Foreword by Teresa Heinz Kerry

What Women Need to Know About Retirement

A joint project of the Heinz Family Philanthropies and
The Women's Institute for a Secure Retirement

Edited by Jeffrey R. Lewis and Cindy Hounsell

Foreword

By Teresa Heinz Kerry

There is great beauty, and great valor, in every woman's struggle to leave her mark on this world. We all know the women and the stories: The bravery of a single mother juggling two jobs; the strength of a grandmother who still goes to work every day to help raise her grandchildren and save enough to one day retire; the amazing grace of our aunts and sisters and best friends fighting to overcome breast cancer or another illness. The poise of every young woman who refuses to listen to the ads and institutions that tell her she is only valuable if she is blonde, and thin, and perfect.

We must celebrate these women's stories and what they tell us—that we are not alone, and that we can change the way things are. Today, at the start of the 21st century, when a woman decides to take her finances into her own hands, and to provide for a secure and comfortable and dignified retirement, she is confronted with having to make many complicated choices and many difficult decisions. And it's not surprising, then, for a woman to feel overwhelmed, alone and on her own.

This book and its authors are here to tell all working women two important things. First: You Can Do It. Second: You Are Not Alone. We are here to share the practical wisdom gained from experiences like yours, to help you take control of your life and prepare for your retirement.

We have to help each other prepare so that you, your mother, your sister, your daughter, your best friend, won't end up like so many elderly women today who are living in poverty and despair and disrespect. Many of these same women lived comfortably before retirement. Poverty in our country has a distinctly feminine face. The largest growing segment of our population is poor, elderly women.

We shouldn't let this happen in our lives. We must take charge and have faith that in unity there is strength, in knowledge there is power, and in our action there is a future.

Over the last several decades, women across generations have knocked down barriers in the workforce. Today we are doctors and lawyers and CEOs. We build cars and ships and machines and microchips. We design new products that protect our environment and our health. We tend to the sick and cure diseases. We drive trucks in wars. We are senators and governors. We are waitresses and chefs. And at the end of the day, we are still the caretakers of every home — the glue that keeps things from spinning into chaos. When our children, our spouses, or our parents need care and caregiving, we are called on and we are there.

This is what we have accomplished together after decades of hard work. And this hard work must continue in order to achieve equal pay, pensions, and the chance to be caregivers and not be penalized for it in retirement.

Today, our retirement system still functions as if most of the workers in America were men. But with 69 million women in the workforce—and 10 million of them the sole breadwinners in their families—it is time and past time to bring our retirement policies into the 21st century.

Women must do what we do best: take charge ourselves. The question is how. How do you juggle and try to balance one more thing when you are already so heavily burdened? How do you plan for 30 years down the road when you'd be happy getting through the chaos of the day: getting the kids to school, getting to work, and getting home at night?

I hope this book provides you with some answers. They aren't quick fixes, but they will help you get on a path to economic security. I have reached out to some of the most passionate and dedicated people and asked them to focus on writing clear and comprehensive chapters about different aspects of personal finance and retirement planning.

The financial security of women is something I have cared about for more than a decade. It is very personal. After losing my first husband, John Heinz, in a plane crash in 1991, I felt overwhelmed and helpless. Fortunately, I did not have to worry about financial problems. But I began to think, "What if my circumstances had been different? There are many who feel the way I do but few who are as fortunate. What can be done for those who find hardship behind each door?" That was the beginning of a personal commitment and vision for me.

That is why, a decade ago, I established the Women's Institute for a Secure Retirement (WISER) as part of the Heinz Family Philanthropies' efforts. We have now reached millions of women with timely and practical information about their financial rights and opportunities. We continue to lead efforts in Washington to change the laws that discriminate against women and saving.

At WISER, we have learned that most people—and most women—simply don't know the facts about women and retirement. For example, women still earn only 77 cents to a full-time working man's dollar.

