

WIDOW'S FINANCIAL GUIDE

Introduction

The material in this pamphlet was originally included in *The Complete Financial Guide for Single Parents* (Victor Books 1990). However, many widows who needed the information did not consider themselves single parents, since their children were grown. Consequently, they didn't take advantage of *The Complete Financial Guide for Single Parents*. So we felt it was important to extract the information for widows and put it into an abbreviated form, so the information could have an expanded emphasis and wider distribution.

Prior to 1960 approximately 85 percent of all husbands predeceased their wives. The gap has begun to narrow a little during the past two decades, as more women work outside the home and become exposed to the stresses that shorten a man's life span. But, even so, nearly 80 percent of all surviving spouses are women.

The problems widows face are enormous, both financially and emotionally. Among most widows I have counseled, a common factor has been the lack of knowledge about finances and the lack of good, unbiased counsel available to them. All too often a supposed counselor is actually a salesperson in disguise. The last thing a recent widow needs is someone pressuring her to buy something or to invest.

I trust this information will become a resource tool to help widows understand how to manage their funds well and also will provide enough information to know how to evaluate the counsel they receive.

A Warning for Widows

Approximately 82 percent of all married women will be widowed at least once in their lifetimes. The average age a woman is widowed is 52. Five percent of all single parent families today are headed by widows.

Having mentioned these facts at a conference once, one of the men asked, "Does that mean that if I divorce my wife at 51 I will live longer?"

No, it doesn't work that way! But what it does mean is that a wise man (wise with the wisdom of God) will train his wife to be his successor, since he knows it is likely that he will predecease her.

Most people, Christians included, don't like to discuss death, so they delay talking about it until it's too late. If more widows in the church would speak up about some of their problems, other women probably would become more motivated to deal with the possibility of being widowed.

The most common causes of death for men are physical, such as heart attacks (the most common), cancer (the second most common), diabetes, or pneumonia. However, in our mobile society it is becoming increasingly common for a man to die suddenly as the result of an accident.

Nearly half of all the widows I have counseled lost their husbands in an accident. My personal statistics may be somewhat slanted, because younger widows are more prone to seek help than those who are widowed at an older age.

The following examples are from my experience of counseling widows. The names are changed, for obvious reasons, but the people are real and so are the problems.

Nate and Sherri Long came in for budget counseling after attending a seminar at their church. Nate worked for a major company and made a good salary, but the pressure of creeping inflation pushed them a little bit more into debt each year. They were determined to get their finances under control and worked hard at analyzing where they were overspending and how to control it.

Their problem was related primarily to expensive vacations and two fairly new automobiles—each with sizable payments. They decided to sell the newest car, intending to use the proceeds to retire all their credit card debt and eliminate one car note. They never made it.

Nate was returning from a business trip and caught a flight out of Memphis to Atlanta. The plane ran into some severe weather. As the plane entered the storm cell, it encountered heavy hail and violent turbulence. The hail clogged the twin engines of the DC-9 and both engines seized up. Sixty-three passengers lost their lives on that flight. One of them was Nate Long. Suddenly Sherri found herself a widow at age 32.

As a result of counseling, Nate had prepared a will. He also had written Sherri a letter detailing all their assets, including the total value of his insurance and government pension; and, he had named their attorney as cotrustee for the testamentary trust that had been signed only weeks before Nate's death.

Alec and Nancy Geller also came in for counseling at about the same time Nate and Sherri came for help. Alec was a successful architect on contract with the federal government. Their annual income was in the \$100,000 range but, because of a series of bad investments, they owed nearly \$75,000 in unsecured bank loans.

The Gellers lived in a home that consumed more than half of Alec's salary, and they drove two very expensive, leased, sports cars. Allen's attitude was, "I can work out from under this. I'm young, in good health, and my income will increase."

Nancy saw the trend toward greater spending with every salary increase. After Alec lost another \$10,000 on an investment, she practically demanded that they go for counseling. Alec attended the counseling session out of deference to Nancy, but he left all the work to her.

Alec was flying first class in the plane from Memphis that Nate was on. He also died that day.

Over the next two years I had a chance to work with other advisors, helping both Sherri and Nancy. Their stories are examples of what good planning can do, as opposed to poor planning.

After the funeral was over and the initial shock of Nate's death wore off, Sherri called to set an appointment. In one notebook Nate had assembled all the details Sherri would need to access their assets and file for Social Security and veteran's benefits. In one two-hour session, we had completed all the required forms and had them ready to mail.

The next week we met with Nate's insurance agent and filed for his insurance proceeds. We also filed for temporary benefits from worker's compensation, since Nate had been killed while on business for his employer. The insurance company immediately forwarded \$10,000 for living and funeral expenses. Sherri was able to establish a somewhat normal household budget with the available funds.

As a result of the plane crash, also pending was a settlement from the airlines and the Federal Aviation Administration (FAA). The settlement was tied up in court for the next four years. But, Sherri had enough to live on and suffered no abnormal financial pressures.

On the other hand, Nancy's situation went from bad to worse. Because Alec had left no will, Nancy received considerably less than she was entitled to. With the large settlement from the airlines and FAA pending, the judge was not willing to assign her more than the minimum amount permitted. Potential heirs filed petitions with the court, and Nancy was forced to hire attorneys to protect her interests.

Because Alec worked for the government, he had no Social Security benefits available. His salary continued without interruption, but after six months the government threatened to sue Nancy for recovery of the funds, saying that she should have been paid by worker's compensation, which would have paid substantially less than Alec's salary. In addition, Nancy was already facing lawsuits from Alec's creditors.

