

# Financial Planners: Educating Widows in Personal Financial Planning

Brian R. Korb

*Widows constitute a growing segment of the U.S. population; however, very little has been done to educate them on the basics of personal financial planning. The creation and implementation of financial planning education programs for widows can help them become more financially literate and free them from anxiety and fear. Interviews with eight financial planners and 12 of their widow clients, along with research into financial planning education programs form the basis for this paper. Research findings include suggestions for financial education content in the topic areas of financial planner qualities, goal setting, cash flow management, risk management, investment management, and estate planning. Implications for the role of financial planners and non-profit educational institutions in the financial education of widows are discussed.*

*Key Words: financial planning education, financial planner, personal financial planning, qualitative research, widow*

## Introduction

Widows constitute a growing segment of the U.S. population; however, very little has been done specifically to educate this segment on the basics of personal financial planning. Historically, many married women have relied on men for their financial support. “While this attitude toward financial dependency is changing, it remains a powerful force in America,” says William L. Anthes, Ph.D., president of the National Endowment for Financial Education (NEFE) (Anthes & Most, 2000, p. 130). The creation and implementation of financial education programs for widows can help them become more financially literate and economically independent.

The number of U.S. widows will grow as the baby boomer population ages. There are 27.5 million married baby boomer women (women born between 1946 and 1964), 70% of whom are expected to outlive their husbands (Jervey, 2005; Perkins, 1995; U.S. Census Bureau, 2000, Table PCT7). Financial risks faced by female baby boomers include the rising costs of medical care, longer life expectancy, doubtful viability of Social Security and Medicare, inadequate retirement savings, and marital disruption through divorce or widowhood (Gaffen, 2004;

Glass & Kilpatrick, 1998). These risks are compounded by the fact that baby boomer median financial assets (net worth minus home equity) were only \$51,000 in 2001 (Gist, Wu, & Verma, 2004). Single women who had been married (widowed, divorced or separated) were about twice as likely (12%) as the average boomer (7%) to have zero or negative net worth (Gist & Wu, 2004). The poverty rate (approximately 20%) among unmarried women living alone aged 50 and older is four times the rate of married women and married men (Lee & Shaw, 2003). Little consideration, however, has been given to educating older, single women on strategies for gaining and maintaining financial independence apart from investing (Into, 2003). Many of these strategies are associated with daily money management tasks.

Interviews with 12 baby boomer widows and their eight financial planners, along with research into financial planning education programs, form the basis for this paper. The content, as well as delivery methods for such programs, are also discussed. Distinctions among the widows, segmented by age, will then be addressed. Lastly, the role of financial planners and non-profit educational institutions in these education programs will be discussed.

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## Review of Literature

Literature related to financial education content and delivery methods specifically for widows was scarce; therefore, the search was widened to include women in general. Content for financial education programs for widows will be addressed first, then delivery methods, and finally widow segment distinctions.

### *Financial Education Content*

Financial education can help a widow to increase her knowledge and reduce her stress. Says Sharon Trusty, suddenly widowed at age 48:

But I realized something important: the more information I had, the better I understood. The better I understood, the clearer things were, the more confident I was, and the easier my life would be. I knew I had to get an understanding of it all [financial matters]. (Trusty & Corkern, 1999, p. 82).

Sharon's understanding of financial matters came from her financial planner. Developing an adequate financial plan is critical for women due to their longer life expectancies, greater chances of becoming widowed, and higher probabilities of ending up in a nursing home (Clark, d'Ambrosio, McDermed, & Sawant, 2003).

Alexandra Armstrong and Mary Donahue (2006) in their classic book, *On Your Own: A Widow's Passage to Emotional & Financial Well-Being*, recommend getting organized as the first step in the financial planning process for a widow, even prior to seeking a financial advisor. Once organized, a widow may find a financial planner to be helpful. Women are more inclined than men to seek professional advice (Alcon, 1999). A financial planner can assist the widow in making sound, long-term planning decisions, as opposed to knee-jerk, short-term decisions only based on part of her situation (Trusty & Corkern, 1999). The role of the financial planner should be that of decision partner, "a reliable, trustworthy and objective advisor" available to the widow to help her make informed decisions (Trusty & Corkern, 1999, p. 99).

Over half (52%) of the women who had not yet worked with a financial planner said they would like professional financial planning help in a 1998 study conducted by the National Center on Women and Aging (NCWA). However, more than half of these same women did not know how to check a financial planner's credentials (NCWA, 1998). A checklist to assist a widow in seeking a quali-

fied financial planner is attached as Appendix A. In addition, a more detailed financial advisor diagnostic can be found on the National Association of Personal Financial Advisors' (NAPFA) website at [http://www.napfa.org/tips\\_tools/index.asp](http://www.napfa.org/tips_tools/index.asp).

