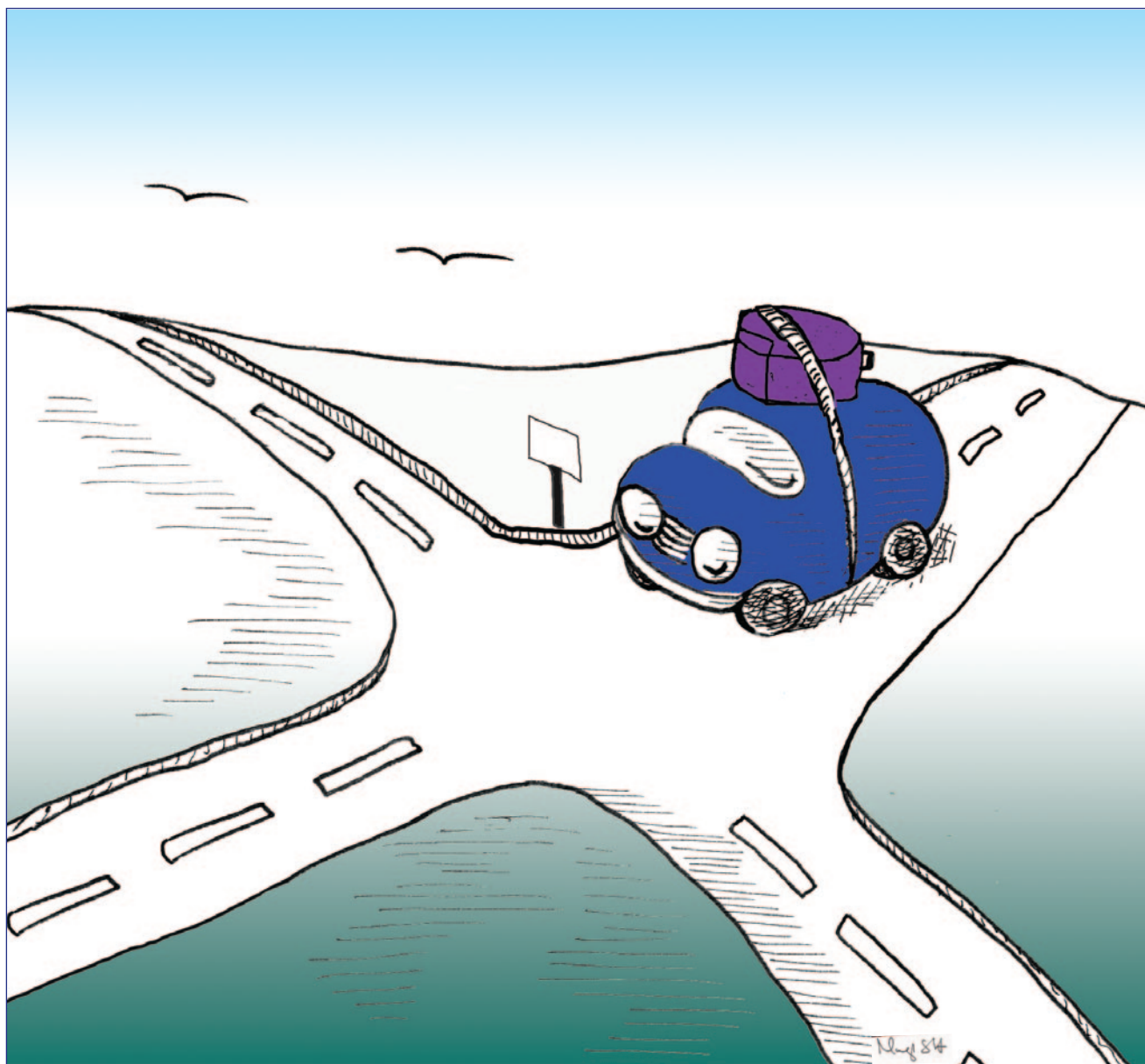


# Going It Alone – A Guide for Widows:

## 5 Steps for Navigating the Financial Challenges



## The National Resource Center on Women and Retirement

The Administration for Community Living's Administration on Aging in partnership with WISER operates the Center as a national clearinghouse of tools and information on retirement planning. The goal of the Center is to provide financial workshops and create a variety of consumer publications, that explain in easy-to-understand language complex issues such as Social Security, Medicare, retirement plans, savings, caregiving, divorce and widowhood, health and long-term care, and elder financial abuse. The Center reaches and assists women and their families especially moderate and low-income women, women of color and women of limited English-speaking proficiency, to advance their decision-making capacity and improve their economic security later in life.

WISER's mission is to improve the long-term financial security of all women through education and advocacy.

WISER supports women's opportunities to secure adequate retirement income through research, workshops, and partnerships.



*THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT*

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# Going It Alone – A Guide for Widows

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# Claiming Social Security Benefits

As a worker eligible to receive Social Security benefits, you can take your benefit as early as age 62. However, to receive the unreduced full benefit, you must wait until full retirement age (FRA). The Age Claiming Chart below shows the reduction in benefits if you claim early and the increase if you wait until age 70. For instance, If you wait until after your full retirement age until age 70 to receive your benefit, your benefit will be increased for each month you wait. The increase ends at age 70 so you should not wait longer to claim your benefit.

As a widow, you may start receiving an early reduced survivor benefit at age 60 or you can wait until you reach your FRA for the full survivor increased benefit. Widow's benefits do not increase after FRA. See page 2 for additional information if your own worker benefit is more than your survivor benefit.

<b>AGE CLAIMING CHART</b>			
<b>Year of Birth</b>	<b>Full Retirement Age</b>	<b>Percentage of reduction for those taking benefits at 62</b>	<b>Yearly percentage increase in benefits for retired workers who wait to take benefits after FRA up to age 70</b>
1943 to 1954	66	25.00%	8.0%
1955	66 and 2 months	25.83	8.0
1956	66 and 4 months	26.67	8.0
1957	66 and 6 months	27.50	8.0
1958	66 and 8 months	28.33	8.0
1959	66 and 10 months	29.17	8.0
1960 and later	67	30.00	8.0

SOURCE: Social Security Administration

The easiest way to get an estimate of your benefit is to sign up for an online Social Security account at [ssa.gov/myaccount](https://ssa.gov/myaccount). You can also calculate your benefit using the Social Security Administration (SSA)'s Retirement Planner, available at [ssa.gov/prepare/plan-retirement](https://ssa.gov/prepare/plan-retirement).

