

## Identify and Act on Transition Events

BY KAREN C. ALTFEST, Ph.D., CFP®

In the financial field, transition events happen to women and their families all the time. Like widowhood, they affect not only your lifestyle, but your pocketbook as well. People marry, divorce, have babies, lose a loved one, sell homes, change jobs, and retire. Such events often call for additional planning, in which you re-evaluate the goals you have in place and are driven more than ever to seek expert help.

### *When Can Someone Experience a Transition Event?*

You can experience a transition event suddenly, or after a long period of planning. Perhaps you always knew you would retire at age 65 and started to plan many years earlier like our client Marv\*, who began to save in his late thirties. Fifteen years before retirement he came to see us about what else he needed to do. We helped Marv determine that he could meet his goals by working one year

longer. Marv decided to wait one more year until his wife was ready to join him in retirement. Contrast that with Sarah who loved her work as a medical professional and thought she would work "forever." In her fifties Sarah developed an eye problem that wouldn't allow her to give her patients the desired quality of care and decided to retire. Sarah had to hustle to get her finances into the right shape to last her through decades of retirement. We helped Sarah negotiate the sale of her practice, advised her to apply for disability insurance payments, to sell her city apartment and purchase a condo in a lower cost state.

### *Can an Organization Have Transition Events?*

Absolutely. Since board members transition in and out of their jobs annually, donors come forward or withdraw unexpectedly, and grants change year to year, nonprofit organizations do face

transitions. Recently one nonprofit board came to us after receiving a large donation. This was the first time they had to confront investment choices, develop an Investment Policy Statement and think about what restrictions to put on their investment account. We are working with the board to educate them and make sure they are comfortable throughout the investment process.

### *What Should You Do When You Have Transition Events?*

A major event can be bewildering; yet it may be something we've seen many times before and can help you with. Reach out; we are glad to talk to you about what to do next. Feel free to contact us if your situation changes or if you know of a friend, a loved one or an organization you care about that has gone through a transition event and can benefit from financial and investment guidance.

\* Client stories are based on composites.

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THE  
Financially Savvy Woman™

## THE Financially Savvy Woman™

### Financial Steps for Widows

BY KAREN C. ALTFEST, Ph.D., CFP®

Recently we held three sessions of our Roundtable Speaker Series for widows in our office. We heard from a social worker, an attorney, an investment advisor, and a financial planner. The sessions covered topics ranging from emotions to decision making, from living on what you have to updating the family portfolio, and concluded with planning your estate for the next generation. We shared stories, feelings, thoughts, and helpful ideas. I noticed that each woman, whether widowed three months ago or many years earlier, still exhibited a raw pain when discussing her situation. We learned a lot from these women as well as the professionals; here are some highlights from our experiences.

#### *Is There a Uniqueness to Widowhood for Each Person?*

Yes, it is based on many variables, including the duration of the relationship between husband and wife, the circumstances of the death, and the quality of the relationship. One woman at our Roundtable Speaker Series said she had lost her best friend; others said they were overwhelmed. Each widow has to assess her own situation, and very often can benefit from professional guidance. Some widows experience complicated grieving in which they can't function in their new lives; in this case they should seek professional help.

#### *Do Younger Widows Differ from Older Widows?*

Younger women have to face longer ranging issues. How will she take care of herself for the next possibly fifty years? If she has children to raise, the family planning that has to be done is more acute, and estate planning becomes even more important. A younger widow should be thinking of whether she has a career and is able to work, or whether she needs to develop her work skills. Is supporting her family an issue? Older widows may be more likely to have friends in similar circumstances, and so may have a social network available to them. In addition, they are planning for a shorter life span, but the possibilities of being unable to travel, to get out, and to be lonely can be magnified.

#### *What about Sudden Widows?*

Women who are widowed as the result of a catastrophic event may suffer from post traumatic stress syndrome. Everything they thought was secure is shattered, and their grieving is done in public, whether their loved one suffered from terrorism or a natural disaster. This makes the grieving process even more challenging.

#### *How Can a Widow Get Through the First Year?*

Although we often hear advice about not doing anything too soon, know that there are things that can't wait. The funeral can't wait. A memorial service may

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## Upcoming Events

NOVEMBER 3: **WOMEN'S FINANCIAL \$PA™**  
Save the Date

NOVEMBER 12: **THE 2009 AAI NATIONAL INVESTOR CONFERENCE**  
Karen and Lew Altfest will both present sessions at the conference, in Orlando, FL.