Several sources mention the importance of goal setting for women and the role of personal beliefs. Brennan and O'Neill (2004) point out that one's values, "beliefs about what is important in a person's life" (p. 6), are the foundation of goal setting. Also, focusing more on short-term goals in the education program can avoid overwhelming an already emotionally fragile widow (Colgan, 2004).

Education topics related to cash flow are often mentioned in the literature. "Surviving spouses are traditionally concerned first and foremost with cash flow" (Thomas & Katzeff, 1999, p. 86). At the husband's death, the widow's private pension benefits received from the husband's former employer may be reduced or disappear entirely, while the total income from Social Security typically drops between 33-50%. The average widow may live for an additional 15-20 years after her husband's death (Anthes & Most, 2000; Munnell, 2004). Social Security accounts for half or more of the income of the majority of single women age 65 and older (Rix & Beedon, 2003). Living within one's means is a key to women aging well, according to a 2002 National Center on Women and Aging national poll of women age 50 and older (NCWA, November 2002).

Planning for long term care can be important for women. In 2004, 71% of nursing home residents were women, and these women had been in the nursing home for a median length of time of 511 days (National Center for Health Statistics, 2004). The majority (63%) of female baby boomers, in a 2000 study commissioned by GE Center for Financial Learning, stated that when the time came that they needed long term care, they would rely on their spouses to take care of them (GE, 2004). Unfortunately, 59% of women over age 65 will not have a spouse to take care of them due to divorce and their longer life span (GE, 2004).

Many sources mention the subject of confidence swindles. Elderly victims of confidence swindles have been shown to be primarily single white females, age 65-79, who live alone and are not employed outside the home (Friedman, 1992). Widows can be vulnerable to pressure from opportunists or financial solicitors, which may even include members of their own family (NEFE, 2001). Educating widows in this area can increase their sense of internal control and

self-efficiency and enable them to be less susceptible to financial mismanagement or exploitation (Into, 2003).

According to Alcorn (1999), saving and investing are important topics for a widow because women do not save as much as men nor plan as well for retirement. Divorced, separated and widowed women have been shown to have the lowest amount of savings among demographic groups (Glass & Kilpatrick, 1998). A NCWA study found that while women tended to have a low risk tolerance, the range varied significantly due to age, education and income (1998). Women correctly answered only 43% of questions on diversification and risk in the 1998 NCWA study. They are in need of guidance on diversification as they also concentrate their savings into low-risk investments (Glass & Kilpatrick, 1998). In addition, the majority of women surveyed were not knowledgeable about their investment options (NCWA, 1998). Lastly, not only are women less informed and less likely to take risks on investment vehicles, but they are also more anxious than men about their investments (Dreyfus, 1998).

Updating the widow's will is very important because in most states the death of her husband will invalidate her previous will (NEFE, 2002). Prenuptial agreements are especially applicable for a widow who has children, assets over \$100,000, or owns a business interest or partnership (Hannon, 1998). Checking beneficiaries to ensure they are renamed on all insurance policies, retirement accounts, and any other financial accounts is also an important step the widow should be informed of in the education program (NEFE, 2002). Literature on financial education delivery methods will be reviewed next.

### ***Financial Education Delivery Methods***

Transitional moments, such as being widowed, provide a prime opportunity to educate women about financial issues (NEFE, October 2000). Educational formats that allow active participation and personalized materials may be most effective in helping women learn and apply financial knowledge (Montalto, 2004). A 1997 gender study by Dreyfus Corporation confirmed that more women than men prefer personalized attention with finances (Dreyfus, 1998). Providing generic information in writing is the least effective method of financial literacy education, while providing frequent, specific, individualized training in a personal way is most effective (Todd, 2002). It has been shown that outcomes improve when training is delivered face-to-face, such as in a classroom or one-on-one instruction (Todd, 2002).

Women over 60 years old prefer non-vocational, non-accredited courses over vocational, accredited courses, and prefer to take them in the daytime, as opposed to evening (NIACE, 2002). Programs that span a number of years and are offered on a regular basis appear to be more effective for women than shorter, inconsistently offered ones (Fox & Bartholomae, 2006). Finally, in a study performed by the Federal Reserve Bank of Chicago, older adults (aged 45 and above) and females were more likely to choose informational seminars over formal courses, radio programs, videos/cd-roms/dvds and the Internet for delivery of financial information (Rhine & Toussaint-Comeau, 2002).