Two-thirds of all working women earn less than $30,000 a year in jobs without pensions. Over a lifetime, women will spend 27 years in the workforce, while men will spend almost 40 years. Because women will leave the labor force to have children and care for family members, women retirees (and only the lucky ones at that) will receive about half the pension benefits retired men can count on. This also means a smaller Social Security check for women—who often count on it for the lion's share of their retirement income. Women live longer than men, which means they have to think about extended health care and long-term care costs.

It may seem that the decks are stacked against women. But once we understand and state the obvious differences between men and women when it comes to the workforce and retirement, we can begin to fix the problems they present. You have already started to do something by picking up this book, because this book tells you what you need to know. This book will tell you what you can do to start saving, and be your map for navigating the mazes of pensions, Social Security and Medicare. And it is important to reiterate that it is still important to save, even a little, while you are paying off your student loans.

A lifetime of hard work should bring economic security and the resources to enjoy a retirement earned over many working years.

It's time to close the wage gap and enforce and strengthen anti-discrimination laws. It is time to focus on increasing retirement security for *all* Americans by increasing private savings, pension stability, and protecting Social Security. And it is time for us to get to work and rid the current system of inequities facing working women.

We all know that women are the chaos managers of our society: juggling children, spouses and work in and out of the home. And I hope that this book will provide you with the tools you need to make that juggling a little easier.

Once you begin to learn and save and work toward your own retirement goals, perhaps you will share your story with someone else you know and care for or care about. These are the stories we all look forward to hearing the most: the ones filled with grace and dignity after a lifetime of work and care. That's the story we all dream of, and together we will write it by taking charge of our own financial destinies.

And, as you read this and have a story to share, please email me (teresa@heinzoffice.org), or write me a letter in care of the Heinz Family Philanthropies, 1101 Pennsylvania Avenue, N.W., Suite 350, Washington, D.C. 20004.

Finally, let me thank and applaud the efforts of Cindy Hounsell, the President of WISER, and Jeffrey Lewis, the WISER Board chairman, for bringing this information, at no cost, to all the women, and any enlightened men, who will read it.

Teresa Heinz Kerry

Dedication

In a conversation one day, Teresa Heinz Kerry, the chairman emeritus of the Women's Institute for a Secure Retirement (WISER), challenged WISER staff to compile a book about retirement issues that would provide women with information they could readily use. She believed, as do we, that because women live longer and because they are the majority of the nation's caregivers, that it was especially important for them to know how to take control of their own retirement future—if they don't, no one else will.

WISER began in 1996 because Teresa believed that all women needed access to up-to-date and easy-to-understand information about how to take control of their own financial lives, and to learn what they could do to assure their security in their retirement years.

Teresa has supported our work annually and without her help, encouragement, and vision, WISER could not have grown to bring together the partnerships and organizations that have helped us to reach millions of women. Teresa personifies the definition of a Renaissance woman.

Along the way, award-winning Broadway producer and director, Bill Haber, heard about what we were doing and immediately sent funds to further our work.

To create this book, we brought together a group of experts from across the United States to work with us on this project—a book on women's retirement issues that would be available to all women for free. Like Teresa, these individuals contributed their many diverse talents but all shared in the belief that we can and must make a difference.

There are others who provided help—including all WISER Board members and its Advisory Council. Special appreciation goes to Wendy Button, Maudine Cooper, Vickie Elisa, Mary Murphree, Camille Murphy, Mary Pettigrew, Donna Purchase, Anna Rappaport, Alma Morales Riojas, Margaret Scott, as well as Jenny Backus, Laurel Beedon, Bill Benson, Chris Black, Jeremy Button, Bonnie Coffey, Cheryl Gannon, Frank Gannon, David Koitz, Reina Montes, Bobbi Munson, Kathy Stokes Murray, Grant Oliphant, Martha Patzer, Charles Richardson, and Cliff Shannon.

