

Checklist for Surviving Spouses

Nine steps for handling financial issues after losing a loved one.

No one likes to think about death. And yet, careful estate planning can help make the transition a little easier for your loved ones. A checklist of essential things they'll need to do can help them manage through a very vulnerable time.

What Surviving Spouses Need to Know

Take your time. Recognize that you're going through a grieving process. Don't be rushed into any decisions. For many of you, particularly those who are not the chief financial-decision maker in the household, professional financial counseling may be a comfort. But be sure to carefully screen financial advisors before you agree to work with them.

When you are ready to start sifting through the financial aspects of dealing with your loss, here are some of the most important steps to take.

1. Gather Important Documents

You'll probably need the following documents right away. Keep them in a centralized location, because you'll refer to them often.

- Will and any trusts
- Insurance policies
- Death certificate: Get 10 to 25 copies
- Social Security numbers
- Marriage license

- Birth certificates for your children
- Financial statements for IRAs, bank accounts, brokerage accounts, and company-sponsored retirement plans
- Company benefits booklet
- Military discharge papers

2. Collect Life Insurance Benefits

Most insurers will cut you a check relatively quickly following the death of a loved one. You will need to call your insurance company and let them know what has happened. Don't feel compelled to invest this money immediately. Most insurance companies will let you keep the proceeds from a life insurance policy in a cash account until you have a plan for investing it.

If you know your loved one had a life insurance policy, but you can't find it, contact the American Council of Life Insurers (www.acli.com), which offers guidance in tracing missing policies.

3. Contact the Deceased's Employer

Many companies make every attempt to help the families of their employees after a death. They may cut you a check right away for wages owed, vacation pay, sick pay, and life insurance benefits. If the death was the result of an accident on company time, there may also be accidental death and dismemberment benefits.

Contact a human resources (HR) representative of the company for help with retirement plans. A surviving spouse will be able to roll over money from the deceased spouse's retirement plan into his or her own IRA. In most cases that will make sense, but if you are considerably younger than your spouse, you may want to keep the assets in your spouse's retirement plan. That may allow you to tap into those assets at a younger age without penalty.

Talk to your HR rep about what happens to your insurance benefits. Most important is health insurance for the family. Company policies differ on what benefits may be available, but most people will be eligible for COBRA coverage—essentially, an extension of the employee's health insurance policy—for 18 months.

Typically, if an employee has vested stock options with a company, there is a window of time in which the family must exercise them. You may want to consult a financial professional to help you think through your alternatives.

4. Make Sure You Have Sufficient Cash Reserves on Hand

One of the biggest concerns immediately following a death in the family is making sure the survivors have enough cash to meet their current expenses as well as funeral costs. You may want to take part of your life insurance proceeds or other death benefits and increase your cash reserves. Try to have at least six months' worth of living expenses covered in a money market account or another very liquid account. This will help ensure that you are not rushed into making other major financial decisions right away.

5. Apply for Government Death Benefits

As a widow or widower, you may be eligible for Social Security retirement benefits as early as age 60. Surviving families with children younger than age 18 may be eligible for Social Security benefits. Go to www.ssa.gov or call 800-772-1213.

Military veterans can be buried for free in one of the national cemeteries. The Veterans Administration will provide a flag for the memorial service, a headstone for the grave, and financial assistance for the burial. For more information go to www.va.gov.

6. Weigh Retirement Plan Benefit Options

A surviving spouse can roll over money from the deceased spouse's retirement plan into his or her own traditional IRA. In most cases that will make sense, but if you are considerably younger than your spouse, you may want to keep the assets in your spouse's retirement plan. That may allow you to tap those assets at a younger age without penalty.

7. Start to Settle the Estate

The will and/or trust will indicate the executor of the estate. That person will handle the administrative responsibilities of the estate, so you need to contact him or her right away. If your loved one had a safe-deposit box, you should have the executor of the estate go with you to take an inventory of its contents.

Contact an estate attorney to help you settle the estate. They can help you file an estate-tax return and a final income-tax return. The estate-tax return must be filed within nine months from the date of death. You can value the assets in the estate as of the date of death or six months after death (if you haven't disposed of the assets).

8. Handle Other Miscellaneous Details

Eventually, you'll need to take care of other issues, such as retitling ownership of your house, car, safe-deposit box, brokerage accounts, credit cards, bank accounts, and other assets. You will need to write a letter to each entity to request a change in ownership, and enclose a death certificate.

If you have children in college, you should contact the school's financial-aid department to see if your children are eligible for any additional financial assistance due to a change in circumstances.

9. Consider Creating a Lasting Memorial

One of the most healing experiences for survivors is to find a way to honor the people they've lost. Whether it's through a brick paver in a memorial walkway, a scholarship in the name of your loved one at his or her alma mater, or a donation to a favorite charity, creating a tangible remembrance is an important part of paying tribute to those who have blessed our lives.

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