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Take Steps Now to Maintain Your Independence Later

By Gina M. Barry, Esq.

Most women can not bear to think of the day when their spouse passes away leaving them a widow, but statistically, a woman is most likely going to outlive her husband. The average age of a widow is 56 years old. Other women never married, or divorced, and are facing retirement as a single individual. In fact, if you are a woman age 65 or older, you are more than twice as likely as a man of the same age to be unmarried.

Regardless of the varying circumstances that may have caused them to be unmarried, most of these women have something in common – a need to develop their own financial savvy in order to maintain their independence. A widow or divorced woman who has not exposed herself to financial issues and who must suddenly assume responsibility for her household's finances will be understandably overwhelmed. On the other hand, a woman who is familiar with her finances will find it much easier to assume additional financial responsibilities if need be. Women should know the location of pertinent financial paperwork, including insurance policies, real estate deeds, mortgages, stock certificates, bonds, and brokerage account and annuity statements. Women should also take the steps necessary to understand the documents.

Women earn only a fraction of every dollar a man earns even when doing the same work, which results in lower total compensation over a woman's lifetime and detrimentally affects the amount of Social Security and pension benefits she will receive upon retirement. Retirement benefits are often further reduced by the time that women typically take off throughout their child bearing and rearing years.

When a woman is widowed, the average total compensation she will receive from all sources is approximately \$15,000, including insurance, savings and pensions received upon her husband's death. In 2004, the median income of unmarried women aged 65 and older was approximately \$17,363 per year. As such, women should take full advantage of any company sponsored retirement plans whenever available, and if not available, IRAs and other options must be considered and implemented. The goal is to start this planning as early in life as possible, but even older women can make contributions that will pay off when they need income later in life.

Similarly, divorce is emotionally draining and usually a source of financial devastation to women. The number of middle age divorces has risen in recent years. Many older divorced women have been married for many years and have not worked

or continued their education. They are likely displaced homemakers who have not participated in the workforce since before having their children. During a divorce, women must protect their financial security. Although state law largely determines property settlements, women should obtain advice from professionals who fully understand all of the available options for securing their support, including social security and pension benefits entitlement.

Another critical step to maintaining independence is establishing an estate plan. Unfortunately, many women are frightened by the thought of becoming incapacitated or passing away, so they refuse to address the reality that most women do end up spending some time alone. The act of drafting a Will forces you to review your financial situation, which enhances your financial savvy. Establishing a Durable Power of Attorney and Health Care Proxy allows you to name someone who will make financial and medical decisions for you if you are unable to make them for yourself thereby harnessing the power that you have to ultimately control who will manage your affairs.

Women who balk at making financial decisions will likely encounter difficult times if they must face life alone. Without proper planning, divorce or the death of a spouse will financially

devastate a woman. The ticket to independence is proper planning and education. Women must understand their finances and have a strategy in place that will maintain their style of living – even if they are unmarried. Retirement and estate planning are critical steps to be taken to ensure this independence.

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