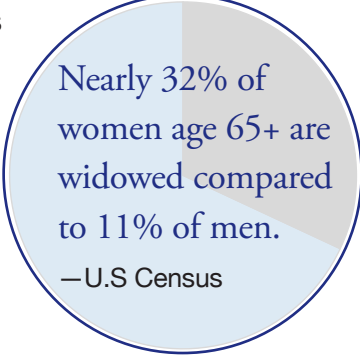
At age 65 you are eligible to enroll in Medicare—the federal health insurance program. You should contact the Social Security Administration (800-772-1213) several months before your 65th birthday for more information. Learn more about Medicare on page 10.

# Introduction

Women are three times more likely to experience the death of a spouse than men. For many women, widowhood means taking on and making important decisions about current and future financial, legal, and personal matters at a particularly difficult time.<sup>1</sup>

Unfortunately, many women have not been involved in these decisions and are not prepared to take on these important tasks. A recent study found that only 14% of the widows surveyed were making financial decisions before their spouse died and 53% said they did not have a plan for what would happen if one of them died.<sup>2</sup>

WISER's step-by-step ***Going it Alone - A Guide for Widows*** will help with navigating the immediate financial challenges and making long-term plans for your future financial security.



Nearly 32% of women age 65+ are widowed compared to 11% of men.

—U.S Census

## Step 1: Identifying Sources of Income

Many women face a decline in income as a result of losing one or more sources of income or receiving a reduced level of income when their spouses die. A spouse's employer pension **may be reduced** by half after they die, and if both spouses were receiving Social Security benefits, the survivor receives only the higher benefit while the lesser benefit is eliminated.

The first step in making a workable financial plan for the long term is to **identify all sources of income** — both your own and those from your spouse — such as Social Security benefits, Veterans Benefits, employer pensions and savings plans, earnings and income from work, home equity, and life insurance. Additionally, determine whether each source of income is a regular payment (like a Social Security benefit) or is a lump-sum (like a single payout from life insurance), and whether or not the regular payment is indexed to inflation and will increase over time.<sup>3</sup>

### Social Security Benefits

#### 📌 Social Security Rules

The first step in getting on the right financial path is to determine whether you, as a widow, are eligible for Social Security survivor benefits, and if so,



- 1 There were almost 12 million widows and 3.2 million widowers. U.S. Census Bureau American Fact Finder 2017. "Selected Social Characteristics in the United States 2013-2017," American Community Survey 5-Year Estimates.
- 2 Merrill Lynch/Age Wave study, *Widowhood and Money: Resiliency, Responsibility and Empowerment*.
- 3 WISER's Fact Sheet *Get Your Ducks in a Row* has a convenient form for listing sources of income. <https://www.wiserwomen.org/>

what the amount of the monthly benefit would be. A ‘surviving spouse’ is the term used by Social Security because it applies to both women and men.

- A surviving spouse who is already receiving Social Security benefits will receive either her own benefit or her spouse’s, whichever amount is higher, but not both.
- A surviving spouse who has not started receiving her Social Security benefit will be eligible for a survivor benefit when she reaches her full retirement age or a reduced benefit as early as age 60 (age 50 if she is disabled). Also, a divorced ex-spouse is eligible for a survivor benefit at these same ages as long as she was married to the deceased for at least 10 years and is now single.
- A surviving spouse cannot receive survivor’s benefits if she remarries before the age of 60 unless the later marriage ends, by death, divorce, or annulment.
- If she remarries after age 60 (50 if disabled), she can still collect benefits on her former spouse’s record. When she reaches age 62 or older, she may apply for and receive retirement benefits based on the record of her new spouse if those benefits are higher than those of her former spouse.
- A surviving spouse with dependent children may be eligible for benefits for each child of the deceased who is under age 16.
- A disabled widow may qualify to receive disabled widow’s benefits as early as age 50 if she became disabled before or within seven years of the death of her spouse.

#### **Social Security Decisions**

It is important to understand that the age you apply for Social Security benefits will affect your long-term income security.<sup>4</sup> Social Security benefits may be the only source of retirement income you will have that is adjusted annually for inflation. It often makes sense to maximize this benefit by waiting and delaying receipt of these benefits for as long as possible.

- As a widow, you can receive 100 percent of your deceased spouse’s benefits if you file for benefits at your own full retirement age.<sup>5</sup> If you take those benefits **before your full**

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Social Security benefits may be the only source of retirement income you will have that is adjusted annually for inflation. It makes sense to maximize this benefit by waiting and delaying receipt of these benefits for as long as possible. ■

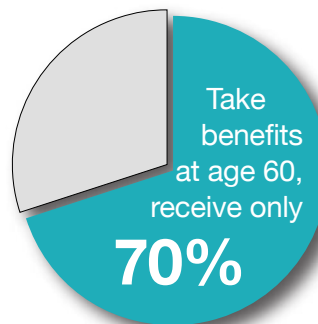
4 Social Security benefits are not sent automatically. You must apply for your benefit. The easiest way to apply is online at [ssa.gov](http://ssa.gov). To locate the nearest SSA office, go to the Social Security Administration’s website—[www.ssa.gov](http://www.ssa.gov)—click on “Use Your Zip Code to Find Our Office” on the lower right side of the home page or call 1-800-772-1213 (TTY 800-325-0778).

