

Minimizing the Financial Impact of Losing a Spouse

Losing a spouse is always painful and difficult. This can also be a devastating time financially for retirees. How do you plan for such a loss, and what do you do if you are in the midst of dealing with this crisis right now? The following is a list of things you may want to do to help you prepare for the financial impact losing a spouse can cause.

- **Get organized**
Organize and centralize all of your financial records so they are accessible to both of you. Discuss your preferences for sharing information about online accounts, keeping security considerations in mind.
- **Share information**
Make sure both of you are fully informed about all of your retirement resources, such as Social Security benefits, IRAs, pensions, and any employer retirement benefits. Make sure both of you understand your basic estate planning documents, including your wills, powers of attorney for health care, and living will.
- **Budget for one income**
In addition to planning for retirement with income and benefits from both spouses, consider what will happen if one spouse dies soon after retirement. Plan a budget based on one income to be prepared.
- **Consider working longer**
Delaying Social Security benefits for whomever makes the higher income can be a good strategy for increasing retirement income. If the higher-earning spouse passes away, the surviving spouse can claim those benefits as if they were his or her own.
- **Review insurance policies**
It's important for you to make careful decisions about insurance to minimize the impact of your spouse's death. For many couples, a joint-life annuity payment option will work better than a single-life option. The monthly benefit amount for the joint-life option will be lower, but it will be guaranteed to pay until the surviving spouse passes away. In addition, given the high cost of nursing care, it often is wise to purchase a long-term care insurance policy. An alternative to long-term care insurance may be to purchase life insurance and have the survivor earmark a portion of those benefits for long-term care and medical expenses.

For steps to take after a spouse passes away see [Action Steps to Take When a Loved One Dies](#) in the next section of this Toolkit.