A workshop format has been shown to be effective in educating women on financial planning. A follow-up participant survey of the nationwide Women's Financial Information Program (WFIP) workshops showed that women became more knowledgeable and acquired practical tips and guidelines from the workshops (Kinney & Goebel, 1995). Most participants also reported having a more positive attitude toward managing finances as a result of the workshops (Kinney & Goebel, 1995). According to Verelyn Gibbs-Jones (2005), director of marketing services for women's markets at New York Life Insurance Company, workshops are an effective approach to financial education for women due to their interactive, personalized nature. The workshop should be fun as well as enriching and provide time for group activities (Tompkins, 2003). Including a take-home workbook as part of the financial planning workshop has been shown to increase the perceived learning among women (Fox & Bartholomae, 2006).

Some literature speaks to the subject of widow support groups and peer mentoring. A five week widow support group was shown to increase support satisfaction, diminish support need and increase positive effect (Stewart, Craig, MacPherson, & Alexander, 2001). Positive effects included enhanced confidence and hope and a greater sense of competence and self-esteem (Stewart et al., 2001). Mentoring by a peer who would serve as a role model and speak at clinics or small groups was suggested as a method for teaching women money management (NEFE, October 2000; NIACE, July 2002). These mentors should be peers from groups in which the widows normally associate such as churches, job-training programs, etc. (NEFE, October 2000). As an example, AARP has successfully run a well-respected mentoring program called the Widowed Persons Service (NCWA, 2002).

Personally relevant programs that are appropriate for the social context of the participants are mentioned in the literature. Making the program personally relevant has been shown to have a significant positive effect on a woman's perceived learning in a personal finance seminar (Fox & Bartholomae, 2006). The program should also be tailored to the target audience's language, culture, age and experience (U.S. Treasury Department, Office of Financial Education, 2004). A financial education program should be developed in the social context in which the widows live, and should encourage participants to examine their cultural imprinting and stereotyping (NEFE, October 2000). Some of the distinctions among the widows based on age of widowhood that influence personalization will be discussed next.

### ***Distinctions Among Widow Segments***

Widows can be distinguished by age when widowed, among other factors. Widows are often referenced as younger (below age 35), mid-life (age 35-55), and older (over age 55). The number of widows, according to the U.S. Census Bureau as of January 2003, include 119,000 younger widows, 959,000 mid-life widows, and 10,219,000 older widows (Fields, 2003). Fully 77% of widows are age 65 and older, while 52% of widows are age 75 and older (Fields, 2003). Almost half (46%) of women aged 65 and over in 2002 were widows (Administration on Aging, 2003).

Younger widows tend to be less risk averse and more financially literate than older widows (Alcon, 1999; NEFE, November 2000). They bear a greater responsibility for funding and investment decisions regarding retirement due to the shift to defined contribution plans by employers and Social Security reform (Alcon, 1999). They are also at greatest risk for economic hardship after widowhood because duration of widowhood is directly related to future poverty (Sevak, Weir, & Willis, 2003). They are often left in greater shock and deeper resentment with less support and fewer role models than older widows (Elefant, 1989). As a result, they often act out this bitterness by indulging in spending sprees (Elefant, 1989).

Mid-life widows tend to be more financially savvy than older widows, but carry more debt as well (NEFE, November 2000). They can often be found caring for children and aging parents and having blended families (NEFE, November 2000). They both love money and are fearful of it, but like to focus on personal relevance (NEFE, November 2000). They are often faced with financial challenges due to inadequate health insurance resulting in debt incurred due to medical expenses related to their deceased hus-

band's final illness (Scannell-Desch, 2005). They may also have inadequate life insurance to cover a home mortgage and children's college expenses (Scannell-Desch, 2005). A mid-life widow often worries about finding higher paying employment to help replace lost income from her late husband (Scannell-Desch, 2005). A woman widowed in her 50's is more likely than an older widow to end up in poverty due to non-receipt of Social Security benefits until age 60 (if there is no dependent child under age 16) and due to the loss of potential retirement savings and pension accrual from her deceased husband (Sevak, Wier, & Willis, 2003). Lastly, perhaps the most significant factor related to the economic well being of widows is that the longer the duration of widowhood, the greater the likelihood of the widow ending up in poverty (Sevak et al., 2003).