5 You can find your full retirement age on the Social Security website at: <https://www.ssa.gov/planners/retire/1943.html>

**retirement age**, they will be reduced a fraction of a percent for each month before your full retirement age—up to 30 percent if you claim benefits at age 60.<sup>6</sup>

- If you have worked and contributed to Social Security yourself, you will be eligible for your own Social Security benefit starting at age 62. If you start receiving benefits at your full retirement age, you will receive 100 percent of your monthly benefit.
- Retirement benefits **can increase up to 8 percent for each year that you wait to file for benefits beginning at full retirement age up to age 70. Survivors' benefits**, unlike retirement benefits, **do not grow** after full retirement age.
- Get an estimate of your own benefits and your survivor benefits from Social Security.<sup>7</sup>
  - If **your own retirement benefit** at age 70 will be larger **than your survivor benefit at full retirement age**, it may be beneficial to take the survivor's benefit right away. At age 70, you can then switch to your own retirement benefit when it will have had extra years to grow.
  - On the other hand, if your own retirement benefit at age 70 is less than the survivor benefit, it would be beneficial to take the retirement benefit right away and switch to the survivor benefit once you reach full retirement age.
- Talk with Social Security  
You cannot apply for survivor's benefits online. Make an appointment for an interview either in the Social Security office or on the phone.<sup>8</sup>
  - This is your opportunity to ask questions and discuss your options with a Social Security representative.

### Spousal Social Security Survivor Benefits



**IT PAYS TO WAIT!**

(age 50 if disabled)

### Average Monthly Survivor Benefit

<b>Nondisabled widow(er)s</b>	<b>\$1422.69</b>
<b>Disabled widow(er)s</b>	<b>\$760.03</b>

6 For the percentage increase amount per month for waiting see: <https://www.ssa.gov/planners/retire/1960-delay.html>

7 The easiest way to get an estimate of your benefits is to sign up for an online Social Security account at [ssa.gov/myaccount](https://www.ssa.gov/myaccount). You can also estimate your benefit using the Social Security Administration Retirement Planner, available at: <https://www.ssa.gov/benefits/calculators>.

8 You can speak to a Social Security representative between 7 AM and 7 PM Monday through Friday. You can also contact your local Social Security office. 1-800-772-1213 (TTY 1-800-325-0778).

- To apply for benefits as a widow you will need certain documents and information including:
  - ✓ Death certificate or other proof of your spouse's death;
  - ✓ Birth certificate or other proof of birth;
  - ✓ Proof of U.S. citizenship or lawful alien status;
  - ✓ Naturalization papers;
  - ✓ U.S. military discharge paper(s) if you had military service before 1968);
  - ✓ For disability benefits, the two forms (SSA-3368 and SSA-827) that describe your medical condition and authorize disclosure of information; and
  - ✓ W-2 forms(s) and/or self-employment tax returns for last year.
  - ✓ Final divorce decree, if applying as a surviving divorced spouse; or
  - ✓ Marriage certificate.
  - ✓ While SSA accepts photocopies of W-2 forms, self-employment tax returns or medical documents, they must see the original of most other documents, such as a birth certificate.
  - ✓ If you are delaying making an appointment to file a claim because you are missing all the appropriate documents go ahead and apply, as SSA may be able to help you get the needed information.<sup>9</sup>

### ***Social Security Lump Sum Death Payment (LSDP)***

When a Social Security-insured worker dies, the surviving spouse who was living with the deceased is entitled to a one-time lump-sum death benefit of \$255. If they were living apart, the surviving spouse can still receive the lump sum under certain conditions. If there is no such spouse, the payment can be made to a child who meets certain requirements.

In the majority of deaths, however, no payment is made either because no one was eligible or because the lump-sum death benefit has been capped at \$255 for the past eight decades and inflation has eroded its value. To apply for the Lump Sum Death Benefit use Form SSA-8.

## **Veterans Benefits**

A VA Survivors Pension offers monthly payments to qualified surviving spouses and unmarried dependent children of wartime Veterans who meet certain income and net worth limits set by Congress. Find out if you qualify and how to apply.

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<sup>9</sup> For more information on what you need to apply for widow's benefits, go to the Social Security website at: <https://www.ssa.gov/forms/ssa-10.html>



## How do I apply for a VA Survivors Pension?

You can apply in any of these ways:

1. By mail	2. In person	3. With trained help
<p>Fill out an Application for Dependency and Indemnity Compensation (DIC), Death Pension, and/or Accrued Benefits (VA Form 21-534EZ).</p> <p><b>Download VA Form 21-534EZ (PDF)</b></p> <p>Mail it to the pension management center (PMC) for your state. <b>Find your PMC:</b> <b><a href="http://www.va.gov/pension">www.va.gov/pension</a></b></p>	<p>Bring your application to a VA regional office near you.</p> <p><b>Find a VA regional office near you:</b> <b><a href="http://www.va.gov">www.va.gov</a></b> <b>(844) 698-2311</b></p>	<p>You can work with a trained professional called an accredited representative to get help applying for VA survivors pension benefits.</p> <p><b>Get help filing your claim:</b> <b><a href="http://www.ebenefits.va.gov">www.ebenefits.va.gov</a></b></p>

## Employer Pension Benefits

Employer pensions can be an important part of your retirement income. In private-sector pension plans, spouses of deceased plan participants who earned a right to a pension automatically receive a portion of their spouse's pension unless they have agreed to give up or waive their right to benefits. There are different rules for public pension plans.

As a widow, find out if your spouse had a pension from their work, what type of pension it was, and if you as the surviving spouse qualify for survivor benefits.<sup>10</sup>

### If you are eligible for survivor benefits, when will you start to receive payment:

- ☒ If your spouse died after retiring, you should be able to start receiving benefits immediately.
- ☒ If your spouse died before retiring, you will have a choice. You can start payments on the date your spouse would have reached the early retirement age and receive a smaller benefit; or, you can wait until the date your spouse would have reached the plan's full or normal retirement age and receive the full benefit amount.

If your spouse worked for a private sector employer and participated in that employer's pension plan, various eligibility factors may apply, including:

- ☒ **When your spouse died.**

<sup>10</sup> If you are unsure about whether your spouse had a pension or where to go to find out what his pension was, check the Administration for Community Living's *Pension Counseling and Information Program* at: <https://acl.gov/programs/retirement-planning-support/pension-counseling-and-information-program>

- If your spouse died before August 23, 1984, they had the option to choose a benefit that would be paid only while they were alive, and there would be no survivor benefit for you.<sup>11</sup>
- If your spouse was working and died on or after August 23, 1984, but before January 1, 1985, you may have a right to a special survivor benefit.

☒ **When or if your spouse was retired.**

☒ **Whether you signed away your rights to a survivor's benefit.**

- If, at some time, you signed a waiver/consent form from the pension plan agreeing that you were giving up your rights to a survivor benefit.

