SURVEY OF RECENT WIDOWS

Introduction

In 2013, The Women’s Institute for a Secure Retirement (WISER) partnered with research company Greenwald & Associates to look into the financial readiness and economic aftermath of women who experience widowhood. The result was an online survey of 246 women who were widowed within the past five years. The respondents were all ages 70 and under, and had financial assets ranging from $50,000 to $1 million. The research was funded by the American Council of Life Insurers.

Widows are a large and growing percentage of the United States population. According to the 2009 U.S. Census, 975,517 women had been widowed in the previous year. Women who are widowed are also likely to have many years of financial independence ahead of them. On average, women who reach age 65 can expect to live about 20 more years. In fact, predictions indicate that about one out of every four women who reach age 65 will live past age 90.1

The study’s findings showcase the troubles that women experience when they are widowed and that much more extensive education is needed to teach women about long-term financial planning early in life. About half of the women surveyed reported losing at least half of their income when their husbands died, and about one in eight were forced to move to less expensive housing as a result of their deaths. Almost half reported being concerned about making financial decisions after their husbands died. Early financial literacy education for women, as well as more resources focused on widowhood, would go a long way towards easing those concerns. The idea of a website that helps recent widows navigate financial challenges was also well received in the survey.

Widowhood is a vulnerable period both emotionally and financially. The more we can help women prepare for this likely event, the better their chances for living out their retirement years with a sense of security and dignity.

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1 Social Security Administration, Life Expectancy, https://www.ssa.gov/planners/lifeexpectancy.html
Key Findings
This research included an online survey of 246 women who were widowed within the past five years. The respondents were all ages 70 and under, and had financial assets ranging from $50,000 to $1 million.

Emergency Funds
- Three in ten widows (29%) did not have an emergency fund prior to their husbands’ deaths.

Financial Planning
- Only three out of ten widows (30%) were primarily responsible for financial planning and investment decisions prior to their husband’s death.
- One third of widows (33%) shared the responsibility for paying household bills equally with their husbands.

Filing Income Taxes
- One in four widows (24%) had difficulty filing income taxes after her husband’s death.

Handling Financial Issues
- When it comes to handling financial issues after they became widows, women reported more difficulty with determining pension plan and Social Security payments than with locating documents.
- Four out of ten women (44%) reported difficulty determining what their children were entitled to from Social Security and initiating payments when they were widowed.
- About one in four women found it difficult to locate important documents after she was widowed, including locating credit card accounts and transferring them to her name (27%), and locating bank accounts and investments and obtaining access (26%).

Household Income
- Half of the women (49%) reported losing at least half of their income after their husbands died.
- One out of ten women (12%) reported losing 75 percent or more of their income after their husbands’ deaths.
- Just 14% reported no decline in their income after their husbands’ deaths.

Paying Bills
- The majority of women had no difficulty paying bills in the first twelve months after they were widowed.
- Women reported the most difficulty paying for their husbands’ funeral expenses and for discretionary expenses such as entertainment and leisure activities.

Housing
- One in eight women (13%) moved to less expensive housing as a result of their husbands’ deaths.
Primary Concerns

- Two in five women (43%) were concerned about making financial decisions at the time they were widowed.
- The biggest concern for women at the time they became widowed was maintaining their emotional and physical health.
- More than one third of women (37%) were concerned about avoiding fraud and individuals looking to take advantage of recent widows.

Resources for Widows/Website

- The majority of widows (89%) found the idea of a website that contains information about how to handle financial issues after their husbands’ deaths appealing.
- Nearly half of women (46%) said that a website with focused financial information would have been very or extremely helpful when they were widowed.
- Many widows felt the best way to tell people about such a website would be funeral homes (52%), the Social Security Administration (39%) or the AARP (34%).
## Being Prepared for Widowhood

The possibility of becoming a widow is not something many women want to think about. However, it is a statistical reality for older women and may happen much earlier than expected. Women age 65 and over were three times as likely as men of the same age to be widowed. Nearly three-quarters (73 percent) of women age 85 and over were widowed, compared with 35 percent of men\(^2\).