Older widows are usually far less financially literate and aware compared to the younger two segments (NEFE, November 2000). Many widows have relied on men for financial support most of their lives and many have been "conditioned to believe that they cannot competently handle money" (Anthes & Most, 2000, p. 130) and have therefore left managing money to someone else (Alcorn, 1999). They typically have less income and less wealth than younger widows (Alcon, 1999). Older widows can be profoundly uncomfortable and unprepared to manage money (Alcon, 1999). Moreover, they fear they will run out of money because now they are dependent solely on themselves (Chesler, 2003). This fear may be part of the reason why older widows are most likely to become victims of swindles and why they are particularly in need of the help of a financial planning professional.

### **Methodology**

A qualitative study utilizing the grounded theory design was used to evaluate the process of baby boomer widows working with financial planners. This involved learning the views of financial planners and their baby boomer widow clients, rather than only measuring variables. Quantitative research seeks to answer "why" questions, while feminist interpretive or qualitative research seeks to answer "how" questions (Jansen & Davis, 1998). Qualitative studies have been shown to secure fuller, more detailed and richer descriptions than could be done using a quantitative approach (Denzin & Lincoln, 2005). A qualitative approach can be the most appropriate method of research when one desires to get a broader view of women's experiences (Siebold, 2000). "Researching sensitive topics may be better achieved by a qualitative approach, which offers more personal and interactive communication and has the po-

tential to diminish the typical power relationships present in conventional research” (Jansen & Davis, 1998, p. 291). For these reasons a qualitative, rather than quantitative, research design was chosen for the current study.

The grounded theory design was chosen because it is more likely to resemble reality than a theory based upon one’s own conceptions, experience or speculation (Strauss & Corbin, 1998). Strauss and Corbin (1998) propose that because grounded theory is drawn from the data, it may therefore “offer insight, enhance understanding and provide a meaningful guide to action” (p. 12). Strauss and Corbin’s (1998) text was utilized as a guide for exploring the data collected utilizing grounded theory.

Eight financial planners and 12 of their baby boomer widow clients were interviewed for this study. The financial planners were accessed through national financial planning organizations, had baby boomer widow clients, and were willing to approach their clients to assess their willingness to participate in the study. As of the time of the study, the financial planners had been in business for 10 to 30 years, with an average of 19 years. Two of the planners were females, and all except one had their CFP® certification.

The widows were introduced to the investigator by their financial planners. Baby boomer widows were the focus of the study due to the large population of married baby boomer women (25 million) who one day will comprise the majority of widows in America. The 12 women interviewed were age 45-60 at the time of the study, and were widowed between age 35-56. They were located in nine states and had worked with their financial planner from 2 to 21 years. Seventy-five percent of them began their relationship with the financial planner within one year of being widowed. In keeping with the grounded theory qualitative approach to the study, each new participant was interviewed until the interview resulted in very little additional information being added (Glaser, 1978; Glaser & Strauss, 1967). A category is considered to be saturated when little or no new information emerges from the coding of the most recent interview (Strauss & Corbin, 1998). Saturation became apparent with the last three widows interviewed as the same themes were repeated and the coding of the interviews resulted in very few new nodes.

As soon as the interviews were accomplished they were transcribed and then coded. Open coding involves assigning categories to words, phrases, sentences, or even whole paragraphs. To code the documents, in vivo categories were

used which are created directly from a word or phrase in the transcript. In addition, other categories were created from the conceptualization of what was being discussed. The coding resulted in five major categories of data or themes, each having many subtopics, or nodes. These themes were chosen not because of how many widows alluded to them, but because of how many times the widows as a whole mentioned them or their components. In applying grounded theory “one is not interested in how many individuals exhibit this concept, but rather in how often this concept emerges” (Strauss & Corbin, 1998, p. 95).

The five themes identified in order of most referenced to least referenced were interactions, qualities desired in a financial planner, actions desired from a financial planner, choosing a financial planner, and widow information. The themes and their nodes, or subtopics, are summarized in Table 1.

## **Findings**

### ***Financial Education Content***

The interview results suggested numerous financial education topics that would be of benefit to widows. Many of the topics mentioned would naturally be included in a financial education program to virtually any audience. The following discussion will not focus on those, but rather on the unique topics mentioned, or on the common topics that had significant importance to the widows interviewed. The relative importance of the topic often makes it stand out rather than its uniqueness. Topics discussed below include financial planner qualities, goal setting, cash flow management, risk management, investment management, and estate planning.

