Widowhood: Why Women Need to Talk About This Issue

Widowhood is one of life's tragedies that most families hope to avoid. However, for most married women, it is inevitable. It's a life situation that can affect even those who appear to be safe.

It happened to Katie Couric, former "Today Show" co-anchor. When Katie became a widow at the age of 41, she also became part of a dreaded statistic; a third of women who become widowed are younger than age 60, and half of all women who will become widowed become so by age 65. Fortunately for Katie, her heartbreak did not include the harsh financial challenges that generally follow for the average American widow. Barring large sums in life insurance or other assets, the economics of widowhood usually include a sharp drop in income.

After the death of a spouse, household income generally declines by about 40% due to changes in Social Security benefits, spouse's retirement income, and earnings. For many women, the road to poverty begins after their spouse dies.

As women age, they become more vulnerable to poverty. The poverty rate for women age 65 and older is roughly 12%, just over 1 in 10 live in poverty. But for widowed women age 65 and older, the poverty rate is much higher with approximately 51% living on less than $22,000 a year.

Younger Widows

For someone who was Katie's age with young children under age 18, the Social Security system kicks in as an important safety net by providing a form of "social life insurance" for survivors. When someone dies who has worked and paid into the Social Security system, part of the taxes go towards survivor's insurance. Survivor's benefits can be paid to certain family members that include widows, children and dependent parents. Although most working people view the Social Security system as a retirement program, it in fact pays more benefits to children than any other federal program.

Special Rule

After the earner's death, family members are determined eligible if they meet certain factors – nobody will need more than 40 credits or 10 years of work. But the number of work credits you need depends on your age when you die—the younger a person is, the fewer work credits are needed to be eligible for a survivor benefit.
The amount of the benefit is based on the earnings of the person who died. For example, a monthly family survivor's benefit for a spouse and two children would be paid until the children reach age 18. At that time, the widow's benefits stop, but they will begin again when the survivor reaches age 60, the eligible age for a

reduced survivor benefit. If she can afford to wait until full retirement age – now age 66, then she will receive a full benefit. If she is disabled, she is eligible at age 50.

Survivor Benefit Amount

Social Security bases the benefit amount on the earnings of the person who died. The more the worker paid into Social Security, the larger the benefit amount. Social Security uses the deceased worker's basic benefit amount to calculate the percentage survivors can receive. The percentage depends on the survivor's age and relationship to the worker. For example, a widow or widower, at full retirement age (now age 66) or older, generally receives 100 percent of the worker's basic benefit. For a widow or widower, any age, with a child younger than age 16, will receive 75% of the worker's benefit amount. When the child turns 18 the survivor benefit will stop until the widow or widower reaches retirement age. There is a limit to the benefits that a spouse and other family members are paid each month. The limit varies between 150 and 180% of the deceased worker's benefit amount.

For additional information on survivor benefits for widows and dependents, contact the Social Security Administration, www.ssa.gov.

Older Widows

Older widows – women who become widowed after age 60 – are usually in a more precarious financial situation unless they have substantial savings, pensions or life insurance due to choices made long before they become widowed.

At retirement age, the woman can choose to collect as the spouse of the worker (half of her spouse's benefit) or on her own work record.

The problem is that when her spouse dies, most often the household income declines by one-third if a couple's Social Security benefits are based on one person's work history, and by 50% if based on both. Official income projections assume that a single older woman needs 100% of their original income to achieve the same standard of living that the couple had. This can be the widow's first step into the spiral of poverty.

Living Longer Means You Will Need More Income

Women's precarious financial situation is made even more worrisome due to the fact that women tend to live longer than men by about three years. Women are four times more likely than men to outlive their spouses and many women spend 15+ years as widows. This means they need more retirement income saved to cover those extra years.