Many women have time to prepare for widowhood, but oftentimes tragedy can come suddenly and without warning. That is why it is important for women to prepare for the possibility of widowhood as early as possible by setting aside an emergency fund for unforeseen expenses or events. A total of 71% of widows surveyed said they did have such a fund but the likelihood was much higher for those with larger portfolios of savings and investments. Out of women who reported $250,000 - $500,000 worth of savings and investments, 84% had an emergency fund. For those with $50,000 - $99,999 in savings and investments, only 55% had emergency funds. It is safe to assume that as savings and investments decreased, so too did the likelihood of an emergency fund.

<table>
<thead>
<tr>
<th>Savings &amp; Investments</th>
<th>Total (n=246)</th>
<th>$50,000-$99,999 (n=44)</th>
<th>$100,000-$249,999 (n=91)</th>
<th>$250,000-$500,000 (n=111)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent answering “yes”</td>
<td>71%</td>
<td>55%</td>
<td>63%</td>
<td>84%</td>
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Another way women can prepare for widowhood—regardless of their incomes or financial standing—is by taking on financial responsibility. Many women rely on their spouse for paying household bills and making decisions about financial planning and investments, while they take on other responsibilities within the marriage. Thirteen percent of widows reported that their husbands were primarily responsible for making decisions about financial planning and investments prior to their deaths. Nine percent said their husbands were primarily responsible for paying household bills. Although these

\(^2\) Older Americans 2012: Key Indicators of Well-Being. [www.agingstats.gov](http://www.agingstats.gov)
numbers present a minority, among the population of women who are widowed each year, they represent a significantly large group of people. These women face extraordinary challenges when they become widows. Not only must they navigate the emotional trauma of losing a partner, they also must take on new financial tasks. The burden of that challenge makes it likely that financial mistakes will happen and it makes new widows easy targets to the many scammers who prey on older women.

It is encouraging to learn through the survey results that a majority of women either shared equal responsibility for bills and financial planning or took on primary responsibility. However, more women took on primary responsibility for bills (57%) than for making decisions about financial planning and investments (30%). The latter is valuable training for the financial challenges that happen during widowhood. Since it is likely that women will live longer than their husbands and be forced to navigate financial waters by themselves, it may be advisable for them to participate in those responsibilities as early as possible.

Prior to your husband's death, who was responsible for paying your household's bills/making decisions about financial planning and investments? Was it...

Base: Total (n=246)

- Primarily you: 57%
- Shared equally between you and your husband: 30%
- Primarily your husband: 9%

New Widows Underestimate Financial Challenges That Are To Come

Whether a woman knows the likelihood that her husband will soon die, or if his death is a sudden, shocking tragedy, the reality of actually losing one's spouse is difficult to handle and accept. A period of mourning, when a widow's emotional and physical health may suffer, is- unfortunately- par for the course. Women tend to expect this kind of challenge, however many widows do not realize, or are not thinking about, the financial challenges that are to come.
When asking women about their greatest concerns at the time they became widowed, the most popular answers were maintaining emotional and physical health. Seventy-seven percent of women reported that they were very or somewhat concerned about their emotional health and 56% of women said the same about their physical health. Those with children under 21 when widowed were more likely to be very or somewhat concerned about maintaining their emotional and physical health – perhaps because the solo rearing of young children presents an emotional and physical challenge.

At the time you became widowed, how concerned were you about the following?

<table>
<thead>
<tr>
<th></th>
<th>Very/Somewhat concerned</th>
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</thead>
<tbody>
<tr>
<td>No children under 21 when widowed (n=190)</td>
<td>73%</td>
</tr>
<tr>
<td>Children under 21 when widowed (n=56)</td>
<td>89%</td>
</tr>
</tbody>
</table>