Although both of these widows suffered from emotional shock and adjustment, Nancy's situation was magnified by the stress of her financial pressures. When the court case was finally settled, both widows received a settlement of nearly \$1 million.

Sherri was able to give a substantial portion of the money to the church and set up a college trust fund for her children. To provide a comfortable income, she invested the rest.

Nancy, however, paid 40 percent of her settlement in attorney fees. Creditors took another \$200,000, and the government settled for \$40,000 in back pay. Obviously she still had enough to live on, but almost immediately she invested a substantial portion with a friend from her church and lost nearly \$200,000 over the next two years. In the end she was forced into the job market to support herself and her two children.

I attribute many of Nancy's troubles to Alec's lack of planning and her lack of adequate training.

Before discussing the most important decision a widow can make, let me make a comment directed to married women reading this pamphlet who are not widowed. You may not believe any of this will ever happen to you but, believe me, it probably will. Since husbands usually die before their wives, your circumstances could change literally overnight. The best decision you and your husband will ever make is to be sure you know how to manage money properly.

Every wife should keep the family's budget for at least one year. In addition, she needs to learn enough to make critical financial decisions in the event of her husband's death. Do you understand the difference between a lump sum settlement and an annuity? Will you need an attorney to settle the estate or will you be able to do it yourself? Do you know how to invest long-term surpluses or how much money to risk in one place?

If you don't know these things, just continue reading because we're going to cover each of them.

The Most Important Decision You Can Make

Now the single most important decision that you or any recent widow can make is to *make no decisions*—whether about investments, loans, new cars, or anything else that might jeopardize your assets—for at least one year. Basically, that means parking any money you have in an insured savings account and living off the interest, if possible.

We will discuss other lesser decisions that can save you from losses, but investing or lending money in the first year can cost you *everything*. That first year is the time when a widow is the most vulnerable and, therefore, the most susceptible to bad advice or outright fraud.

During the first year, you should only get adjusted to your new life and become educated on the ins and outs of money management.

PRESSURED BY FRIENDS

Catherine was widowed at age 58. Her husband Leon had owned and operated a profitable business with a Christian partner for several years before his death. She had practically no preparation for his death. He came home one evening, complained of acute indigestion, ate dinner, then complained he was feeling worse. Two hours after going to the local emergency room for tests, he died of a massive coronary.

Once Catherine was through the funeral, Leon's partner explained the buy/sell agreement they had funded by a life insurance plan. Within a month she received nearly \$700,000—in cash. Almost immediately people began coming out of the woodwork.

The first was her son who wanted to borrow \$100,000 to buy into a business. Catherine loaned him the money with a promise that he would begin repaying it at 6 percent interest in six months. Shortly after that he showed up with a new convertible. When Catherine asked about it, he said it was necessary because of his new position and the “image” it required.

Then a financial planner from her church told her about an “absolutely secure” investment that would earn her 30 to 40 percent interest per year. Supposedly, it was a plan to lend money to major corporations for a short time. In exchange, they would pay the maximum interest on the money. Catherine invested \$250,000 with him after talking to her pastor, who had invested \$1,000 in the deal.

Then came the building program at her church—conveniently timed around her recent inheritance. They needed \$250,000 for a youth center, for which the church would issue bonds paying 12 percent. She made the full loan, in addition to giving them another \$25,000. She was now down to just \$75,000—barely enough to use as operating capital until her investments began to pay off.

The first crack in Catherine's financial dike came when her son told her he would not be able to start paying the money back as promised. It seemed the business was having some financial problems just then. In fact, it seemed he had bought into a desperately leveraged company that had virtually no chance to pull out of its downward spiral. The owner had used Catherine's money to pay off his personal debts, knowing the business would eventually fail and he would need a fresh start.

The second shock came when the planner from her church told her he needed another \$100,000 to cover the “options” he had bought in her name or else her entire investment would be lost. Unwittingly, Catherine had signed a power of attorney with this man, who then used her money to trade commodities in hopes of making a fortune. When she couldn’t come up with the money, the exchange liquidated this planner’s position and Catherine was presented with a bill for nearly \$100,000 to cover the losses.

Catherine was still reeling from the losses she had sustained when the pastor called. She had heard from the pastor twice since her husband died—once when he suggested the church bonds and today. She knew something must be wrong.

“I’m afraid we’re not meeting the budget right now and we won’t be able to pay you the interest this month,” he told her. “But I anticipate that giving will increase after the youth center is completed. Don’t you worry though, the church will make good on its obligations. You wouldn’t want us to divert money from missions just to pay your interest, would you?”

“No, I guess not,” Catherine replied, without a lot of conviction.

“Good, I knew you would understand. It’s not like you can’t afford the delay. The Lord has provided well for you.”

“Yes,” Catherine agreed weakly.

When the pastor hung up, Catherine sat there crying. In less than a year she had lost almost all that her husband had left her. Nearly 20 years of Leon’s hard work was gone, she thought despondently.

A GRACE-FULL NO

Grace had been married to Richard for nearly 30 years when, while coming home from his office one day, he was killed in an automobile accident. Richard owned and operated a successful sales representative company and was known throughout the business as a good organizer and trainer. His accomplishments didn’t end when office hours were over either. He had helped Grace learn all about good budget management and investments and had consulted with her about virtually every major business decision.

Richard had executed a buy/sell agreement with his team of salespeople, and after his death they opted to buy the company for \$600,000 in cash. When they ran into difficulty arranging financing for the total amount, Grace made a counter offer: an \$800,000 purchase price with \$400,000 cash and she would finance the remainder for five years. She convinced them that it was a better deal, since they could actually pay the note off from company profits—assuming they operated the business as successfully as Richard had. They agreed and signed the note.