*Financial Planner Qualities.* Qualities desired in a financial planner was an important topic to the widows. Being a person of integrity, “someone I can trust,” was the most cited quality. This was especially valued given the emotionally and mentally vulnerable state of most new widows. One of the widows gave this advice as she described her mental state: “Make sure you have a trusted adviser...to help you make some of the decisions because your mind is in a fog and you don’t think really clearly for a long time.” Another widow discussed the emotional state of new widows in this way:

It’s almost like the worst possible time to have to find somebody to help you, is when you’re emotionally vulnerable. They’re [new widows] going to need somebody that they’ll feel comfortable crying with,

**Table 1. Summary of Themes and Nodes (ordered from most to least referenced)**

<b>Themes</b>	<b>Nodes</b>	<b>References</b>
Interactions	Emotions	64
	Benefits	54
	Topics	38
	Types	33
	Frequency	23
	Results	21
	Changes in interaction	14
	Low benefitss	9
	Lack of energy	4
	Total	260
Qualities desired in a financial planner	Be a person of integrity	40
	Connect emotionally	32
	Be personal	25
	Be an excellent planner	17
	Gender	10
	Total	124
Actions desired from a financial planner	Communicate well	50
	Provide for current needs	29
	Serve as a decision partner	14
	Prepare for the future	13
	Provide support services	12
	Total	118
Choosing a financial planner	Process of seeking a planner	35
	Reasons why chose planner	25
	Timing on seeking help	14
	Total	74
Widow information	Financial involvement	10
	Relative nearby	9
	Children	7
	Time in location	6
	Husband's death timing	4
	Husband's death details	3
	Location	2
	Status of stock market	2
	Parent information	1
	Total	44

that, you know, they feel like is interested in them as a person and not just for their money.

While it is important for many clients to connect with their financial planner emotionally, it is especially so for a widow. She is looking for an empathetic counselor whom she can trust to provide her unbiased advice during her time of mental and emotional weakness.

However, the widows interviewed were not looking for a financial planner to tell them what to do, but to suggest alternative courses of action and let the widow decide. They were looking for someone to step in as a decision partner, having lost their husband who once filled that role. As stated by one of the widows:

That's one of the hardest things about being a widow is having to make every decision on your own. So, that was helpful just to have somebody else to aid in making some of those financial decisions.

Most of the interview participants, both financial planners and widows, mentioned the expectation that the financial planner would not only help them discern what needs to be done, but also serve as the coordinator to make it happen. In most cases this involved the planner not only recommending other professionals, but also going with the widow client to meet the person. This included such other professionals as lawyers, accountants and tax preparers.

In addition to the above, factors mentioned by the widows as important in choosing a qualified planner were the planner's credentials, references, compensation, comprehensiveness of services, and independence. The most often cited method of finding a financial planner was to obtain references from friends or family members whom the widow trusts.

*Goal Setting.* The goals stated by widows in the interviews were many and varied. While the goals they mention were not unique to widows, they were very pronounced in importance. For example, short-term goals, such as planning cash flow, were mentioned quite often. Other often cited short-term goals included travel, home remodeling, gifts for friends, and care of elderly parents.

Longer-term goals were also important, but not an immediate priority. The interesting point about long-term goals was they were often part of the couple's plan prior to the death of the husband, but ratcheted up in priority upon his death. Long-term goals included dealing with issues

surrounding the widow's children such as college education and estate planning. Retirement planning was another oft-mentioned goal, along with the investment of rollover funds and life insurance proceeds to help accomplish this goal. One widow summarized her short and long-term goals this way:

I knew where everything was but I wasn't sure what all I wanted to do with it to plan, as I said, for income for me. I needed to know, I really needed to know whether I should rush out to work or did I have some time? Or what type of investments should I make to prepare for my son's college as well as prepare for my retirement? Although I knew I needed to do all that, and I knew I needed to do it before [her husband's death], I just knew I didn't want to put it off.

*Cash Flow Management.* For most widows interviewed, this was the number one financial objective on their minds. It is not unique to widows, but the tremendous importance they placed on it should give it top priority in any financial education program oriented towards widows. A financial planner explained how he methodically worked through the cash flow issues with his widow client to enable her to understand her income and expenses. This takes a lot of effort, as he mentioned, "We spend five times more time talking about cash flow and how to handle cash management than we ever do investment philosophy."

Creating a budget as part of the cash management plan was very important to the widows interviewed. One financial planner stated, "Our immediate concerns were how are we going to pay the bills?" Controlling spending was important to most widows. Having someone like a financial planner helping them find ways to control spending was of great benefit. As explained by one widow, "My financial planner would question my spending...because that's another thing that gets you in trouble when all this stuff happens to you. You find yourself spending everything you can because being out shopping helps kind of ease some of it." Another widow explained the desire to shop, naming it "retail therapy."

