

Avoiding Financial Trauma After a Spouse's Death

What to do to ease the mourning process.

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What happens when a spouse, who looked after all of the household finances, dies? To prevent an already-overwhelming situation from becoming even worse, it is better to discuss all financial matters far in advance, when both spouses are healthy and able to communicate.

Both spouses should familiarize themselves with not only their financial advisors, accountants and attorneys, but also any other professionals who provide regular services, from healthcare providers to mechanics, insurance representatives to bankers and realtors.

They should be familiar with all household financial operations, including all assets, where accounts are held, and where safety deposit boxes (and keys!) are kept. They should keep a current list of account numbers and passwords, Social Security numbers and other identifications.

Records, letters and receipts should be organized and labeled. Bank account locations and numbers should easily be accessible, as should the location of wills, trusts, healthcare

directives, power of attorney documents, mortgage or lease papers, passports and tax returns. Life insurance policies, IRAs, and 401(k)s should be included. Titles for cars, boats and trailers should be filed. If possible, they should be kept together in a locked, fire-proof safe.

What are some steps to take following the death of a spouse? Funeral expenses should be considered first and, of course, insurance companies should be contacted regarding life insurance payouts. Any outstanding debt should be paid off.

If the spouse served in the military, there may be an opportunity to collect veterans' benefits. When the spouse served, and his or her military identification number, is necessary data.

All concerned institutions should be advised about the spouse's death. Multiple original death certificates will be needed and should be kept on hand, as many institutions will require it to change records.

The surviving spouse's will should be amended to reflect any changes to beneficiaries.

Any items that belonged to the spouse, but will not be bequeathed to heirs, may be sold or donated.

A donation in memory of the spouse may be considered, and a tax attorney can outline tax implications.

Finally, the long-term should be considered: how the passing of a spouse affects the overall financial situation. Perhaps it is time to downsize to a dwelling more suited to a single individual, or perhaps it's time to sell a car. Now is the time to craft a budget that is appropriate for a new life as a single person.

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