With the \$400,000 from the sale of the business and another \$250,000 from Richard’s life insurance, Grace knew that she could be financially comfortable for the rest of her life. If the \$400,000 note paid off, that was great; but even if it fell through for some reason she would have no financial problems.

But that wasn’t enough for Grace. She and Richard had supported many ministries from their income over the years and she wanted to continue that practice. On my advice she agreed to park her money for one year, after giving the Lord’s share, as she termed it. During that time she would investigate all the options available to her and decide how much risk she could prudently assume.

During that first year she was contacted by people selling everything from soap to high-interest zero coupon bonds. But since she had tied up her funds in time deposits she had a simple rebuff: The money is unavailable.

When her daughter and son-in-law approached her about investing money (about \$200,000) into his business, she honestly answered that her funds were tied up. Her son-in-law borrowed the money from a friend's retirement account, and before the year was out he had lost the company and the funds.

After the year waiting period, Grace had identified several things she wanted to invest in. She decided to limit all speculative investing to no more than \$200,000, in increments of no more than \$15,000 each, according to Solomon's instruction in Ecclesiastes 11:2: "*Divide your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth.*" (Note: The modern description of this practice is *asset allocation theory*, which won a Nobel Prize for its creators.)

Within five years Grace had improved her financial position so much that she was able to give away more than 50 percent of her earnings and still have over \$100,000-a-year income.

One additional comment on Catherine's situation: She was able to recover about \$100,000 of her investment capital with the planner—through the brokerage house he represented. He lost his securities license and was barred from ever selling commodities again.

The pastor left the church and the new pastor took the financial obligation to Catherine more seriously. Her loan was repaid in a little more than three years (without interest). Catherine recovered enough money to live a modest lifestyle—wiser and more cautious about her inheritance.

A prudent widow would do well to remember, "When in doubt, don't." Or as Proverbs 14:18 says, "*The naive inherit foolishness, but the sensible are crowned with knowledge.*"

Wills, Trusts, Insurance, Social Security, and Taxes

Dealing with the financial decisions a widow has to make after the death of her spouse may be the most depressing and frustrating task for any widow. To avoid having to think about them, most widows would willingly turn those decisions over to someone else, but rarely will anyone else have the details needed to complete the transactions. Therefore, it is vital for the widow to understand the process and deal with the decisions herself. If she doesn't, she will always feel like she's dependent on someone else to make her decisions.

To remove some of the mystery surrounding the financial decisions widows need to make, I will examine the more common ones.

PROBATE

The term *probate* means to prove, or to testify. When a will is probated it is "proved" before a judge in court. Your husband's estate may have to be probated, whether or not he had a will when he died.

To be valid, a will must conform to the requirements of the state in which it is to be probated. These requirements vary state by state, and a will drafted according to the laws in one state may not be provable in another. For instance, some states require one witness on a will; others require two or more. Some states require that all immediate heirs be named in the will, regardless of whether they receive an inheritance; others do not. Therefore, it is very important that a will be reviewed by an attorney or advisor who is familiar with the laws of your state.

To obtain the names of Christian lawyers who handle estate matters where you live, contact the Christian Legal Society at 703-642-1070.

Probating a will usually isn't complicated, and in most states an attorney is not required, except when there is a question about its validity or the will is challenged by an heir; then legal defense is required. However, some states require a *guardian ad litem*, even if the will is not challenged. The probate judge appoints an attorney to protect the interest of minor or incapacitated heirs during probate.

In most states, to probate a will you must deliver the original copy to the probate court in the county in which your husband resided at the time of his death. Your probate hearing will be put on the court calendar and usually will be reviewed within 30 days—depending on the court load. If there are no irregularities in the document, the court will approve it and the will becomes public record. However, it isn't uncommon for the legal process to take one or more years.

The judge may assign the executor named in the will to have the estate appraised and the assets distributed as specified in the will. The executor will report back to the court when all the terms of the will have been completed. However, in most states many requirements can be relieved by stating in the will that they aren't required.

There is a charge to probate a will in most states. These costs vary greatly, depending on the state. Future probate costs can be avoided by the use of trusts. To clarify, I'll address some of the more common questions asked by the newly widowed about wills and trusts.

Can I Draft My Own Will Without Having to Pay an Attorney?

Yes, you can in the majority of states. A self-drawn will is called a holographic will, which means that it is a document written totally in the handwriting of the person drafting it. The rules governing holographic wills vary by state, and your will must adhere to the laws of your state to ensure that it is provable in court.

Crown Financial Ministries offers the *Set Your House in Order* workbook. This resource provides a comprehensive collection of forms and checklists to help plan your estate.

However, most good counselors don't recommend that people try to write their own wills. Why? Because, if you do it wrong it's too late to correct it after you die. Any flaw in the will can invalidate the entire document. In my opinion, it's just not worth the risk.

Before writing a will, you need to decide exactly what you want done with your assets after you die. If you have assets that you want distributed to specific individuals, be very explicit. Later, if the circumstances change or if you change your mind, you can modify your will with a codicil (amendment). You don't have to create a new will.

If you have previous wills in existence, you need to specify that your latest will supercedes all previous wills, so the judge won't think you were simply adding to an existing document.

Your will should be reviewed periodically by an attorney or qualified advisor who is familiar with the laws of your state.

What If One of My Witnesses Has Died?

Check with an attorney to find out how many witnesses are required in your state. Sometimes even one witness is not required to execute an affidavit, if the will contains a "self-proving provision." This is an affidavit affixed to the will and is sworn to by the testator and both witnesses to the will before a Notary Public. Since this can be done in most states, there is no reason to have more than two witnesses (if that is the minimum required by law in your state).

