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Estate Planning Concerns for Women

By Gina M. Barry, Esq.

In May, we celebrate Mother's Day, honoring mothers and showering them with love and attention. Most could not bear to think of their mother facing any adversity, and when it comes to estate planning, women face a unique set of challenges. Statistically, a married 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.

Whether widowed, divorced or single, these women have something in common – the need to develop their own financial savvy in order to maintain their independence as they age. Imagine the overwhelming anxiety that would accompany managing household finances for the first time after a spouse has passed away or after a divorce. A woman who is familiar with her finances will find it much easier to assume additional financial responsibilities should the need arise. 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.

Another difficulty that is unique to women is that they currently earn only a fraction of every dollar a man earns even when doing the same work. This inequity 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. In 2008, the median income of women age 65 and older was \$14,429, compared to \$25,344 for older men.

In addition to having fewer resources due to pay inequity or time out of the workforce, 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. 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 can be as emotionally devastating as the death of a partner and is often a source of financial devastation as well. 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. Many are 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 benefit entitlements.

Another critical step to maintaining independence is establishing an estate plan. The act of drafting a Will forces you to review your financial situation, which enhances your financial savvy. Further, establishing a Durable Power of Attorney and Health Care Proxy allows you to name someone who will make your financial and medical decisions if you are unable to make them for yourself. Creating an estate plan harnesses the power that you now

have to control who will manage your affairs and benefit from your estate.

Women who balk at making financial decisions will encounter even more difficulty if they must face life alone. Without proper planning, divorce, remaining single or the death of a spouse can 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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