Note: In certain circumstances, the waiver may be challenged if it was not clear, or if it was signed under pressure.

Note: A spouse's consent is not required in certain limited circumstances.<sup>12</sup> Such as, if your survivor rights were provided as part of the division of pension benefits during a past divorce proceeding, your consent is not required.

- Contact your spouse's Pension Plan Administrator and request information about your rights to a survivor benefit. Also, ask for the Summary Plan Description (SPD) for the pension plan. The SPD describes the plan's benefits.

If you cannot find the pension plan but would like additional resources to find a lost retirement benefit contact the PBGC's missing participants program at **PBGC.gov** or refer to the PBGC's ***Finding a Lost Pension*** publication.

## Inherited Individual Retirement Accounts (IRAs)

Did you inherit your spouse's IRA? The rules about withdrawals from inherited IRAs are important and can be confusing. In addition, the recent law – the SECURE Act passed in December 2019 – impacts inherited IRAs. Starting January 1, 2020, while surviving spouses are generally exempt from the new rule requiring a distribution within 10 years of the year of death of the original owner. It is important to get tax advice about how the rule changes may affect you.

Passage of the SECURE Act highlights the importance of getting expert tax and financial planning advice to make sure you are complying with the new beneficiary rules.

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11 The federal Employee Retirement Income Security Act (ERISA), requires private pension plans to provide benefits to surviving spouses. However, until the Retirement Equity Act (REA) went into effect on August 23, 1984, employees could choose not to receive the joint and survivor annuity without notifying their spouse.

12 Consent is not required if the employee has a court order that confirms the spouse cannot be located, if the employee is legally separated or has been abandoned by the spouse, or the spouse is legally incompetent and his or her guardian consents.

## Inherited 401(k) Accounts

In general, as a widowed spouse who inherits an employer-provided retirement account (a 401(k) account), there are three things you can do with the account:

1. Leave the 401(k) in your spouse's original plan.
2. Transfer the 401(k) to your own employer-sponsored plan.
3. Transfer the 401(k) to an IRA or inherited IRA.

The specific rules generally depend on your age.

Many 401(k) transactions have a fee attached. Be sure to ask about fees as you explore options for your inherited 401(k). Before you make any decisions about when and what to do with your inherited 401(k) funds, you may want to consult with a financial planner or tax advisor.

## Life Insurance

If your spouse had a life insurance policy and you are the beneficiary, contact the insurance company about how to file a claim. The insurance company will require a death certificate and other documentation to validate your claim as the beneficiary. (You must provide a marriage license or birth certificate along with the certified copy of the death certificate which can be provided by the funeral home or the state or local vital records office.)

As the named beneficiary you will get paid directly — often within a few weeks. The policy dictates the terms and usually is paid out as a lump-sum or a monthly sum over a certain length of time.

However, there may be more than one life insurance policy so it's important to investigate the benefits offered by a present or former employer. It's also important to know that employer benefits may only be effective until a certain age such as age 70, unless there was an opportunity to buy additional coverage and that coverage was elected. So locate all the documents and learn the details. Re-establish contact with the local agent who provided the policy.

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Before you make any decisions about when and what to do with your inherited 401(k) funds, you may want to consult with a financial planner or tax advisor. ■

## Step 2: Getting the Documents and Making a New Household Budget

### Getting the Documents

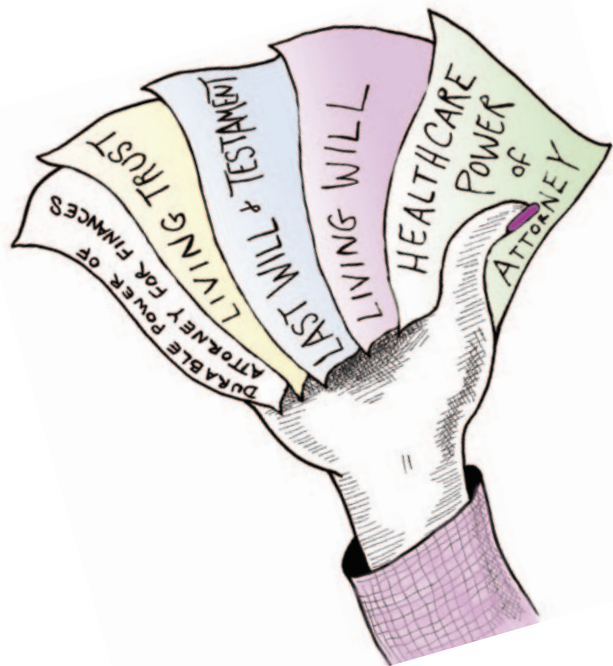
It is important to take charge by putting together your financial plan, and to ask for help. If you and your spouse had worked with a qualified professional this should be easier. Examining the retirement accounts as recommended in Step 1 helped you understand the full financial situation and gain access to most of the assets.

- ☒ Be sure you have copies of your spouse's will or trust and power of attorney.
- ☒ Usernames and passwords for all online accounts will give you access to needed information.
- ☒ Locate all insurance policies, (life, health, long-term care, auto & home policies) tax returns, bank account records, investment statements, and retirement account documents.

### The Lists – Financial and Legal Documents

#### Financial

- Statements for bank accounts and investment statements
- Credit card statements
- Monthly bills (utilities, rent or mortgage)
- Mortgages, loans and other debts
- Social Security and Medicare/Medicaid information and Medigap plans
- Retirement accounts: pensions, 401(k) and annuity documents
- Insurance policies (life, health, long-term care, Medigap, property, auto and other vehicles)
- Tax returns
- Vehicle titles
- Property deeds



## Legal


- Last Will and Letters of Instruction
- Durable Power of Attorney for finances
- Living Trust
- Durable Power of Attorney for health care
- Living Will
- Birth and Death Certificates
- Marriage license(s), divorce decree
- Retirement and Pension Records
- Social Security Cards


## Making a New Household Budget

Now that you have completed Step 1 and identified your sources of income, it's time to sit down and organize your documents in order to make a new household budget. Major decisions such as home ownership, health care coverage, and asset drawdown will depend on how or whether your income meets your expenses.