But, eight individuals stand out because of their individual and collective commitment to helping women get a hand up, not a hand out: Melinda Blinken, Jerry Hodge, Lyle Howland, Ellen Levine, Karen Judd Lewis, David E. Shaw, Billy Tauzin and Elizabeth Vale. Each is a WISER Hero.

A unique group of women stands out because of their courage of conviction, women who reminded me every day why what we are doing is so important: Jessica Catto, Judy Davenport, Lori Ferrell, Peggy Grossman, Coco Kopelman, Dominique Laffont, Wendy Mackenzie, Singer Rankin, Doris Reggie, Linda Smith, Allyn Stewart, Diana Walker, and Wren Wirth.

And Cindy Hounsell (WISER's president) who personifies how one person really can, and does, make a difference every day.

WISER's mission, our goal, our desire is easily stated but hard to achieve: We want to help reduce and ultimately eliminate the poverty of America's older women. Our success is measured by the knowledge that every day, the poor, older women who have for far too long been out of sight and out of mind in America, increasingly are being seen and served and respected.

We have made a good start. We have come far. We still have a long way to go. If you have any questions, comments or ideas, please send me an email at jlewis@heinzoffice.org, or send a letter to Jeffrey R. Lewis, Chairman, Women's Institute for a Secure Retirement, 1101 Pennsylvania Avenue, N.W., Suite 350, Washington, D.C. 20004.

And every day we draw inspiration from the memory of the late Senators John Heinz and Patrick Moynihan and Congressman Phil Burton—to whom this book is dedicated.

Jeffrey R. Lewis, Chairman

Chapter Seven: When the Unthinkable Happens: How to Make Financial Plans for Unexpected Events

By Jeffrey R. Lewis and Maria Cordone
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We've all heard stories about the elderly widow, alone and confused about taking care of her finances, losing all her savings to the "nice young man" who offered to help her and turned out to be a scam artist. Or the middle-aged woman who divorced her husband when she discovered he had huge gambling debts. While the divorce got her out of a bad situation, it left her with nothing, having to start over at age 45. Or the 30-year-old woman who lost her home and all her possessions because her spouse was severely injured in an automobile accident, and neither she nor he had insurance to cover the cost of his hospital care. Or the 55-year-old woman who had to take minimum wage, unskilled work to pay the bills because she lost her factory job due to downsizing.

The events that create financial disasters for women are generally not the things we want to think about—the death of a spouse, a divorce, a serious illness, a disabling accident, or loss of a job. While it is easier to assume these things only happen to "other people" and could certainly never happen to us, life-altering events can, and do, happen anywhere, anytime. However, just because these events are surprising or upsetting doesn't mean they have to be financially crippling.

Good planning can help to prevent a personal tragedy from becoming a financial disaster. That's what this chapter is about—preventing a financial disaster by providing you with some basic information to help you make informed choices as you prepare to protect your future. First, there are six steps you can take to become more financially independent. Then, we discuss some potentially disastrous events—divorce, widowhood, unemployment, and medical emergencies—and "must dos" that can help you to be prepared should an unthinkable event occur in your life.

Your First Steps

One of the first steps you can take to avoid financial disaster is to establish your financial independence. The idea is not to create a split between you and your spouse or partner, but rather for you to have enough financial self-sufficiency that you can act on your own in an emergency. The following six steps will help you to accomplish that.

1. **Maintain files of basic financial information**. Be sure you have copies of all current assets; bank account numbers; safe deposit information; insurance beneficiary information; IRAs and other retirement account records; tax returns going back seven years; mutual fund statements and copies of stocks and bonds; copies of health, homeowners, auto insurance policies; the lease or mortgage information for your home; copies of a prenuptial agreement; wills, trusts and powers of attorney; and copies of birth and marriage certificates. It is also a good idea to have receipts of major appliances in a file as well.

2. **Have your name on the checking account**. If your husband dies suddenly, it could be very difficult to resume payment schedules if the checking account and home purchases are listed only in his name. If you are married, you should also open checking and

savings accounts in your own name just in case a will is contested or some other complication arises.