Witnesses should not be related to you or be named in your will (heir, executor, guardian, beneficiary).

Should I Keep My Will in a Safety Deposit Box?

The original copy of your will should be kept in a safe location because, without it, probating your will would be difficult, if not impossible. However, I suggest it be kept at your accountant's or attorney's office, with a note in your home files telling where the will is located.

Many people lock the original will in a safety deposit box; however, unless another person has a key and is authorized to enter the box, he or she may need a court order to open it after your death. This can delay the probate process several weeks or even months. And, if no one knows about the safety deposit box, it might be impossible to locate the will.

Do I Need a New Will If I Move to Another State?

Possibly. You need to have an attorney in the new state review your will to ensure that it conforms to that state's laws.

What If I Own Property in More Than One State?

Generally, your estate is governed by the state in which you reside at the time of your death. However, a will that is valid in your state may not control the distribution of assets in another state because that state's laws are probably different. Thus the will might need to be probated in each state in which you own property. You need to clearly identify all properties in a statement attached to your will; and, you must still pay any taxes due in all states.

Who Can I Name As My Estate Executor?

You can name anyone you desire to act as executor of your will and estate. That person's duties are to probate the will; investigate claims and pay debts; file and pay federal, state, and local taxes; and distribute the remaining assets to heirs. You may want to name one or more alternatives to serve as executor, in the event that the one you chose cannot or will not serve.

The court will allow the executor to receive reasonable compensation for the services performed, unless specifically prohibited in the will. Out-of-state executors may be required to post bonds matching the total estate value, unless that requirement is waived by the will.

If you use a professional executor, there will be a fee involved. This can vary from an hourly fee to a percentage of the estate value. Any such fees should be spelled out clearly in a contract and then attached to your will.

What Is a Trust?

A *trust* is a legal contract to manage your assets, before or after death. There are two types of trusts: a *living* trust, or *inter vivos* trust, which is drafted and implemented while you are still living, and a *testamentary* trust, meaning that it commences upon your death.

Trusts may be *revocable* or *irrevocable*. If it is *revocable*, you reserve the right to modify or cancel the trust and to remove or substitute property while you are alive. An *irrevocable* trust means that, once in force, it cannot be changed; nor can you recover the property assigned to the trust.

(Note: A living trust is not the same as a *Living Will*. A Living Will is a legal document that declares your personal intentions regarding the use of life-sustaining equipment if you are terminal or permanently unconscious.)

What Is the Advantage of a Trust?

Living trusts are becoming more popular. Since it is not a public document, it does not require probate and ensures greater privacy. Also, there are no probate costs associated with assets held in a living trust.

However, since a testamentary trust is normally created within a will, the will first must be probated before the trust becomes effective and, consequently, does not avoid probate costs on assets.

If the living trust is irrevocable, the assets held in trust are not subject to estate taxes, except to the extent that you retain an interest in them. Literally, the assets are given to the trust and become trust property.

If you reserve an interest in the assets assigned to an irrevocable trust, such as a life estate (the right to live there) or a lifetime income, there may be gift taxes due on assets assigned for those benefits. On the other hand, since you have the right to remove any assets assigned to a revocable trust, they are treated as estate assets and are subject to estate or death taxes.

A professional attorney is needed to evaluate the assets and liabilities of trusts.

Can I Draft My Own Trust?

As mentioned, there are kits available in most bookstores. Again, although it is legal for anyone to draft a holographic trust, I personally don't advise it.

How Do I Choose a Trustee?

You can choose an individual or a financial institution to be the trustee of your trust. Unlike the duties of an executor, which are over once the terms of the will are satisfied, the trustee's duties usually are much longer term. A trust document is normally meant to handle and disperse assets for a long period of time and requires periodic accounting and tax reports. Thus, naming a trustee is somewhat more complicated and should be done after careful evaluation of the skills and experience necessary.

In a living trust, the donor to the trust can often serve as a trustee, although the degree of control he or she exercises may adversely affect the taxable status of the assigned assets. It is generally best to have someone other than the donor serve as trustee if the donor reserves an interest in the trust.

In a testamentary trust, since it is created after the death of the donor, the trustee must be specified in the trust document.

The trustee can be empowered to buy or sell for the estate and transact any business necessary in the name of the trust. The power of the trustee is always spelled out in the trust document itself. Cotrustees can be named, and successors should always be specified. As in the case of an executor, a professional trustee should always be named in the event that no other named trustee is able to serve.

Because a trust involves only the management of your property, you also may want to give someone power of attorney to manage your personal affairs and your health, if you become incapacitated.

How Much Tax Will My Estate Have to Pay?

That depends on the value of your estate at death. There are two types of taxes: *federal estate taxes* and *state death taxes*.

As a surviving spouse you can receive an unlimited amount of assets through inheritance without incurring any federal estate taxes through the marital deduction exemption, which is meant to allow you to receive assets to live on without dilution.

Anyone other than a surviving spouse who is a beneficiary of an estate can receive up to \$600,000 in assets without incurring federal estate taxes. This is a cumulative total of all assets distributed to all the beneficiaries. Above this amount the estate is subject to a progressive federal estate tax.

All gifts from one person to another above \$10,000 per year per donor (\$20,000 for a couple) are subject to gift taxes. The gift taxes paid represent a credit against potential estate taxes. However, if the gift taxes were not paid in the year of transfer, these assets are potentially taxable in the estate.

Good estate planning is essential for any surviving spouse with total assets exceeding \$600,000 fair market value. Otherwise the assets can be severely diluted through estate and death taxes when you die. It would be far better stewardship to leave those assets to the Lord's work than to donate them involuntarily to the government.