### **Track Spending and Your Expenses.**

- Tracking your spending will help you understand where and how you spend your money and how much your regular expenses cost you.
- Take a notebook with you for a month, or use your smartphone, to track all your spending. After a few weeks, organize your expenditures into categories like food, utilities, household items, transportation, and clothing.
- Additionally, write down all the bills you must pay on a regular basis, like insurance, rent or mortgage, and car payments.
- ***Double check to be sure you included everything.***

 **Determine Your Monthly Income.** Add up your income for one month — including any salary, benefits such as Social Security or pension, and any earnings from investments.<sup>13</sup>

 **Subtract Your Spending and Expenses from Your Income.** In a perfect world, you will have more in income than you have in spending. However, if your income does not meet your expenses, you will have to think through how to proceed. The WISER budget worksheet is a convenient tool to help you create a new household budget.<sup>14</sup>

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<sup>13</sup> To help you identify and keep track of your sources of retirement income see WISER's work sheet, *Get Your Ducks in a Row* at: <https://www.wiserwomen.org/>

<sup>14</sup> See: <https://www.wiserwomen.org/resources/saving-investing/monthly-budget-worksheet>

# Step 3: Evaluating Choices for Health Care and Long-term Care Coverage

## Health Care Expenses

The cost of health care can cause significant financial problems for almost anyone, especially for older women. The budget plan you work out should include updated information on expected health care costs. As a widow, your Medicare and Medigap premiums may go down; but as a widow you will be paying those health care expenses from your income only.

**Medicare** is the primary insurer for most women age 65 and older. As a widow or divorced widow, you are eligible for Medicare if you are either age 50 and disabled or at least age 60.

### Medicare has several parts:

- ☒ Part A helps to pay for hospital costs and requires no premium.
- ☒ Part B helps to pay for medical services such as doctor visits and requires a monthly premium.
- ☒ Part D helps pay for prescription drugs.
- ☒ Medicare Advantage Plans (Part C), are offered by private companies that are approved by Medicare.<sup>15</sup> Part C plans provide all of Part A and Part B coverage and may require an additional premium or have certain costs and restrictions.

Medicare does not cover all the costs of health care. Generally, Medicare pays a portion of overall costs — deductibles and copays are the responsibility of the individual. **Medicare does not pay for long-term-care.**

- ☒ As a widow, if you were already covered by Medicare your coverage will continue. However, you need to contact the local Social Security Administration office, and notify them of your spouse's death. **This is important because changes in your income may cause changes to how much you pay for your Medicare coverage.**
  - If as a married couple you were in a higher income bracket and paying the income-related **Part B premium**, as a widow, a reduction in your income may reduce that premium.<sup>16</sup>
  - As a widow, if you were already covered by Medicare Part D prescription drug coverage, that coverage will continue.

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15 For help with finding a Medicare Advantage plan or a Medicare drug plan see: <https://www.medicare.gov/plan-compare/#/?year=2019>

16 For more information on Medicare see WISER's Medicare Basics at: <http://www.wiserwomen.org/>

**Medigap.** If you as a couple had private supplemental or Medigap insurance, notify the insurance company about your spouse's death as soon as possible. The insurer will calculate a new premium based on one person rather than two. ***Be sure to put an updated Medigap insurance premium in your new household budget.***

**Long-Term Care (LTC).** If you had a long-term care policy as a couple, be sure to notify the provider. As a single person, your long-term care insurance premium also may be reduced. If you did not have LTC as a couple, you may want to consider purchasing it.

As a widow you should think about who will help you if you need care. If you can afford it, long-term care insurance can help with those expenses, including in-home care.<sup>17</sup> Before you make any decisions, you may want to consult with a financial planner. If you choose to purchase this insurance, be sure to factor the cost of premiums into your household budget.

## Health Care Assistance for Low-Income Individuals

As a married woman you may not have qualified for help with health care costs. However, if your income as a widow is significantly reduced, consider exploring the following programs.

- ☒ **Medicare Advantage Plans (Medicare Part C).** While these plans are available for people of all income levels, as a widow, if you are struggling with health care expenses, a Medicare Advantage Plan (sometimes called a “managed care plan”) may meet your needs. Depending on the plan, coverage can include benefits that seniors in a traditional Medicare plan pay for out of pocket, such as vision care and eyeglasses.
- ☒ **Extra Help.** For seniors with very limited income and assets this Medicare program provides a more generous prescription drug benefit. To qualify for this program in 2019 as an individual, your resources must be limited to a total of \$14,390. Resources include your income and assets such as bank accounts, stocks, bonds and mutual funds. Some resources, such as your primary residence, your vehicle, and your personal possessions do not count. Individuals who qualify often see a dramatic reduction in their prescription drug costs.
- ☒ **Specified Low-Income Medicare Beneficiary (SLMB) and Qualified Medicare Beneficiary (QMB) programs.** Some low-income Medicare beneficiaries can also have their Medicare premiums, deductibles and co-payments paid by Medicare in programs administered by state Medicaid offices.

The QMB and SLMB programs are also available to low-income individuals who are not eligible for Medicaid. Enrolling in these programs provides significant financial assistance to eligible individuals. A state Medicaid office can provide you with more information.

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<sup>17</sup> For more information on long-term care, see WISER's Fact Sheet, “10 Questions to Ask Before Buying Long Term Care Insurance,” <http://www.wiserwomen.org/index.php?id=599>.

- 📌 **State-based Programs.** Some state governments provide financial assistance to seniors to help with the cost of medications. These programs help pay the extra costs of medications that Medicare Part D plans don't cover. Alternatively, they assist in paying Medicare Part D premiums instead of paying for extra prescription costs. Note: not every state provides this assistance.