3. **Establish and maintain good credit**. Good credit is essential to any sort of financial independence. Get credit in your own name through a personal credit card. Without good credit it will be nearly impossible for you to borrow money to purchase a home or car, or even get a credit card, without assistance.

   Good credit means more than just paying your bills on time. While that is a critical part of maintaining a good credit rating, you must also check your credit report and credit score every year to make sure that there are no inaccuracies. Credit Reporting Agencies collect information about you and your credit history from public records, your creditors and other reliable sources. These agencies make your credit history available to your current and prospective creditors and employers as allowed by law. Credit scores range from 300 to 850. You'll need at least a 620 to be considered for any type of mortgage, but in order to get the best rates and most favorable terms, you'll need a score of over 700.

   A recent study suggests that over 79 percent of all credit reports have at least one error. The same study showed that over 50 percent have an inaccuracy that drops a credit score by at least 50 points. Three major national agencies keep track of credit, and they often don't coordinate. Yet, no bank or mortgage company will loan money without checking at least one of them.

   The credit reporting agencies are:

   Equifax
   PO Box 105873
   Atlanta, GA 30348
   (800) 685-5000

   Experian
   PO Box 2002
   Allen, TX 75013
   Consumer Credit Questions
   (888) EXPERIAN (888-397-3742)

   TransUnion
   Post Office Box 2000
   Chester, PA 19022
   (800) 888-4213

   Even if you maintain a joint checking account, never let the responsibility of making payments on time fall entirely on your spouse. A spouse's history of late payments or non-payments can destroy his wife's credit rating. It also takes seven years for poor credit information to fall off an account. By all means, maintain joint credit accounts, but make sure that they're paid on time—and if they're not, get your name off the account.

Visit the WISER (Women's Institute for a Secure Retirement) Web site (www.wiserwomen.org) for more information, including steps you can take to establish and maintain good credit.

4. **Assess your insurance needs and buy enough to protect yourself.** There are four kinds of insurance every family should have: life insurance, homeowner's insurance, health insurance and car insurance.

   Life Insurance: When it comes to life insurance, it's essential to buy enough to cover all of your debts, like mortgages and student loans, plus 20 percent if you die. The extra 20 percent is a precautionary measure to protect your spouse in case there isn't an opportunity for employment, there are no other benefits, or any money on the way gets trapped in red tape. A few dollars more in a monthly premium will buy a lot of breathing room later.

   Life insurance may seem like one of those things you are able to do without, but it can protect you from total financial ruin if the primary earner in the family is injured or dies. In addition, if you compare the premium to the benefit, it can be fairly cost-effective. If you're on a tight budget, avoid whole life policies, which are essentially investment vehicles, and get term life, which will protect you for a specific number of years while you're financially more vulnerable, such as when your children are young. It won't pay out a benefit after the term, but it is significantly less expensive than whole life, and by that time you could be more established financially.

   Homeowner's insurance is another "must have." Paying the small monthly premium is nothing compared to losing your home and its contents in a fire or other disaster. If government-subsidized insurance is available, avoid the more expensive private coverage like flood insurance in coastal areas or near larger rivers, and earthquake insurance in California.

   Health insurance is a problem for many lower-income families. If you cannot afford a comprehensive plan, consider a catastrophic health insurance policy to cover a medical crisis that could ruin a family budget for years to come. For example, having your appendix taken out can cost $15,000—and there's no scheduling an appendix attack.

   Finally, **car insurance** is mandatory. If you're going to drive, insure your car. Period. If you have a homeowner's policy, you may be able to get an umbrella policy covering your car and your house at a cut rate.

5. **Create and agree on a will for you and your spouse or partner**. Insurance is there for the unexpected, but death is a part of life. And as we plan for life, so should we plan for death. Make sure that wills are drawn up and that you have a notarized original copy, a lawyer has a copy, and that there's a copy in a safe deposit box. (If you don't have a safe deposit box, consider getting one.) Review and update your will every five years or when you acquire significant new assets.

