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## Wise women and widowhood

By Susan L. Hickey | Your Own Retirement

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Women can face many late-life financial challenges. Over their careers, they spend more time as caregivers, and earn less at work. That means fewer savings and less Social Security and pension income. If their husbands pass away first, as usually happens, one of the household's two Social Security checks will also be among the dearly departed.

Should the couple be fortunate enough to benefit from the husband's pension, that too can be reduced or eliminated at his death. No wonder women may struggle financially late in life.

Unhappily, many women fail to plan for these likely scenarios when they have time to do so in their middle years. "My experience suggests many women don't understand the costs of all the life stages, and of an independent lifestyle beyond the age of 70," says Jeannette Bajalia, president of Petros Estate & Retirement Planning in Jacksonville, Florida. However, there are steps women can take to be better financially positioned for their later years. And the earlier they begin this process, the more prepared they will be, says Jean Setzfand, senior vice president of AARP in Washington, District of Columbia.

"Begin as soon as possible," she says. "We have to all assume as women we will outlive the men in our lives. The statistics are just so staggering. The sooner you can become responsible for your own retirement assets and long-term financial well-being, the better."

### A man's not a plan

The first step women can take is to become actively involved in the financial decision making with their life partners, if they are not doing so already, Bajalia says. "They cannot shift the responsibility to the other person because 80 percent of women die single," she says. "They will be managing money at some point. You have to make sure that the financial advisor you work with speaks the language of women. There is no place where the gender differences are more prevalent than in the area of personal finance. Women have different relationships with money than men. So find a person who helps educate you in making appropriate financial choices to protect you as a couple, and later you as a single."

Susan L. Hickey, financial professional at Your Own Retirement, LLC, in Cranberry Township, Pennsylvania, urges women to find out where all their money is located.

"Make yourself an Excel spreadsheet and get to work," she says. "List everything you have and where it resides. This step will allow you to begin your retirement planning. Without the knowledge of what you have, how can you possibly begin this journey?"

Understand what your own Social Security benefits, separate from your partner's, will be and what that income will cover, Setzfand says. "Save for retirement, preferably through your employer in a 401(k), and if lucky enough to have them, know what your traditional pension benefits are," she says. "Social Security and traditional pensions produce income you won't outlive. That's the critical element for surviving spouses, particularly women." If you have money saved in a retirement account like a 401(k) as you reach older life stages, don't

assume you can park that cash in a nice safe money market account, Setzfand adds. You'll need some exposure to the stock market. "You don't want to be too risk loving," she notes. "But at the same time, inflation risk is a big concern for women in widowhood. As they live longer, they need those retirement assets to keep pace with the rate of inflation."

Similarly, create lifestyle plans for the unknowns that confront all of us along the way. "You have to plan for lost income," Bajalia says. "You must have 'what-if scenarios.' The average age of starting widowhood in America is 59. If you lose your spouse and that income, what will replace it? Don't wait until the 'suddenly' happens in your life. Plan for it." Among the many unforeseen occurrences older people experience, none are likely to be costlier than an unexpected medical issue. So build into your plan the cost of unanticipated health care expenses, Bajalia says.

"There will be higher deductibles, higher co-pays and diagnostic services formerly paid for may not be paid for in the future. First-dollar coverages in our parents' generation we may not be privileged to experience, given all the health care, Medicare and entitlement reform. According to a Fidelity report, over a 20-year retirement journey, a couple needs to allocate \$266,000 for out-of-pocket medical costs." Setzfand urges women also give thought to long-term care. "Long-term care is not synonymous in my opinion with buying a long-term-care insurance policy," she says. "It's the entire scope of living on your own — where you will live, how long can you live on your own in that house, how much health care coverage do you have beyond Medicare, and if you want to go into assisted living or have in-home paid care giving, how do you fund that?"

### Discipline, not emotion

Those who succeed in gathering sufficient financial resources typically take disciplined, non-emotional approaches to saving and investing. "Emotion should always be removed from the equation as you consider long-term retirement planning," Setzfand says, noting the last thing you want to do is panic during a stock market meltdown — such as those in 2000-02 and 2008-09 — and sell at market lows. Like Bajalia, Setzfand also believes in the wisdom of women gaining professional financial support. Find a financial advisor who adheres to a fiduciary duty, and do so while both you and your partner are alive, she recommends.

"One of the things you don't want to do is make too many decisions when you're distraught," she says. "And unfortunately there are a lot of bad actors out there who are preying on the vulnerabilities of widows at the time of their emotional distress." It's worth repeating the secret to success is starting earlier, not later. "The sooner you start, the easier it is," Setzfand says. "That's because it becomes a part of your life."

*Susan L. Hickey is a financial professional at Your Own Retirement, LLC ([yourownretirement.com/womansworth](http://yourownretirement.com/womansworth)). She helps guide clients, many of which are single women or female heads of households, on the many facets of planning for retirement. Because of her advocacy Sue combines numerous elements of retirement income planning through the use of insurance products, which includes strategies for claiming social security benefits, Medicare costs, long-term care concerns as well as traditional income needs. She holds her life and health insurance licenses, and has earned the distinguished Retirement Income Certified Professional designation.*