### State Assistance and Medicare Wraparound Programs

<p>Indiana Hoosier Rx Assistance</p> <p>Massachusetts Prescription Advantage</p> <p>Maryland SPDAP Subsidy</p> <p>Maine DEL and RX Plus</p> <p>Missouri Rx Plan</p> <p>Montana Big Sky Rx Program</p> <p>New Jersey Senior Gold and PAAD</p>	<p>New Mexico MEDBANK Program</p> <p>Nevada Senior RX Program</p> <p>New York EPIC Rx Assistance</p> <p>Pennsylvania PACE Rx Assistance</p> <p>Rhode Island RIPAE Rx Assistance</p> <p>Vermont Healthy Vermonters &amp; VPharm</p> <p>Wisconsin SeniorCare Rx Assistance</p>
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Source: Paying for Senior Care <https://www.payingforseniorcare.com/prescription-drugs/assistance-for-the-elderly.html>

- 📌 **Medicaid Dual Eligibility:** Seniors with very low incomes might be eligible for Medicaid along with their Medicare. These "dual-eligible" individuals can receive additional benefits beyond their Medicare. To find out if you might be covered, call the agency in your state that is responsible for administering Medicaid.<sup>18</sup>
- 📌 **Pharmaceutical company assistance plans:** Some pharmaceutical companies offer assistance programs for the drugs they manufacture. To find out whether there is a program for the drugs you take and the eligibility criteria for the drug program, go to: <https://www.medicare.gov/pharmaceutical-assistance-program/Index.aspx>.
- 📌 **Health Insurance Counseling:** The choices, costs, and benefits of various health care options in retirement are complex and often confusing. State Health Insurance Counseling Programs called "SHIP" offer one-on-one insurance counseling for Medicare beneficiaries and their family or caregivers. These insurance counseling services are free, available in every state and provide neutral advice to any senior asking for help.<sup>19</sup>

18 For more information on and to locate your state Medicaid program go to: <https://www.medicare.gov/about-us/contact-us/contact-state-page.html>

19 To locate the SHIP program in your state go to: <https://www.shiptacenter.org/> or you can call 1-800-Medicare and ask for a referral to an insurance counseling service.

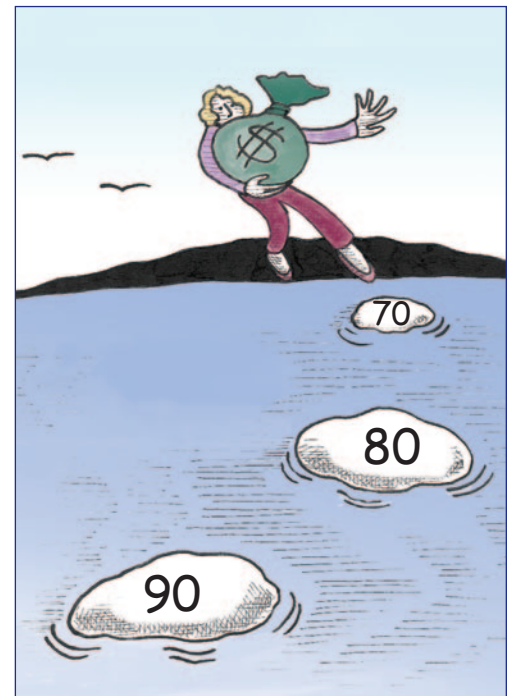


## Step 4: Making Your Money Last a Lifetime

Many widows worry about outliving their savings and ending up without resources at the end of their lives. While there is no magic formula to prevent this outcome, there are numerous strategies that you can use to make your money last.

### Annuities

If you received a lump sum benefit from your deceased spouse's retirement plan or investments, you may want to consider purchasing an annuity. The goal of an annuity is to provide a steady stream of income during retirement. An annuity is a contract with an insurance company that you purchase for a lump sum (or series of payments), and in exchange, the insurance company provides you with a regular "payment" for an agreed-on amount of time, such as, for 5 years, 10 years, or for life.<sup>20</sup>



Among the various types of annuities, the two most prominent types are Immediate and Deferred.

1. **Immediate Annuities.** You can buy immediate annuities at or after retirement. Your payments will begin right away and will continue for as long as you live. There are two kinds:
  - **Fixed Immediate Annuity** — the insurance company invests the money that you paid in and provides you with a fixed dollar amount each month.
  - **Variable Immediate Annuity** — the insurance company will pay you income as long as you live, but dollar amount will vary based on the investments what you choose, for example, the stock market.
2. **Deferred Annuities.** These investment products accumulate money over the years before you retire and make payments to you during your retirement.

Annuities have fees and will be taxed as ordinary income. Before buying an annuity, you may want to consult a financial planner.

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<sup>20</sup> To learn more about annuities, see WISER's booklet, "Making Your Money Last For A Lifetime, Why You Need to Know About Annuities." <https://www.wiserwomen.org/publications>

## The RISE Score™

**The RISE Score™** — the **Retirement Income Security Evaluation** — is an example of today's user-friendly online tools that all Americans, but women in particular, can use to plan for their retirement. Women may have various financial challenges such as being paid less over the course of their careers, resulting in less income saved for retirement. Also, women who provide family caregiving are twice as likely to work part-time. The tool promotes a conversation about how protected lifetime income plays a role in making retirement income last a lifetime.

The RISE Score™ is an effective planning tool, developed by the Alliance for Lifetime Income, a nonprofit formed by 24 of the nation's leading financial services companies.

Get your score at: <https://www.protectedincome.org/retirement-tools/rise-calculator/>

## Managing Investments and Getting Professional Help

Some widows are fortunate enough to have the experience and expertise to manage their own investments. Others may find that they need professional advice. Notably, women living alone who have only modest savings are the ones who are least able to afford to make a mistake. As a widow, good professional advice can be crucial to you both before and after retirement to help you avoid mistakes that could rob you of the chance to maximize your savings and investments. Mistakes are easy to make when facing the unfamiliar; such as, where and how to invest savings, when to withdraw IRA funds, or whether to take a reverse mortgage or sell a home. A professional can help you map out a plan and make sure that you understand all the benefits and risks of these and other important decisions.

### There are two basic types of financial planners:

- ☒ **"Fee only" financial planners** charge a flat or hourly fee and do not receive commissions from products that they recommend. To find a fee-only advisor, you can call the National Association of Personal Financial Advisors (NAPFA) at **1-888-333-6659**
- ☒ **"Commission-based" financial planners** earn commissions on the investments they sell and may have a bias for investments that will pay commissions. Some commissions-based planners also charge a fee. Look for a certified financial planner (CFP) or a Chartered Financial analyst (CFA®).

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21 For more information, see HUD publications at <http://www.hud.gov/buying/rvrsmort.cfm>.