Far fewer women reported that they were concerned about being able to make financial decisions at the time they became widowed. Only 43% reported being concerned, while a majority said they were not too concerned or not at all concerned. Even more women said they were not worried about avoiding fraud and scammers; 63%, or about three out of five, were not too concerned or not at all concerned.
This lack of concern probably means that many women are hit with a shock when they see their incomes drop after their husbands’ deaths. Only 14% of widows said there was no decline in household income after their husbands’ deaths. Many more respondents - almost half (49%) - saw their household incomes drop by 50% or more. Regardless of one’s level of financial literacy, losing half of one’s household income presents financial challenges and forces one to make tough financial decisions. Yet, only 16% of women reported being very concerned about being able to make financial decisions at the time they became widowed. This disparity suggests that many women do not grasp the financial hit that the death of one’s life partner presents.
The decrease in household income that many widows experience can sometimes lead to them being forced to move to less expensive housing. Out of the 246 widows surveyed, 13 percent reported that they had to move as a result of their husband’s death. Interestingly, the amount of savings and investments that respondents had did not have a significant impact on whether they were forced to move after they became widows. Ten percent of widows with $250,000 - $500,000 in savings and investments had to move, suggesting that even those who have large and strong financial portfolios can struggle with financial challenges, like house payments, after their husbands’ deaths. Again, although 13 percent may seem like a small percentage, the figure represents a large number of women. Thirteen percent of the 975,517 women who were widowed in 2009 is 126,817 women.

Did you have to move to less expensive housing as a result of your husband’s death?

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<th>Responsible for Financial Planning</th>
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<td>$50,000-$99,999 (n=44)</td>
<td>Total (n=246)</td>
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<tr>
<td>$100,000-$249,999 (n=91)</td>
<td>$13%</td>
</tr>
<tr>
<td>$250,000-$500,000 (n=111)</td>
<td>$10%</td>
</tr>
<tr>
<td>Primarily you (n=73)</td>
<td>$4%</td>
</tr>
<tr>
<td>Shared equally (n=142)</td>
<td>$14%</td>
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<tr>
<td>Husband (n=31)</td>
<td>$26%</td>
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Although many women said that they were not very concerned about finances after their husbands died and that they were more worried about their emotional and physical health, the reality is that many will have to navigate significant financial challenges in the months and years after they become widows. The sooner they begin to tackle these, the better off they will be. Furthermore, greater education is needed throughout women’s entire lives to inform them of the challenges they may face if they become widows.

Navigating Financial Challenges as a Widow

Transiting from being in a partnership, where important responsibilities are shared, to being the sole financial decision-maker, can be an abrupt, alarming and difficult experience for new widows. In this survey, respondents were presented with a number of financial issues and asked to choose
whether they had a great deal/some difficulty with them, only a little difficulty, or no difficulty (not applicable was also an option).

It is heartening that for every financial issue the women were surveyed about, the most common answer provided was that they experienced no difficulty. Women were extremely successful at locating important documents after they were widowed, a step that is a necessary and unavoidable when it comes to taking on total financial independence. Fifty-five percent of women had no difficulty locating credit card accounts and transferring them to their names, 68 percent had no difficulty locating bank accounts and investments and obtaining access, and 63 percent had no difficulty locating life insurance policies on their husbands and obtaining payments.

When you were widowed, how much difficulty did you have with the following financial issues?

When it came to determining the payments they were entitled to and initiating those payments, however, widows experienced significantly more difficulties. Social Security, a resource that older widows often heavily rely on, presented the largest challenges. More widows (44%) reported difficulty determining what their children were entitled to from Social Security and initiating payments than those who did not (34%). Similarly, 37 percent of widows had difficulty determining what they were entitled to from Social Security and initiating payments. Despite the wealth of information that is available about Social Security and its importance for retirement, its complex nature means that many—especially new widows—run into difficulty with it. For that reason, resources that explain Social Security in a straight forward and easy to understand way are extremely important.
Furthermore, a significant percentage (24%) of the widows we surveyed said they had a great deal of or some difficulty filing income taxes after their husbands died. Although this fact is perhaps not surprising, it is a difficulty that is easily avoidable, as each year presents a new opportunity for women to gain familiarity with the process. Women who reported that they were primarily responsible for financial planning were the least likely to have difficulty with filing income taxes after their husbands’ deaths. Inversely, women who said their husbands were primarily responsible for financial planning were very likely to have difficulty filing income taxes as a widow. The inverse relationship between a woman’s financial responsibility during marriage and the ease with which she files income taxes as a widow further demonstrates the importance of women being involved with financial planning during marriage. Being equal partners in financial decisions— or even taking on greater responsibility than their husbands— prepares women for the financial issues that arise during widowhood.
It is encouraging that the majority of widows surveyed reported no difficulty paying for various types of bills in the first 12 months after their spouses died. However, at least one in five had some difficulty paying for every type of bill surveyed. On the low end, 23% reported difficulty paying for personal medical bills, and on the high end 34% - more than one in three - had trouble paying bills for discretionary expenses such as entertainment and leisure activities. A substantial number of widows had difficulty paying their mortgage or rental payments (28%). Similarly, about one in ten widows were forced to change housing. The one in five women who struggle with various types of bills after becoming widowed underscores the necessity of teaching women the importance of long-term saving and financial planning so that such struggles can be avoided or minimized.
The results of our survey reveal that a large number of widows struggle with finances after their spouses’ die. One possible way to help them navigate the immediate and long-term challenges of widowhood is an interactive, easy to use website designed specifically for them. The website would contain a how-to guide, contact information, personal accounts of widows and family members, information from experts and worksheets on such issues as:

