed clients are two times more likely than others to implement a legacy plan. After implementing the new financial plan, Alexander recommends periodic six-month check-ups to evaluate and adjust the portfolio as needed.

A Strong Client Relationship Can Pay Big Dividends

Taking the time to work through the financial transition will come back to pay huge dividends for the advisor and client alike. "Widows are ideal clients," says Armstrong. "They may be more time-consuming than more transaction-oriented clients, but they are motivated to act to solve problems. It's very satisfying to realize you are making a difference in their lives. They often become lifetime clients because they rely on you almost as a family member and they are loyal because you bring more to the table than just an investment program."

Back to main page

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