Many states have adopted for death taxes the same code as the federal government, but several have not. If you happen to live in one of the states that tax a widow's inheritance, the financial shock can be severe. Many couples have actually changed their state of primary residence just for this reason.

State death taxes can change as time passes. If you have a question about the taxes in your state, contact your state tax commissioner's office, who will provide you with a current tax table. Remember that state death taxes also are graduated and, as such, will increase as the estate grows. This is particularly important for you, as a widow who is leaving assets to your beneficiaries.

When Are the Taxes Due?

If a federal estate tax return needs to be filed, the return is due *nine months from the date of death*. An attorney can help you determine any potential tax liabilities.

Since the taxes must be paid in cash, liquidity (cash) in an estate is very important. However, both the state and federal tax collectors normally will work out a plan to convert the assets necessary to pay the taxes so the estate doesn't suffer a severe dilution through a forced sale.

What Is a Charitable Trust?

Charitable trusts are increasingly popular among Christians. These trusts often are called *charitable remainder trusts*, because at the death of the donor the residual in the trust must go to a qualified charitable organization.

The donor reserves a lifetime income from the assets assigned to the trust, which usually is managed by the charitable beneficiary. Because a portion of the assets will eventually go to the charity (one or more), the donor is allowed a current charitable deduction from income taxes at the time of assignment to the trust. This amount is calculated by the IRS on the basis of how much benefit the donor receives during his or her lifetime versus how much the charity will eventually receive.

Obviously, the assets remaining in the trust at the time of the donor's death are not subject to taxation.

Are Gift Annuities the Same As Charitable Trusts?

A *gift annuity* works much the same as a charitable remainder trust: the donor assigns assets (usually cash or marketable securities) in exchange for a lifetime income or annuity. The donor is allowed a current charitable deduction on his or her income taxes, based on the remainder value that the charity will receive.

The primary difference between the charitable remainder trust and the gift annuity is that the donor is guaranteed the income from a charitable remainder trust only as long as there are available assets earning income. If the assets are depleted, the income stops.

In a gift annuity, the income is guaranteed for as long as the donor lives, regardless of whether the assets are depleted. Usually the percentages of guaranteed income from a gift annuity will be less than that from a charitable trust. The logic of this is obvious: contingent liability on the part of the charity.

If you want information about designating Crown Financial Ministries in a charitable trust, call the main office number (770-534-1000) and ask for the planned giving department.

SOCIAL SECURITY BENEFITS

In the event of the death of someone covered by Social Security, it is important that survivors file for benefits in a timely fashion. The benefits usually will be paid retroactively, but the more timely the filing the simpler it will be to collect what is due.

A person employed for at least 10 years in jobs covered by Social Security normally can assume to be fully vested (insured), which means he or she will receive full benefits. Fewer quarters of participation or lower pay-in will reduce the amount of the benefits paid.

Under certain conditions, spouses of deceased participants may draw retirement benefits from their spouses' contributions. If you qualify for survivors' benefits, they will not start until age 60 (except for disability). The benefits paid are based on a complex table used by Social Security, but basically you can expect about one-half of a fully vested spouse's average earnings over the last five years.

If you are caring for dependent children and relying on survivors' benefits for you and your children, you need to do some financial planning prior to your children reaching age 16, unless one or more of them is permanently disabled. Although their benefits will continue until age 18, your benefits will cease when the youngest child reaches age 16.

Social Security also will pay a one-time \$255 lump sum to help with burial expenses. You need to show only proof of death to receive this benefit.

If your husband was receiving Social Security before he died, you may need to return his last check received before his death, because the Social Security Administration may automatically withdraw the funds from the account. Check with the Social Security Administration immediately to verify.

A fully insured participant may qualify for disability benefits. Unlike survivors' or retirement benefits, disability payments are not dependent on the age of the recipients; rather, they depend on the proof of disability.

When you reach age 65, you may be eligible for Medicare benefits. Medicare is a two-part insurance program that covers the hospital and medical care costs for those who are entitled to receive Social Security.

If you never have requested an evaluation of benefits you've accumulated from Social Security, I would suggest doing so as soon as possible. Although there is no longer a statute of limitations for making corrections to your account, the sooner any errors are discovered, the easier the correction process will be.

For information on your status or to apply for benefits, call the Social Security office in your community or the national office at 1-800-772-1213. Certain documents will be required with your application.

VETERAN'S BENEFITS

Generally, to qualify for Veteran's Affairs benefits, a veteran's active duty service must have ended under honorable conditions. However, a veteran with a bad conduct discharge may qualify for some benefits, depending on the V.A.'s determination of facts surrounding the discharge. Because regulations for any government benefit change from time to time, it would be best to contact your V.A. regional office before assuming a benefit will be available.

As of this date, surviving spouses and dependents of Armed Service veterans may qualify for benefits, if the veteran died as a result of service to his or her country. These benefits are known as Dependency and Indemnity Compensation. Originally DIC was limited to service-related deaths, but coverage has been extended to include those who were disabled from a service-related cause but whose death was not service related.

If a veteran dies or is permanently disabled as a result of military service, that veteran's surviving spouse and dependent children may qualify to receive financial help for educational purposes. These benefits are available also to a spouse or dependent children of a member who is a prisoner of war or is missing in action for more than 90 days.

A child's marital status is no barrier to receiving these benefits, but the remarriage of a surviving spouse will end the entitlement, unless the new marriage is terminated by death or divorce.

Based on financial need and ability to qualify, a veteran's surviving spouse and unmarried children under 18 (or older if students) may be entitled to a monthly V.A. pension. The surviving spouse must have been married to the veteran for at least one year prior to death, unless a child resulted from the marriage.

