BEING NEWLY SINGLE BRINGS
MONEY-RELATED CHOICES, PRESSURES
Take a Slow, Reasoned Approach to Financial Stability

ENGLEWOOD, COLORADO—The end of a marriage usually begins a long, painful transition to independence. Whether the result of death, separation or divorce, a person who is suddenly without a spouse faces not only the conflicted feelings of loss, but also the realization that he or she now must function alone rather than with a partner. The combination of emotions and responsibility can be frightening, even overwhelming. The situation is common: according to the 2000 census, about 26 million Americans are separated or divorced, and another 14 million are widowed.

Most experts agree that those who are unexpectedly on their own should move slowly in adjusting to a new way of life. The president of a national financial foundation concurs, adding that while it is important to work through emotional issues before making major decisions, it is equally important to spend some time on basic financial matters. "Taking some positive, calculated moves can make all the difference in the degree of financial stability you will have in the future," says William L. Anthes, Ph.D., president and CEO of the National Endowment for Financial Education® (NEFE®), a nonprofit organization devoted to educating Americans about personal financial management.

Anthes suggests a series of basic action steps for those in the early phase of transitioning to life on their own. In addition, he offers tips and insights specifically for those who have recently separated, divorced or been widowed.

First Steps for Everyone

"The circumstances are different for each individual," Anthes says, "but when you unexpectedly lose a partner, you will probably face a predictable set of reactions. Emotions are volatile, and your perspective is likely to be distorted. You may feel somewhat out of control and find it difficult to concentrate. He adds, "While it is best to postpone major decisions and activities, there are a few, small steps you can and should take for the good of your long-term financial well being."

Anthes recommends the following:

- Estimate how much money you will need for the upcoming six to 12 months, and set that amount aside to use while you adjust to your new situation. If you are separating or divorcing, open an account in your own name. If your spouse recently died, keep money from savings accounts and any trusts in a safe account at a bank, credit union or in a money market fund until you are prepared to make long-term decisions. Don't allow other individuals to pressure you into making investment decisions right away.

- Gather and begin organizing your financial documents. While it may sound daunting, this is the only way to determine your total assets so you can begin planning for future expenses. If divorce is pending, it is best to take this step before one partner leaves the home permanently; if a spouse has died, the pressure is considerably less. Check any safe deposit boxes and determine the contents. In all cases, many people find the process helpful because it often provides relief and helps to focus attention. The information you need will come from a wide variety of sources, including bank statements, credit card bills and agreements, retirement and pension plan descriptions, mortgage records, a home title or lease, wills, birth and marriage certificates, a death certificate (if applicable), tax returns, Social Security records, military discharge papers and prenuptial or postnuptial agreements.
- If you have not already done so, get a checking account and credit card in your own name. If your spouse passed away, you may be able to continue using the checking account with his or her name on it and have credit cards issued in your name only.
- Make sure you have a support group of friends, relatives and advisors to help you through the initial phase of adjustment to your new life. People you trust can provide feedback and assistance. They can also accompany you to whatever meetings or financial sessions may be required, based on your particular situation.

If You Are a Widow/Widower

Anthes says, "Your sense of loss is paramount after the death of a spouse, but you may find some comfort in the arrangements that were put in place before your partner died." As you work through the following steps, consider asking a friend or family member to help you take notes or sort through material; a little support can make the process easier and less isolated.

- If you are named as the personal representative for your deceased spouse, probate his or her will. In most cases, you will be required to go to court to obtain an order that allows the executor of the will to begin carrying out the stated wishes of the deceased. The executor can then authorize liquidation of the estate, changes in property titles, access to bank accounts, etc.
- Request or make at least 20 copies of your spouse's death certificate. In order to change the name on accounts and verify the death, you will need to send copies to several organizations, including the Social Security Administration, your mortgage company and credit card and life insurance companies. Store extra copies; they may be required later.
- Review your own financial documents, such as insurance policies, retirement

accounts, etc; and update the names of beneficiaries to keep information current. Also, examine your will; in many states, a spouse's death invalidates a previous will. However, keep in mind that updating your will does not change beneficiary agreements on the above listed accounts and policies.
- Recognize that you may be a target for some unscrupulous sales people. If an investment sounds too good to be true, it probably is.
- Pay your bills. While other issues may seem more pressing, it is critical to maintain your payment schedule to avoid late charges and credit problems.

If You Are Facing Divorce

The collapse of a marriage brings its own set of emotions and challenges. "Feelings of resentment or anger are common, and many people in the midst of separation or divorce find it difficult to face the task of separating their finances from those of their estranged spouse," according to Anthes. The assistance of a friend or relative may make things easier as you work through the following steps to build a solid financial base, which is critical to your survival.

- Hire a divorce lawyer or mediator. In retaining a lawyer, be sure to avoid using the same one as your spouse; choose someone who specializes in matrimonial law and who can work on your behalf to secure the best possible settlement. If your assets and debts are limited, and if you have no children, you and your spouse may be able to work with a divorce mediator to reach an agreement, which will be filed in court.
- Write to banks and other custodians of your jointly held accounts to prevent your soon-to-be ex-spouse from moving money. In your communication, state that no money can be withdrawn or stocks sold without the approval of both spouses.
- Study both the law and your own finances. Understanding your assets and liabilities will provide a foundation for a discussion of your requirements. Learning about laws on alimony, child support and division of property will help you determine how to best divide joint accounts and possessions to ensure that you and your children are ready to move ahead.
- When discussing final settlement agreements, view money as a survival issue. Even though your emotions can be strong during divorce proceedings, try to be realistic about money as you assess your future needs and attempt to get the best settlement you can to address those needs.

Finding Good Financial Advice

"You may already have a financial advisor you trust; if so, he or she may be of great help as you begin your single life," Anthes says. "However, consider evaluating your advisor's experience with situations like yours—divorce or the death of a spouse—before making a final choice. Finding a qualified professional, whether as a replacement or a new advisor, takes some time and research."

Begin by getting referrals. Talk to friends, relatives and professionals such as lawyers or accountants you trust. Consider contacting professional associations like the American Institute of Certified Public Accountants, Financial Planning Association, National Association of Personal Financial Advisors, or Society of Financial Service Professionals to ask for references.

Once you have chosen one or more candidates to be your financial advisor, schedule appointments so you can ask questions and get to know the people you are considering. Pay attention to your basic impressions. The financial advisor you choose should inspire confidence and easy interaction; remember, she or he is supposed to work for *you*.

During interviews, pose a series of questions to help you gauge the qualifications of the candidates and to determine if you will enjoy working with them. Be sure to ask the following questions. Who are your typical clients? Do you provide written plans to clients and, if so, how extensive are the documents? Have you ever been disciplined by a regulatory agency? How are you paid and how did you decide on that form of compensation?

Getting More Information

To guide newly single individuals through the first phase of their transition to life on their own, NEFE has produced a booklet entitled *Suddenly Single*, which includes details for rebuilding your financial life after becoming single, as well as an extensive list of books, pamphlets and Web sites that provide additional insight. The booklet can be downloaded from the Multimedia Access section of the NEFE Web site at http://www.nefe.org/. Or, to have a free copy mailed to you, write to the National Endowment for Financial Education, 5299 DTC Blvd., Suite 1300, Greenwood Village, CO 80111.