## Finding a Financial Planner or Accountant

- ☒ Ask for recommendations from people you trust.
- ☒ The Financial Planning Association has a library of resources for consumers at Learning Tools/Brochures on the Web at: <http://www.fpanet.org/public/tools/brochures.cfm>. You can also use their Web-based search engine to find a Financial Planner in your area using [www.plannersearch.org](http://www.plannersearch.org) or call at **1-888-806-7526** and ask for their free publications.
- ☒ Interview two or three planners—look for a planner who talks with you about risk and asks what you are and are not comfortable with.
- ☒ Ask how they make their money. Is it a:
  - salary for the services they provide,
  - flat fee or hourly rate to develop a plan,
  - commission for the products they sell, or
  - percentage of the value of assets they manage for you.
- ☒ Ask every person you interview to explain their fees. Be careful about doing business with a professional who does not want to discuss the fees and other charges that apply to your account.
- ☒ Ask for a list of services the person will provide and be sure to get it in writing.
- ☒ Check their references before you commit.<sup>22</sup>

## Step 5: Evaluating Housing Options

Housing is the largest expense for the typical budget of an age 65 plus household, taking up roughly 40-45 percent of expenses.<sup>23</sup> Some widows want to stay and are fortunate to be able to continue living in their current homes. Others may not have sufficient income to stay in their home or feel they cannot take care of it, or they may simply not want to stay in their home. As a widow, once you have a clear picture of your income and assets, have made a draft budget, and determined how you will cover your health care needs, it is important to think about housing costs and the options you have.

### Personal Considerations

- ☒ What is important to me about where I live? Available activities? City or country? Family and long-time friends? Weather — four seasons?

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22 For more information on choosing a financial planner see WISER's "Financial Planner Alert" Fact Sheet at <http://www.wiserwomen.org/>

23 Joint Study for Housing Studies Harvard University, "Projections and Implications for Housing A Growing Population: Older Households 2015-2035." 2016. P.10.

- ☒ What about my support system if I move? Are there children and long-term friends nearby now? If I move away, will there be a support system available?
- ☒ How mobile or physically independent am I? Can I accomplish the home and personal chores associated with living alone?
- ☒ What will happen if or when I am unable to care for myself — long- or short-term?
- ☒ How important is the availability medical care? Do I have a medical condition that needs on-going attention? Is there a hospital or medical facility nearby? Do I have doctors that I want to stay with?

## Financial Considerations

- ☒ Can I afford to stay where I am?
  - Do I have a mortgage — can I afford it?
  - Can I afford the annual property taxes and increases in taxes?
  - Can I afford to make needed repairs?
  - Can I afford the additional costs of home ownership such as utilities, insurance, condominium fees, and lawn services?
  - Can I afford future retrofitting or remodeling to accommodate my needs as I age in place — such as a walk-in tub, or stair glide?

## Financial Options

- ☒ **House share.** If you want to keep your current home or want to rent a larger apartment and cannot afford to do so, a potential solution is to share. A housemate can help with the rent or mortgage and utility costs.
- ☒ **Sell your home and use the equity to buy something less expensive.** If you want to continue to own a residence, but need to cut spending, a residence that is smaller, or in a less expensive area can make financial sense. **There will likely be tax consequences when you sell your home. You may want to consult a professional before you act.**
- ☒ **Rent rather than own.** If you do not need or want to own, renting frees you from responsibility for expensive maintenance and many repairs. It also provides added flexibility if you are moving to a new city or area. It is a way to transition without having to commit to a purchase.<sup>24</sup>

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<sup>24</sup> These options were offered at the WISER Roundtable of May 2018. See the *Roundtable Report* at [www.wiserwomen.org](http://www.wiserwomen.org)

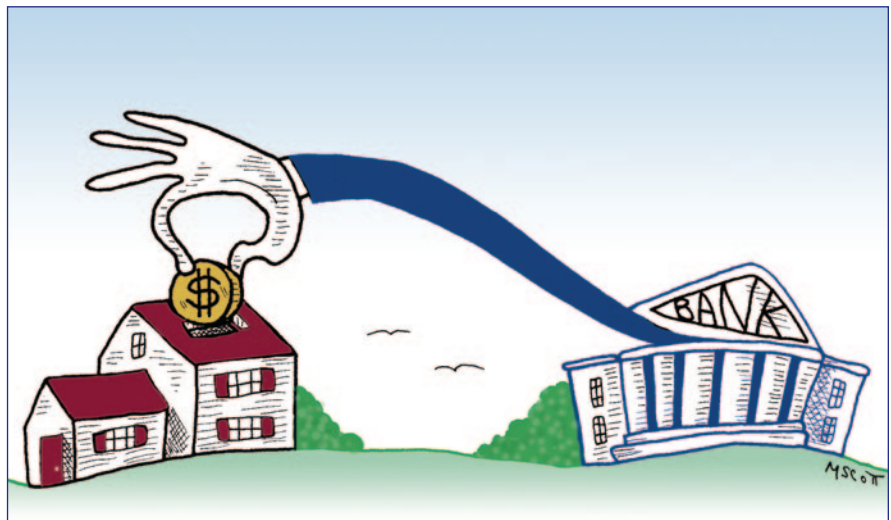
## Reverse Mortgages

Many widows find themselves “house rich and cash poor,” a situation where you have significant value in your home, but your income is too low to meet your expenses. A reverse mortgage is a way for homeowners age 62 to borrow against the value in their homes. A reverse mortgage pays the homeowner a loan as a line of credit, a lump sum, or a series of monthly payments. Reverse mortgage funds can give you some financial security by providing funds to supplement your income and pay your expenses.

You do not need to repay a reverse mortgage as long as you live in the home. It is important to understand that should you choose to sell your home and move, or when you die, the loan must be repaid. Your estate can repay the reverse mortgage when you die with proceeds from the sale of your home or from any other source of funds.

Before buying a reverse mortgage, consider carefully whether you want to or will be physically able to stay in the home you own for the long-term. One downside of a reverse mortgage is that equity in the home that is spent to cover current expenses will not be available later to buy a smaller home or a place in an assisted living facility.

A reverse mortgage can be a useful tool but should only be considered after a long-term financial plan is created.<sup>25</sup>



### How Equipped is Your Community?

The AARP Livable Community Index ([aarp.org/livabilityindex](http://aarp.org/livabilityindex)) identifies a livable community as one that has affordable and appropriate housing, supportive community features and services, and adequate mobility options, which together facilitate personal independence and the engagement of residents in civic and social life.