There is no longer any benefit payable to the widow or widower of each veteran unless he or she was receiving V.A. benefits, died in a V.A. hospital, or was entitled to V.A. benefits but elected to receive military retirement instead.

For further information, go to the V.A. Internet site, www.va.gov; contact Veterans' Affairs, 810 Vermont Ave NW, Washington DC 20420; or call 800-827-1000.

INSURANCE

Jerry Rice had been a successful building contractor most of his adult life and had provided well for his family. He and his wife Alice had three children, all of whom they helped put through college. All three children were now living on their own.

Unfortunately, Jerry did not believe in insurance; he considered it a waste of money. In their 35 years of marriage the largest medical expenses they had were the births of their children, which Jerry paid for out of his personal income. Then, at age 55, Jerry suffered his first heart attack. Two weeks later he had triple bypass surgery.

The medical bills amounted to nearly \$60,000. Jerry and Alice were able to scrape up the money by mortgaging several pieces of property they owned. Jerry was forced to cut back on his work, and their income dropped substantially. Over the next year Jerry continued to have recurring heart problems, and after several bouts with congestive heart failure and three months of hospitalization Jerry died, leaving Alice with nearly \$100,000 in additional medical expenses to repay.

After Jerry's death Alice began to sell off all their accumulated assets, including their home. She was able to pay off the majority of the outstanding debts, but she ended up with virtually no money.

At 57 years of age Alice began to look for work. She was hired at a Christian retreat center as their cook, making \$600 a month. Unable to pay normal rent in her area, she found a small trailer she could afford. She also sold her newest car and ended up driving Jerry's work truck, with over 100,000 miles on it.

I first met Alice while doing a conference at the retreat center. I was impressed by her humble spirit and uncomplaining nature. The camp director asked if I would talk with her. He knew her salary could not really meet all her financial needs. So one evening, after everyone else had left, I had a chance to talk with Alice.

I asked her about her job and she responded enthusiastically, "I really love it. The people are so nice and I get to hear good speakers. I believe these young couples need to hear what you have to say. Many of them are so deeply in debt they can't serve the Lord. My husband and I never believed in borrowing if we could avoid it."

The conversation continued like this for several minutes until I had the chance to ask about her own finances.

“Alice, did your husband leave you enough resources to enable you to take a job like this?”

“No, unfortunately Jerry’s illness took nearly everything we had,” she responded, without any hint of self-pity. “But God always provides, and He gave me this job because He knew I needed to be around Christian people. Besides, even though it’s been real tight sometimes, my husband and I learned how to get along on what we made.”

When I asked if she would mind if we went over her monthly expenses and income, she responded, “No, that’s fine. But I don’t want to take up your time.”

I assured her that I was there for just that purpose, and I spent the next several minutes writing down her average monthly budget. I know her husband loved her and always thought he was providing, but if he had looked over the budget I saw he would have been upset. Alice had allotted only \$25 every two weeks for food, \$25 a month for all utilities, and \$10 a month for medical expenses.

I asked if her children helped her with her monthly expenses, trying to determine if she had any outside source of income.

“No, I haven’t discussed this with my children. They all have families of their own, and I wouldn’t want to be a burden to them.”

“What about friends in your church?”

“I haven’t really discussed my situation with anyone prior to this,” she said. “I don’t want to be a burden to anyone. The Lord will meet my needs.”

“I believe that, Alice,” I told her, “but I also believe that the Lord uses people to meet your needs. There are many strong admonitions to support widows, especially those of your own household. The apostle Paul said, *‘If any woman who is a believer has dependent widows, she must assist them and the church must not be burdened, so that it may assist those who are widows indeed’* (1 Timothy 5:16). Perhaps you have denied your children and friends the right to help by not telling them.”

“Well, I never thought about it that way,” Alice said as she continued to work.

Before I left we agreed that she would let her children know about her situation. Then, based on their response, she would decide whether she should let her friends at church know.

Unknown to either of us at that time, one of her friends had already taken her case to the pastor. He agreed to help by paying her utility bills out of the benevolence fund. In addition, one of the members who was an air conditioning contractor volunteered to install an air conditioner in her trailer so it would be livable in the summer months.

After Alice sent her children a note stating that she was having some temporary financial problems, her oldest daughter called immediately and asked the extent of her problems. When she learned that her mother had sold their home and virtually all her possessions to pay bills, she contacted the other two children about helping. Within a month, they were providing \$300 a month to their mother.

With the help from the church and her children, Alice was able to live in reasonable comfort and actually save a little for the future. Eventually, she moved into a cottage on the Christian retreat center's property, and her situation improved considerably. In Alice's situation, her family and God's people provided in ways that her husband did not. Unfortunately, not all widows in similar circumstances are so fortunate.

If I could offer one piece of counsel to widows left with insufficient provision, it would be, *let the other Christians around you know that you have needs—and be specific*. Family and friends usually offer tremendous support in the initial grieving period. However, people tend to forget that the widow's needs continue. If someone has said, "let me know if I can help," write the name down and call them later when you have a real need. Most believers who know about a widow's needs will respond and help.

Let me offer a word of caution about widows receiving help from men. If a man offers to repair something in your home, be sure the arrangements are made through the man's wife, if he is married, and invite her to join him. Be absolutely sure that you are not alone in your home with a man offering help, married or single, and you will leave no room for anyone to question your motives. "*Abstain from every form of evil*" (1 Thessalonians 5:22).

If I were assisting a widow with a need, I would want to know that she was doing the best she could with the resources God had provided.

Your responsibility as a widow in need is to pare down your cost of living to where it is "reasonable." What is reasonable? This is often hard to define, but think of what you would expect of someone who needed your support.