### Financial Advice for Widows (continued from page 1)

not wait. Paying rent and taking care of children cannot wait. There are short term needs that must be taken care of, and long term needs that can be postponed. Women who make important decisions such as selling a family home in the first year often regret them later. At first you may feel "fuzzy" for a while. When your head clears, you can make sure you have enough money to live on for the first year, and check that your medical coverage is in place. Many widows agree that the best idea is to get a trusted relative or friend to accompany you to appointments, to be a sounding board for decisions. If a friend asks you if they can come over with a pie, you might say, "Can you accompany me to the Social Security office instead?"

#### *What about Widows Who Seem To Be Frozen and Don't Want to Make Any Changes?*

I know someone who has not given away her late husband's clothes in the last four years. She says she has room and they don't bother her. Psychologically this may be a sign of reluctance to move on. Sometimes a person, especially an elderly woman, may need to speak to her family doctor for advice about what she is capable of doing. In extreme cases, the elderly widow may need a legal guardian. However, the widow might be expressing denial about the change in her situation and fear of taking action. Joining a bereavement group, or finding a trusted person to talk to, can

help.

#### *One of the Attendees Told the Group She Has Graduated. What Does this Mean?*

I believe this widow means she has mourned her late husband, and has moved on into a normal life. This woman's experiences are particularly interesting though not necessarily unique; she said in the first years of widowhood she had taken many long vacations, and had run here and there, and now looking back she doesn't know why. Those days are all a blur to her. That old saw about going through different stages of grieving seems to be passe. Every widow gets to graduation in her own personal way.

#### *What Should Widows Watch Out For?*

There are pitfalls. These include making wrong choices, determining big decisions too soon, and trusting the wrong people. Watch out for people with their own interests and for others who may mean well but insist they know best what you should be doing. Don't feel you have to live the life you chose with your husband, or retain the portfolio you inherited for sentimental reasons. Do take your time, think about what you want to do, talk to reliable friends, arrange an introduction to a trustworthy advisor, and move ahead at your own pace.

#### *Is it Possible to Do Pre-Death Plan-*

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### Financial Advice for Widows (continued from page 2)

#### *ning? Can a Living Spouse Help?*

Yes, one of the most loving things I see in my office is when a husband brings his wife to meet us because he worries that if something happens to him she will not be able to make financial and investment decisions by herself. So husbands who have been managing the financial affairs can help the wife become involved, give her tasks she is comfortable with, discuss decision making with her as they do in other areas of their

#### The Alternative to Being Mrs. Casey

Mrs. Casey was a school teacher who lived a comfortable middle class life with her attorney husband. When he died she didn't know she would outlive her friends and her money. At the age of 90 Mrs. Casey had to move into a home and no longer enjoy her lifestyle of Upper East Side restaurants, stylish haircuts, and Lincoln Center concerts. Planning for a long life, developing a spending plan, and knowing where the money would come from would have prevented many of the indignities Mrs. Casey faced in her last decade.

#### Avoid these mistakes:

- Making big decisions too soon
- Trusting people who have their own interests in mind
- Relying on friends or family who don't understand your situation
- Not making changes to the way you and your husband lived
- Being unwilling to update your portfolio

lives. Getting together a list of what the assets and liabilities are, where everything is and who the family advisors are can be very helpful, as is making sure your estate planning is up to date. Widows at our Roundtable Speaker Series said their transition was easier when they were familiar with household expenses and financial decisions before the death of their loved one, or if they had an advisor to lean on.

#### *Is There Good News for Widows?*

Definitely. People are far more resilient than we used to think and can cope better than we might imagine. One widow I know redefined herself from homemaker to hospital counselor and has found her new niche in helping others. Becoming a widow and arriving at a new lifestyle is a process even though we think about it as one major event. Widows should take this time of upheaval to become self-aware and tune into themselves; education can get you to a new level of understanding and confidence both in your career choices and your personal financial life. Figure out what you want now, and how your style of living may change from what it was as a couple. Then think about the steps to get you from where you are today to where you'd like to be. Each step, no matter how small, is a cause to feel good about yourself.

*Karen C. Altfest, Ph.D. CFP® is Executive Vice President of Altfest Personal Wealth Management. She is author of "A Delicate Time" in Financial Planning magazine (March 2009) which advises professionals on how to work with widows. Her most recent article, "Surviving a Loss: Smart Steps for Coping With Widowhood," specifically written for widows will be published in the AAI Journal in 2009. Call Anthony Reinhart at 212-406-0850 if you or a friend would like copies of these articles, or if you would like Karen Altfest to tell Mrs. Casey's entire story to your group.*



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