Retail therapy is this chunk of money that is spent in the first two or three years for whatever reason after a spouse has died. Some women, you know, just have to get out of town and so they then go traveling for 4-5 months. You know some women, just to get their mind off of it they go shopping. Some women start buying all of their friends presents. In a lot of

cases-- and this was my case-- my children did not want to leave the house that we were living in but I did. So instead of moving, I spent money remodeling my home to make it to where it was different enough to where I could live in it.

This is a unique aspect of cash flow management which should be addressed in a widow financial education program. Since it is common for widows to deal with their grief in this way, a program designed to help widows manage finances must take this into consideration. Another reason to cover spending and budgeting in an education program for widows is that the widow may have received insurance or other lump-sum funds in an amount that she has never seen before. As one widow stated:

If you have access to funds, it's money that you may not have had before. It's really easy to spend it...I just know of too many widows who, and I was the same way, you go through your married life, you're always pinching pennies and then all of a sudden here comes this money you never had before and it's just really easy and all the while you think you're doing sensible things but looking back they can be really stupid.

The education program can help widows set realistic spending goals, providing the opportunity to shop while at the same time providing boundaries to avoid spending down assets too quickly. A widow mentioned that she would not have spent so much of her inheritance if she had gone to a financial planner sooner. One financial planner summarized the importance of dealing with cash flow concerns for widow clients this way:

They're very fearful about how much money is it OK for them to spend. They are so concerned about cash flow issues, and so concerned about what's going to happen to them in 20 years from now. So being able to show them, OK, this is how much we are going to have set aside for long term goals, and this is how much we can afford for you to spend now, is really important. When you are dealing with much higher numbers than that, it's even more important, because if you had a husband that been making \$350,000, even if you've got a \$2.5 million portfolio, you can't live like you have \$350,000 of income. So, helping them set realistic goals on how much income they're going to have to spend and what kind of changes that's going to mean in their lifestyle is really important.

*Risk Management.* Many widows mentioned how they felt in a "fog" or like they "had a stroke" emotionally after their husband died. They knew they were in no condition to handle their own financial affairs, and also that they were vulnerable to bad—or worse, unethical—advice. They suggested that new widows seek out a trustworthy financial planner immediately in order to avoid the risk of making bad decisions or succumbing to fraud. The other primary risk management issue mentioned involved health insurance. Many widows were left with substantial medical bills resulting from their husband's condition before death. Added to that was the issue of health insurance coverage for the widow, and in many cases, her children. A financial education program covering the topics of confidence swindles and health insurance would be of benefit to many widows.

*Investment Management.* Obtaining wise investment advice was of utmost importance to most widows. One of their top concerns was how best to manage their inheritance to meet their cash flow requirements, and how to invest the cash received from life insurance policies. As stated by one widow:

The insurance money was totally new money and I didn't really know what to do with it and I told my son this. What should I do? I need somebody to help me. I don't want to do it myself.

While not unique to widows, this topic was very important to them because having a diversified portfolio gave them a sense of safety and security. They were as much interested in the emotional benefits of wise investment planning as the financial security benefits. Discussing how an investment portfolio can be structured to diversify away unnecessary risk, while at the same time providing income needs, certainly will add value to a widow financial education program.

*Estate Planning.* Creating new estate planning documents, or updating existing ones was crucial for each widow interviewed. For example, updating beneficiaries was particularly important to those widows interviewed who had young children. One widow described her need in this way:

He [the financial planner] advised and facilitated me in preparing a host of estate planning documents that I did not have, such as a new and much more detailed will, medical powers of attorney, medical directives, etc. When my husband died, we had simple holographic wills, but he knew I would take care of



our sons and myself. However, if I died before the boys reached their majority then I needed to consider right then how the estate would be managed to best benefit our sons. My financial planner helped me through the process and so relieved me not only of the worry of my financial future, but also that of my sons should something happen to me.

While estate planning is important both to widows and divorced women, this topic was of high importance to the widows because they came face-to-face with death and thus more seriously considered their own mortality. In addition to the above mentioned estate planning documents, one widow mentioned the benefit of having her financial planner educate her and help her to create an appropriate prenuptial agreement. Wills, estate planning and prenuptial agreements are all essential components in a financial education program designed for widows.