   While state laws vary, surviving wives usually inherit at least half of their husband's estates. However, given the nature of the modern family, inheritance can be contested by stepchildren, children, siblings and even cousins. While a jointly owned house will automatically go to the partner who survives, no one wants to inherit the house only to find they cannot afford the taxes that go with it. It is very important to state clearly whom you want to receive your property and possessions. If both parties die at the same time, a will is important to make sure that the surviving children are cared for, and that assets are fairly distributed among survivors.

6. **Save, save, save!** One reason for the high rate of poverty among older women is the lack of personal savings. According to the National Women's 2005 Retirement Survey, many women admit to not saving enough for their retirement. When asked the question, "At the present time, do you feel that you are saving enough money for your retirement?" 62 percent of women surveyed answered "No." Among women of color, the figures are even higher—74 percent for both African American and Hispanic women. Many of these women are well aware of the importance of retirement saving, but many are unable to save or are simply unaware of the steps to take.

   Albert Einstein once said, "The most powerful force in the universe is compound interest." While the great physicist may have said it with a smile, for most of us, compound interest is the greatest financial gift we will experience. When you sit down to pay the bills, try to pay yourself first. Every week, put something aside and watch your money grow. If you don't have access to a retirement plan through work, you could put your money in a pre-tax savings account like an IRA. The nice thing about these accounts is that they will lower your overall tax burden.

   It is important for you to put money aside on your own even if your husband is saving for his retirement. A recent survey revealed that female workers are more likely than males to say that a spouse is putting money aside in a retirement plan of his own, which indicates that many women intend to rely solely on their husbands to take care of their retirement. While you will most likely have access to your husband's pension in the event of his death, or a portion of it in case of divorce, it's always a good idea to have some money in your own name. This will also help your asset base in the event that you want to buy a house following a divorce or the death of your spouse. A woman needs to have her own money, even a small amount, to cover living expenses if something disastrous should occur that adversely affects the family income.

Potentially Disastrous Events

Advanced planning is one thing a woman can do to ensure that she will not slip into poverty in old age. By following the previous six steps, you can help to safeguard yourself from financial ruin in the event of divorce, death of a spouse, job loss, or a health crisis. What follows are some event-specific points that can help you navigate an event so even if it happens it doesn't become a disaster.

Divorce

Almost half of marriages today end in divorce. And because many wives have chosen to stay home and raise their children, to make sacrifices in their careers to be more available to their families, or to give their spouses the opportunity to concentrate more fully on career achievements, the financial burden of divorce usually falls most heavily on the woman.

Bank or credit card accounts: If a divorce is necessary, and particularly in the case of a contentious divorce or a divorce from a partner who has financial problems, protect yourself and your credit status first. Close any joint bank or credit card accounts as soon as possible.

Retirement plan assets: Dividing your plan assets at the time of a divorce can difficult, even if the divorce appears to be amicable and/or there are few assets beyond a house or car. Money can bring out the worst in even the best of people.

State laws recognize retirement benefits as a jointly owned asset if the benefits were earned during the marriage. This means that most types of retirement plans—for example, a pension, a 401(k) plan, or an IRA—can be divided between the spouses. However, this is not automatic. To receive a part of your spouse's retirement benefits, you need to act. As a divorcing spouse, you must get a special court order called a Qualified Domestic Relations Order (QDRO). This document establishes your legal right to receive a portion of your former spouse's retirement plans. For example, if your ex-husband dies first, you may be eligible to receive his survivor's benefits, but you need a QDRO to establish that. Unless you have a QDRO stating otherwise, if he remarries, designates someone else as a beneficiary, or dies without specifying you as his beneficiary of survivors' benefits, you could be the loser.

If you are contemplating divorce, visit WISER's Web site (www.wiserwomen.org) for a list of questions you need to ask in order to assert your right to pension and 401(k) plan assets. Don't wait until it's time to retire—that's too late.