25 For more information see: WISER's Fact Sheet, “Reverse Mortgages: Would One Be Right for You?” <http://www.wiserwomen.org/>

# Housing Options

## Stay or Go Decision

The “Stay or Go” decision includes estimating and projecting basic housing expenses and factoring in major replacement costs such as roofing, heating and cooling units and appliances. Many financial planners suggest establishing a special “renovation fund” as soon as you retire for all the systems that may need to be replaced. There may also be ways to help pay for home-related expenses; counties, cities and states provide property tax relief (sometimes referred to as senior “circuit breaker” programs) to older homeowners, and some offer tax credits for home modifications and home energy efficiency programs. Here are examples:

- ▣ Some states, local government agencies, and nonprofit organizations offer low cost loans to help pay for home repairs, modifications, improvements, or property taxes.
- ▣ Some nonprofit organizations or utility companies may also provide home modification or weatherization services at no cost.
- ▣ Some counties and cities allow property tax deferral until a house is sold.

## Other options

As the need arises for more help, assisted living and nursing facilities are an option. This means that the person is not leaving the community she knows, but rather moving to a different residence within the community. Aging Life Care Professionals ([aginglifecare.org](http://aginglifecare.org)), formerly known as Geriatric Care Managers, have a specialized focus on issues related to aging and health care and have extensive knowledge about the costs, quality and availability of community resources.

- ▣ **Home and Community-Based Services (HCBS)** are designed to help people to stay in their homes, rather than moving to a facility for care. HCBS can provide a wide variety of health and human services such as transportation, nutrition services, and homemaker assistance. For more information on Home and Community-Based Services in your state go to the Eldercare Locator at: [www.eldercare.acl.gov](http://www.eldercare.acl.gov).
- ▣ **Life Plan Communities or Continuing Care Retirement Communities** provide a continuum of care within the same community. Individuals may live independently in a house or apartment that is part of the CCRC as long as they want or can. Services such as meals, personal care, housekeeping, transportation, health services, and emergency help are available for residents to pick and choose. CCRCs also offer social and educational opportunities.

## Involve the Family

When making these decisions, be sure to consult with your family and consider obtaining professional assistance from a financial advisor, elder law attorney or Certified Aging in Place Specialist (CAPS) who can help you make the best choices for home modification. Learn more at: <http://ageinplace.com/aging-in-place-professionals/certified-aging-in-place-specialists-caps>.

# WISER® Resources

## Government Contacts

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**Administration for  
Community Living/  
Administration on Aging**  
acl.gov  
(202) 401-4634

**Center for Medicare &  
Medicaid Services (CMS)**  
Medicare.gov  
(800) Medicare

**Department of Labor  
Employee Benefits Security  
Administration**  
DOL.gov/ebsa  
(866) 444-EBSA

**Pension Benefits Guaranty  
Corporation**  
pbgc.gov  
(800) 400-7212

**Social Security  
Administration (SSA)**  
SSA.gov  
(800) 772-1213

**VA Toll-Free**  
My VA 411  
(844) 698-2411

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### The Eldercare Locator

A nationwide service from the Department of Health and Human Services that connects older adults with a variety of local, trusted services in their community. Call **1-800-677-1116** or visit [eldercare.acl.gov](http://eldercare.acl.gov)

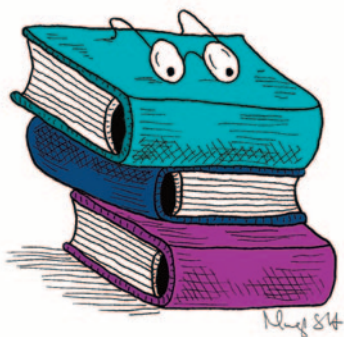
### Benefits Check Up

A free service of the National Council on Aging that allows you to quickly find benefit programs that could help pay for medications, health care, food, utilities and more. Visit [benefitscheckup.org](http://benefitscheckup.org).

### RISE Score™

A comprehensive online user-friendly retirement planning tool designed to prompt all Americans to think about their needs to protect their income — a recent study shows that only 4 out of 10 women think their retirement savings will last their lifetimes.

[www.protectedincome.org/  
retirement-tools/rise-  
calculator/](http://www.protectedincome.org/retirement-tools/rise-calculator/)



### Your Future Paycheck Calculator

WISER's Your Future Paycheck® calculator is a lifetime income calculator which allows you to calculate an annuity based on investing a set amount for a desired monthly sum. For instance, it has just a few questions — if you want a monthly amount of \$1,000 to pay your bills, the calculator is tied to the current market and will tell you how much you need to guarantee a \$1,000 monthly payment for the rest of your life. <https://www.wiserwomen.org/your-future-paycheck-calculator/>

### WISER Fact Sheets

available online at: [wiserwomen.org](http://wiserwomen.org)

- ☒ **Social Security: What Every Woman Needs to Know** contains more information about widow's benefits.
- ☒ **Widows and Widowhood** contains information on "next steps" after the death of a spouse.
- ☒ **Widow's Pension Checklist** information on pension benefits.

## *Providing Women with a Secure Financial Future*

*The Women's Institute for a Secure Retirement (WISER) is dedicated to the education and advocacy that will improve the long-term financial quality of life for women.*

*As the only organization to focus exclusively on the unique financial challenges that women face, WISER supports women's opportunities to secure adequate retirement income through research, workshops, and partnerships.*



WISER, in partnership with the U.S. Administration on Aging (AoA), maintains the National Education and Resource Center on Women and Retirement (the Center) to provide user-friendly financial education and retirement planning tools for low-income women, women of color and women with limited English-speaking proficiency. WISER's mission is to inform women about the issues that affect their long-term financial security and to stress the importance of taking an active role in planning for their future retirement. Through the Center's one-stop-gateway, women have access to comprehensive, easily understood, information that allows them opportunities to plan for income during retirement and to plan for long term care as they need it. The Center also serves as a national clearinghouse and technical assistance center for retirement planning information tailored specifically for women.



**WISER<sup>®</sup>**

*THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT*

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