#### ***Financial Education Delivery Methods***

The purpose of this study was not to assess delivery methods, so only a few comments were made regarding this topic. The widows interviewed specifically appreciated the one-on-one instruction provided by their financial planners. This resulted in a comfortable environment in which the widow was willing to open up, learn, and if necessary, change her behavior. One widow mentioned how important it was to her that her financial planner recommended a widow support group. She is still active in it years later as a mentor to new widows and had this to say:

You need to get with other people that are in your same situation. Those are the things that those women can talk about, that do talk about things like that because people from the outside, even people like me where it's been 14 years now [since being widowed], people like me, you know, we never think we're going to go through what we go through and it's so awful and it's so horrendous and you just have this hole in your heart and it just never ever goes away.

This advice is in keeping with the literature that points toward workshops with small groups of like people, which may be the most beneficial format in which to deliver financial planning education. It also speaks to the benefit of utilizing mentors who are also widows in the small groups.

#### ***Distinctions Among Widow Segments***

Most of the widows interviewed fell into the mid-life category (age 35-55). They were in shock at having lost

their husband at such a young age. As a result, they were very concerned about both their immediate cash flow and their future financial independence. Many of them still had children at home or in college, and a few of them were also caregivers for their elderly parents or parents-in-law. By educating these widows on cash flow issues and assisting them in their own retirement and estate planning, their financial planners were able to reduce their stress and increase their peace of mind. Keeping it simple was a common theme, as relayed by one widow:

He's changed how he structured his reporting system and I'm sure I'm not the only one who's, you know, eyes glaze over when he gives you these beautiful graphs and I'm sure it took him time to do those but I don't need to see those. To me, just keep it simple. Keep it simple.

An education program that is clear, concise, and covers the important topics of cash flow management and goal setting can be of assistance to widows in this age group.

Some of the widows interviewed were in the older age group. They tended to be less technologically and financially savvy than the younger widows. They were also more likely to be homemakers than their younger counterparts. As a result, education was far more important for them, particularly in increasing their comfort level with their financial situation and future cash flow. As one of the financial planners stated, "Educate, educate, educate." It is a continual process, but the planners saw positive results both in the widow's financial understanding and also her sense of security and peace of mind. An education program that is clear and concise, and spans multiple meetings over time is of most benefit to these older widows.

### **Implications**

#### ***Role of the Financial Planner***

The private sector is the key to successfully educating widows. Without the involvement of financial planners, there will not be enough qualified instructors for the workshops needed to service this growing population. Certified financial planner practitioners not only have the necessary financial knowledge, but often have extensive experience serving widows; therefore, they are ideal for leading such seminars and workshops. A large contributor to perceived learning in one women's financial planning workshop was the effectiveness of the instructors (Fox & Bartholomae, 2006). The knowledge and experience of a financial planner can lead to more effective instruction.

However, as financial planners provide workshops to widows they should not assume that a self-assured, successful widow is in fact financially literate or confident in her financial skills (Alcon, 1999). This was glimpsed in the study. One of the widows was a very successful physician, but relied heavily on her financial planner for cash flow and investment advice.

Because financial stress is found to increase social interaction shortly after a spouse's death, recent widows may be motivated to attend a workshop put on by a financial planner if invited by a friend or family member (Van Baarsen & Van Groenou, 2001). The responses in this study suggest that a widow would be unlikely to attend such an event or trust the financial planner apart from a recommendation from a trusted friend or family member. This implies that although widows may want the advice of a financial professional, they are wary of the process of finding one on their own and prefer to seek referrals from already trusted persons. The financial planner should not only seek to provide the widow with a personalized financial plan, but also provide her reassurance and sympathy (Colgan, 2004). A financial planner who is both empathetic to their situation and also reassuring was mentioned as highly important by almost every widow. Younger and mid-life widows may already be inclined to attend a financial workshop according to a study conducted by the Employee Benefit Research Institute, The American Savings Education Council and Matthew Greenwald & Associates. They found that 62% of working-age women seek the advice of a financial professional when making saving and investment decisions versus only 49% of working-age men (Albertson, 2000).

#### ***Support by Non-profit Educational Institutions***

Support of such workshops by non-profit educational institutions is crucial for their success. Creating a series of educational workshops utilizing local financial planners takes time, knowledge and money. Left to themselves and their own resources, few financial planners will expend the effort to create these workshops for widows. However, if provided with a turn-key solution by a non-profit educational institution, many financial planners may be willing to participate in or even lead such workshops in their local area. Financial planners who are willing to give of their time to teach personal finance principles to people in their community are what have made Jump\$tart and NEFE's high school financial planning program so successful.