Health insurance: Don't fall into the same trap that Mary did. When she divorced her husband, her lawyers got her the house, but didn't advise her to attach her husband's health insurance. Mary was left without coverage, and when her young child became ill, she incurred significant medical expenses. Ultimately, she lost the house that she worked so hard to get in the divorce settlement.

If your ex-husband is the primary breadwinner and his employer provides the family health insurance, you will most likely be able to continue your health insurance coverage temporarily thanks to legislation passed in 1986 called The Consolidated Omnibus Reconciliation Act of 1986 or COBRA for short. Generally, COBRA allows you to continue with your husband's group coverage for up to 36 months after your divorce or legal separation—though *you will have to pay for this coverage*. Note: COBRA coverage will terminate sooner than 36 months if you remarry or obtain coverage under another group health plan.

Social Security: These benefits are not marital property. If you meet Social Security's requirements, you can receive benefits based on your former spouse's work. In general, if you were married at least 10 years and you are unmarried when you make a Social Security claim, you can be eligible as early as age 62 for Social Security benefits as a divorced spouse, or at age 60 if you are a divorced widow. For more information on divorced spouse's benefits from the Social Security Administration, call (800) 772-1213 or check online at http://www.ssa.gov/gethelp1.htm.

Widowhood:

For millions of women, widowhood comes a lot earlier than they expect. It is not surprising that two-thirds of women over age 85 are widows; but a report by the Women's Institute for a Secure Retirement (WISER) shows that one-third of all widows lost their husbands before age 60.

The following checklist prepared by WISER is something you should read *now*. It provides information you need to have before you become a widow, so that if and/or when it happens, you will be prepared—no matter how old you are.

Widow's Checklist

- □ Expenses are likely to be 80 percent of what they were before the husband dies, but a widow's income may only be two-thirds of what it was prior to the spouse's death. Pension benefits from the husband's work generally are reduced by 50%, and Social Security benefits may be reduced by a third or more.
- □ Federal pension law requires company and union pension plans to provide a joint and survivor's benefit option. The survivor pension can only be given up if the wife gives her permission in writing.
- □ When selecting the pension benefit, a wife needs to consider the options very carefully. The joint and survivor annuity offers a smaller monthly payment than other pension benefit options. However, for women who expect to depend on their husband's pension for a source of income in retirement, this is generally the better option.
- □ If a wife and husband chose a "joint and survivor's benefit" when he retired, the widow will receive a benefit equal to half of what he had been receiving. However, if they did not choose that option, the pension benefit stops when the husband dies, because the payments would be based only on the husband's lifetime.
- □ Different rules apply to certain other retirement savings plans, such as 401(k)s. Death benefits from a 401(k) are generally paid out in a lump sum, which can be rolled over—tax-free—into an Individual Retirement Account (IRA).
- □ If the spouse worked at a state, local or federal government job, then the widow must find out what the special rules are that apply to that pension.

** This Checklist is available courtesy of Women's Institute for a Secure Retirement (WISER), and can be found at www.wiserwomen.org.

What widowhood can do to personal finances: Take note of the first item on the list: Your expenses as a widow are likely to be 80 percent of what they were prior to your husband's death, but your income may only be 66 percent of what it was before. And that's not all. If you are an older widow, the death of a spouse can cut your widow's pension benefits by 50 percent. You used to receive both his and your Social Security retirement benefits. Now, you receive only the higher of the two, and this can be a cut in total benefits of one-third or more.

On the positive side, the Social Security program provides a safety net for widowed women with children. As a young widow, you can collect benefits until your children are age 16 and the children themselves can collect until they are 18. Survivor's benefits can also go to a widow age 60 or older, children younger than 18, disabled adult children, and dependent parents. Note: An older widow's benefits continue throughout her life; survivor benefits for young widows with children, and survivor benefits for children, end when the children reach age 16 and 18 respectively.