You certainly don't need to live in poverty; nor do you need to trim all comforts out of your life. What is expected is a reasonable, balanced lifestyle. But then, that's really no different than God's plan for all of us. Establishing a budget is a good way to show accountability.

HEALTH INSURANCE

One factor often overlooked in the death of a spouse is the fact that the family's health insurance may be lost, if it was through a group plan at the husband's place of employment. According to the COBRA Act (a federal law), the employer must offer the surviving dependents the option of continuing the health insurance for 18 months after the employee's death at the same rate the company pays. Beyond that time, the insurance company may elect to extend the policy, but the rate normally will be based on a more expensive individual policy premium. Also it may not cover existing medical conditions at the time of changeover.

There are a few options other than the high costs of individual health insurance plans. One option is to purchase a major medical plan. The intent of a major medical policy is to cover the catastrophic expenses of a major health problem. Often the deductible minimum may be \$1,000 to \$5,000. This type of health policy may cost one-half to one-third less than a more typical health plan with a \$100 to \$500 deductible.

Another option might be group health plan rates that are offered through various associations, such as the Chamber of Commerce or service organizations.

A unique alternative may be found in an association that self-insures its members. One such association accepts only professing Christians who are nonsmokers and nondrinkers. Each month the association divides the medical expenses incurred by its members, and each participant pays a proportionate share.

If you can't afford to continue the cost of medical insurance, I encourage you to investigate other plans. Call the Crown Financial Ministries materials line for additional information at 1-800-722-1976.

LIFE INSURANCE

Often the question is asked, "Should I carry life insurance on myself and the children now that I am a widow?"

The issue of insurance of any kind is relatively simple: Insurance should be used only to provide—never to profit or protect. The Lord should be our protection, and profiting should be a strategy of an investment plan, not an insurance plan.

If your husband left sufficient assets to provide for you and your family after his death, you may have no further need for additional insurance. However, if he failed to provide adequately, you may want to supplement your provision to your children through additional insurance, in the event of your untimely death.

The following questions will help you to determine your insurance needs. If the budget dollars are limited, it will be necessary to get as much insurance as possible for the available dollar.

Present Income Per Year

Are you working now, or will you need to work to meet your expenses? If you are currently working, how much income are you providing now? Do you have funds to invest?

Payments No Longer Needed

What expenses did your husband have that you no longer need to pay? For example, a second car may no longer be necessary; his personal expenses and activities are no longer an expense; and, with less income (or different income) you'll pay less taxes.

Other Income Available

Are you eligible to receive any benefits? Your husband's death may have initiated income from Social Security, retirement plans, investments, annuities, or the like.

Additional Expenses

Did your spouse leave any debts that need to be paid? If you're entering the workforce, will you have child care expenses? Would you have an expense for ongoing care for your minor children in the event of your death? How will you provide medical coverage?

Additional Income Needed Later

In addition to the insurance required to produce a regular sustained income, lump sums may be required for specific purposes. For example, how much will you need to provide for your children's college education? If your children are college age now, how much would you need to contribute to complete their educations? Would your children remain in your home after your death? If so, what provision do you have to pay off the mortgage if you still have one? How much debt do you have that would need to be paid off?

Basic Insurance Required

The minimum insurance you should provide is for an adjustment period for your minor children and any ongoing care they may need. However, if funds are limited, it would be a much better use of the money to put it into current needs or save it in higher earning investments for things like education.

Many widows feel they need to provide insurance for their minor children's burial expenses, in the event of a tragedy. Although this is a valid point, I believe there is a less costly way to provide for this contingency. There is a nonprofit association that offers low-cost burial coverage in most states. For information call the Memorial Society at 800-765-0107.

To figure the income needed to provide for your family now, add your present income, additional expenses, and other income available; then deduct your spouse's expenses you no longer pay.

To determine the amount of coverage needed in the event of your death, deduct all personal expenses that will no longer be paid, your salary if you work, and any benefits that may be lost. Using annual estimates, add additional income needed later and any additional benefits that your children may be eligible to receive. To arrive at a desired insurance coverage figure, multiply the results by the number of years your children will need this provision.

Assets Available

Determine the assets, such as real estate, stocks and bonds, or investments, that are currently available for family provision. Equity in a home can be counted as an asset only if you plan to have it sold after your death. Subtract this amount from the desired insurance.

Total Insurance Needed

The total tells how much insurance is needed. This must be balanced against how much can be spent for insurance. If the insurance dollars are limited, an annual renewable term life insurance policy will provide the most insurance for the lowest premiums initially, and you can decrease the amount needed as your children age.

(Note: Insurance needs should be reviewed periodically due to family changes, i.e., remarriage, children becoming employed or leaving home, inflation changes, and so on.)

Remarriage Decisions

Nearly 90 percent of all widows will marry again.

You may not think you will right now, but time has a way of healing many wounds and reviving old feelings.

According to the apostle Paul, there is no reason why a widow should not remarry, assuming it is the Lord's will. *"Therefore, I want younger widows to get married, bear children, keep house, and give the enemy no occasion for reproach"* (1 Timothy 5:14). Often that is sound advice for older widows as well.

However, remarriage for the widow with children brings with it a whole new set of decisions or problems.

PRENUPTIAL AGREEMENTS

Agreements between two people contemplating marriage are becoming more common in a society that plans for divorce before the marriage begins. Unfortunately, many of these people are Christians who have been deceived by the world around them into believing that they must protect their assets against a future spouse. To do this merely allows Satan an invitation into the marriage that he will accept at his leisure. Usually, prenuptial agreements drive a wedge in a relationship that, under the right set of conditions, will quickly turn into a rift.

God desires that a husband and wife be one working unit—literally, one person. How can two be one when they divide their assets into two parts from the beginning?