Non-profit institutions have the necessary knowledge and expertise to create such workshops. For example, AARP

created and sponsored the Women's Financial Information Program (WIFP) that was implemented through many of the land grant university cooperative extensions throughout the nation until recently. NEFE and AARP co-sponsored a conference in 2000 titled "Women and Money Program Incubator" to address the crucial financial issues facing women in the U.S. (NEFE, February 2002). NEFE also sponsored a national meeting on financial psychology and life changing events in 2001, which included discussion of becoming suddenly single (NEFE, 2001). There are many more nonprofit institutions like AARP and NEFE that have the expertise, knowledge, and the ability to attract the best minds on the subject of widows and financial planning.

These institutions also are likely to have the funding to create a turn-key financial education program for widows. The U.S. Department of Agriculture's Cooperative State Research, Education, and Extension Service (USDA-CS-REES) has published a list of 17 regional and 28 nationwide non-profit institutions that fund personal finance research and education throughout the U.S. (USDA-CREES, 2005). By funding the creation of financial education programs for widows, these institutions can have a nationwide impact on widows' lives through the local implementation of the program by financial planners. Unfortunately, research into financial education programs showed that there are presently no such national programs in the U.S., and those that were once going such as AARP's WIFP are no longer being provided. An outline of points to emphasize in the content of a financial education program for widows, along with suggestions on delivery methods, is attached as Appendix B.

#### **Conclusion**

Widows can benefit from personal financial planning education. Unfortunately, there are no national financial education programs specifically oriented to this growing segment of our population. Programs can be created that include appropriate content delivered via effective methods. "Perfunctory, superficial, unenlightened efforts will not adequately address their needs nor enhance their financial security" (Anthes & Most, 2000, p. 142). In order to avoid these types of efforts, consideration should be given to the financial planning needs of widows and the differences among the three segments of widows. Lastly, for these efforts to be successful, support from local financial planners and nationwide non-profit educational institutions is crucial. If such programs are created and implemented, perhaps many widows will be freed from the emotional and financial bondage they currently experience.

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## Appendix A

Checklist for a Widow Selecting a Financial Planner

### Qualifications:

- Professionally licensed as a certified financial planner®? Go to the CFP Board's website at <http://www.cfp.net/search/> to find out.
- Experience? At least 7-10 years is a good minimum.
- Worked with widows before? Ask the financial planner to provide at least 2-3 references of current widow clients.
- Education? Does the planner have a degree, and if so, is it related to financial planning in some way?
- Is the planner's business complaint-free? Check it out on the Better Business Bureau website at [www.bbb.com](http://www.bbb.com).
- Has the financial planner been subject to disciplinary action or complaints?
  - If he/she is licensed to sell securities, do a broker check on him at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm>.
  - Also, check for any complaints filed with your state's securities regulator. You can find the contact information for your state at <http://www.nasaa.org/QuickLinks/ContactYourRegulator.cfm>.
  - Check to see if the firm is registered with the SEC at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_OrgSearch.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx).
- How is the planner compensated? Fee-only can be better than commission-only.
- What is the breadth of the planner's services? Does the planner cover all aspects of a personal financial plan, or only one, such as investment planning?
- How independent is the planner? Can the planner choose from many different providers of products and services, or is he/she limited in the choices? Does the planner's compensation vary based upon the product or recommendation?

### Qualities:

Insights into a financial planner's qualities can be gleaned from a personal interview with him, as well as by asking the following questions of his references.

- Does the planner act as a person of integrity?
- Does the planner put his clients' interests above his/her own, serving as a fiduciary to the client?

- Can you trust him/her?
- Do you connect emotionally with the planner?
- Does the planner communicate well, in a way you understand?
- Does the planner act as a decision partner, rather than a decision dictator?
- Does the planner act as a coordinator to assist you in getting the help you need from other professionals, such as lawyers or accountants?

## Appendix B

Suggestions for a Widow Financial Education Program

Content to emphasize, in order of importance:

- How to find a financial planner (see Appendix A)
- Short term goal setting
- Cash flow management
- Risk management to include confidence swindles, health insurance, and long-term care
- Investment management, especially the subject of diversification
- Estate planning to include updating wills, renaming beneficiaries, and the importance of prenuptial agreements
- Debt management

### Delivery methods:

- Utilize a workshop format
- Include as part of a widow support group
- Establish peer mentoring
- Develop personalized materials the widow can take home
- Encourage active participation
- Schedule many shorter sessions over a period of time, rather than one long session
- Schedule during daylight hours if possible