- Legal: death certificate, will, car title
- Financial: Social Security, pensions, annuities, IRAs, investments, bank accounts
- Insurance: life insurance, long-term care insurance
- Medical: health insurance, Medicare and Medicaid, medical bills of deceased spouse
- Credit and credit cards
- Housing: maintenance, mortgage or rental agreement, deeds, housing options
- Health: managing stress

The survey was used to gauge reactions to the idea of a website. Nine out of ten widows said the idea for the website sounded appealing. Only three percent said that the website would have been “not at all helpful,” and almost nine out of ten widows (88%) said it would have been, somewhat, very or extremely helpful. Similarly, 85% said it is likely that they would have turned to such a website for help if it had existed.
How appealing is the idea for this website?

Base: Total (n=246)

- Extremely appealing: 11%
- Very appealing: 37%
- Somewhat appealing: 41%
- Not too appealing: 10%
- Not at all appealing: 1%

How helpful do you think a well-educated website like this would have been to you when you were widowed?

Base: Total (n=246)

- Extremely helpful: 14%
- Very helpful: 32%
- Somewhat helpful: 42%
- Not too helpful: 9%
- Not at all helpful: 3%
We also asked respondents what they thought would be the best way to spread the word about the website and inform recent widows. The most popular answers were through funeral homes, the Social Security Administration, the AARP and grief counseling services.

What do you think would be the best way to tell people about the website? Through...

Multiple responses accepted

- Funeral homes: 52%
- Social Security Administration: 39%
- AARP: 34%
- Grief counseling services: 31%
- Programs on TV: 28%
- Life insurance companies, when you claim benefits: 26%
- Churches, synagogues, and mosques: 19%
- Banks or credit unions: 17%
- Medical providers: 14%
- Lawyers: 9%
- Financial advisors' columns in the newspaper: 9%

Base: Total (n=246)
Conclusion

Widows are often woefully unprepared for the realities of their retirement years. At WISER, we frequently hear from women who find themselves struggling financially after their husbands pass away; many of them saying “If only I knew...” when it comes to financial matters. Women’s longer life expectancy puts them at greater risk for running out of money in their older years, but other factors often compound this longevity risk and make the situation even more challenging.

There is much that can be done to better educate and support women on their financial journey. It starts with encouraging women of all ages to get actively involved in their finances; helping them understand the basics and where to go for help; and building their confidence and motivation to take further action. For widows, it is important that education and resources are tailored to their unique needs. It is especially appropriate for some organizations (such as funeral homes and life insurance companies) to provide enhanced support for widows. The Social Security Administration and others who provide education about Social Security might also review the assistance and information they provide widows in helping them determine their benefits.

Finally, while not every woman knows if/when she will be a widow, many do experience long periods of caring for a terminally ill spouse. For these women, the need for assistance starts from the point their spouse becomes seriously ill, not with their spouse’s death. Identifying ways to reach women during this period prior to widowhood would also be helpful in preparing them for the years when they might be living alone.

ABOUT WISER

WISER’s mission is to improve the long-term financial security of all women through education and advocacy. WISER supports women’s opportunities to secure adequate retirement income through research, workshops and partnerships.

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