However, there are circumstances in which a prenuptial agreement may be biblical, as well as logical. When an older couple get married and neither has need of the finances of the other, an agreement can be made to hold all assets in trust for the lifetime of either surviving spouse. If the funds are not needed, the trust will be distributed to the heirs of the first spouse at the death of the second. This effectively gives a couple total access to the funds if needed. But if they are not needed, the heirs are guaranteed the residual assets. Under these circumstances, there is no violation of the biblical principle of oneness.

MY STUFF, YOUR STUFF

Violating the biblical principle of oneness can destroy a relationship. One example I recall vividly was that of Jan and Mike.

When Jan's first husband died in an automobile accident, she received a settlement of nearly \$500,000, plus \$200,000 in life insurance proceeds.

Mike and his first wife, Loraine, were foreign missionaries when she was diagnosed with diabetes. They returned to the states to seek treatment five years before her death. Mike worked as interim pastor for several churches, just barely scraping by and accumulating sizable medical bills.

Mike and Jan later met at a church missions conference, and as their relationship developed neither of them discussed their financial situations. It was obvious, though, that Jan lived comfortably and Mike very frugally. Within a year Mike proposed marriage to Jan and she accepted.

When she told her children about the impending marriage, they hit the ceiling. They thought Mike was marrying her for her money, and they insisted that she draft a prenuptial agreement—to assure that the money left by their dad would not go to Mike if something happened to Jan.

Jan didn't think it was a good idea. She didn't want Mike to think she didn't trust him, but she agreed to discuss it with him. To her relief, Mike said he had no interest in money that belonged to her children and would never do anything that might jeopardize Jan's relationship with her family. He added that he had always trusted God for his provision and he would continue to do so.

Jan had an agreement written, explicitly stating that whatever assets were brought into the marriage by either party would be passed to the heirs of the deceased. The document also required an accounting of all assets and liabilities.

Even though Mike really felt it was wrong, he signed the agreement. He never would have withheld his assets from Jan, but since she had the assets he was afraid he would appear greedy if he said anything.

Jan wasn't comfortable either, but she hesitated to voice her feelings because of the pressure from the children. The pressure increased further when the accounting of their estates showed that Mike owned virtually nothing and, in fact, owed nearly \$40,000 from previous medical bills.

The children wanted further stipulation that none of their mother's assets could be used to pay Mike's bills. She resisted but, finally, caved in to their insistent pressure. Mike was obviously hurt when she told him. He told Jan that he believed a relationship could only be built on mutual trust and dependence on God's Word. He assured her that he would never take advantage of her wealth.

Although Mike loved Jan, he knew God did not want him to compromise what he knew to be right, just to keep peace, so he ended the relationship. Jan protested, but she could see that Mike was serious. Eventually, she began to realize that Mike was right and her children were being selfish.

Several months later she learned that a Christian businessman had paid all of Mike's medical bills so that he could return to the mission field. He served a three-year term before returning to the states with his new wife: a missionary's widow he had met in Central America.

Jan learned a hard lesson—about conforming to this world's image rather than to God's—the hard way.

I have counseled several couples who had prenuptial agreements. As far as I know, none of them were benefitted by an agreement, and most were divided by it. Often a woman with assets seeks a prenuptial agreement because of poor counsel or a bitter past experience. Celebrities, who protect their interests because they trade marriage partners as easily as most people trade automobiles, must never be the pattern for Christian relationships.

Remember, material things usually are not the problem. They are merely the outside indicator of inside problems. *"He who is faithful in a very little thing is faithful also in much; and he who is unrighteous in a very little thing is unrighteous also in much"* (Luke 16:10).

OTHER ISSUES

Another issue for widows to consider before remarriage is blending families, especially if minor children are involved. Statistically, it is very difficult to blend families. Over 70 percent of blended families divorce. The best success rate is among strongly committed Christian families where only one spouse has children, or the children are grown. Whether you remarry or not, you still have to include your deceased spouse's family in your plans.

If you are parenting minor children as a single parent, look for resources that will help you make the best decisions for your family. *The Financial Guide for the Single Parent* and the companion workbook of the same title (Moody Press) would be very beneficial. These resources provide the tools to establish a budget and also money-stretching ideas to help make dollars go further. If your children are grown, the single adults workbook, *Every Single Cent*, will address your needs.

ENCOURAGEMENT TO WIDOWS

I sincerely pray God will give you the wisdom to become the best steward possible over the assets He has entrusted to you, both material and human. Being a parent is your first and foremost concern. God can and will be a husband to widows and a father to the fatherless if you will allow Him.

Although God has promised to be your source and comfort, He often chooses to use believers to meet needs. As a widow, it is easy to feel like a needy person. One way to avoid that is to take the Lord at His Word and invest your time, talent, and resources in others. *“Give, and it will be given to you. They will pour into your lap a good measure—pressed down, shaken together, and running over. For by your standard of measure it will be measured to you in return”* (Luke 6:38).

One of the most difficult things to do is to ask for help when you need it. Some widows are more financially stable than others, but all widows need help now and then. You need people who will act as sounding boards for difficult decisions and you may need advice on repairs from time to time. Part of giving is sharing your needs with others and allowing other believers to help. *“Pure and undefiled religion in the sight of our God and Father is this: to visit orphans and widows in their distress, and to keep oneself unstained by the world”* (James 1:27).

If, for any reason, you don't get a biblical response from fellow believers, help make some changes. There is no one better equipped to help widows than a widow. As you give, you'll find God will provide both the time and resources. If your church remains indifferent to the needs of widows in your midst, then you should seriously consider finding another church that does have a biblical response to widows.

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