Widowhood and pensions: Most of us don't want to talk about death with our spouses, but it's important that we do, especially when it comes to pension benefits. Be smart. Find out everything you can about your spouse's pension and survivor's benefits.

Federal law requires company and union pension plans to provide a joint and survivor's benefit option; as a wife, you should not give up that benefit unless you have your own sources of retirement income. Taking the joint and survivor option means that the pensioner has an option of taking a larger payment during his lifetime, or taking a slightly smaller one, which then provides a survivor annuity for his spouse. If you have no independent source of income, you should never give up your right to a survivor pension even if it means living on slightly less during your husband's lifetime. *(Giving up that right must be done in writing.)* If your husband dies, and you have a survivor benefit, you will get a portion of his pension benefit amount. If the two of you did not choose the joint and survivors benefit, his pension stops at his death, and you, the widow, get nothing.

The law applies different rules to retirement savings plans such as **401(k)s**. Death benefits from the 401(k) are usually paid out in a lump sum. *There are tax consequences if you, as a widow, receive a lump sum before you are age 59 ½.* Consult with a tax lawyer or accountant and roll the money over into an Individual Retirement Account (IRA), or put money aside for taxes if you need to use some of the money for expenses. A few dollars spent on a good accountant or a lawyer could save you thousands in unnecessary taxes later.

State, local and federal government pensions have rules that are different from those for private pensions. Government human resource offices can provide all the rules and regulations as they apply to spouses and widows. As a spouse, you should get this information in advance, so you don't end up unprepared should the unexpected happen.

For example, after leaving her job as a nurse to raise her kids, Nikki's husband, a military contractor who was an Army reservist, was deployed and killed in the line of duty. Left to care for three small children on her own, hundreds of miles from her family, it took her almost a year and intervention from her Member of Congress before Nikki discovered all the veteran's benefits that were due her and her children. This raises an important point: When it comes to any type of *federal benefits*, if the system is wearing you down, contact your Member of Congress. However, there is much you can do before that time to prevent these situations from putting a strain on your life and the well-being of your children. Talk to the human resources employees who staff the offices where your spouse worked and read whatever is available. Know what you are entitled to so that if a tragedy happens, you will know what to do.

Unemployment

If you lose your job, unemployment insurance is available to you. While the monthly benefits are less than a typical salary, and only temporary (up to 26 weeks), it can make the difference between paying the mortgage or being able to keep that health insurance, and declaring bankruptcy. If you lose your job and do not get another one immediately, take advantage of unemployment insurance. That's what it is there for.

It is important that, from the time you begin collecting unemployment, you start looking for another job. Employment counselors tell many sad stories of individuals who collected unemployment insurance for months, confident of their ability to eventually get work, only to find that their skills were out-of-date and jobs were scarce when the unemployment insurance ran out.

Medical Emergencies
Finally, be aware that unexpected illnesses or hospitalizations can easily break a family budget. If you need assistance, hospitals can help people with low incomes pay their hospital bills by processing an application through the state's charity care program, if one exists. Many states also have created pools of money to cover those without insurance. The Bureau of Primary Health Care sponsored by the U.S. Department of Health and Human Services, will help you find a clinic that will give you care even if you do not have health insurance. To find the clinics available in your city go to http://ask.hrsa.gov/pc/.

If you have very low or no income, you and your children may be eligible for the government-sponsored Medicaid and State Children's Health Insurance Programs (SCHIP). Call your state Medicaid office for more information on eligibility for these programs.

Conclusion

Nothing can prevent the tragedies in life. You can't cheat death, accidents happen, and not all jobs or marriages will last. But by arming yourself with household financial knowledge, creating a private credit history, purchasing the necessary insurance, and saving, you can make the difference between spending your retirement years in financial hardship and enjoying the best that your later years have to offer. No one can predict the future, but you *can* plan for the unexpected and help to ensure that you are protected no matter what lies ahead.