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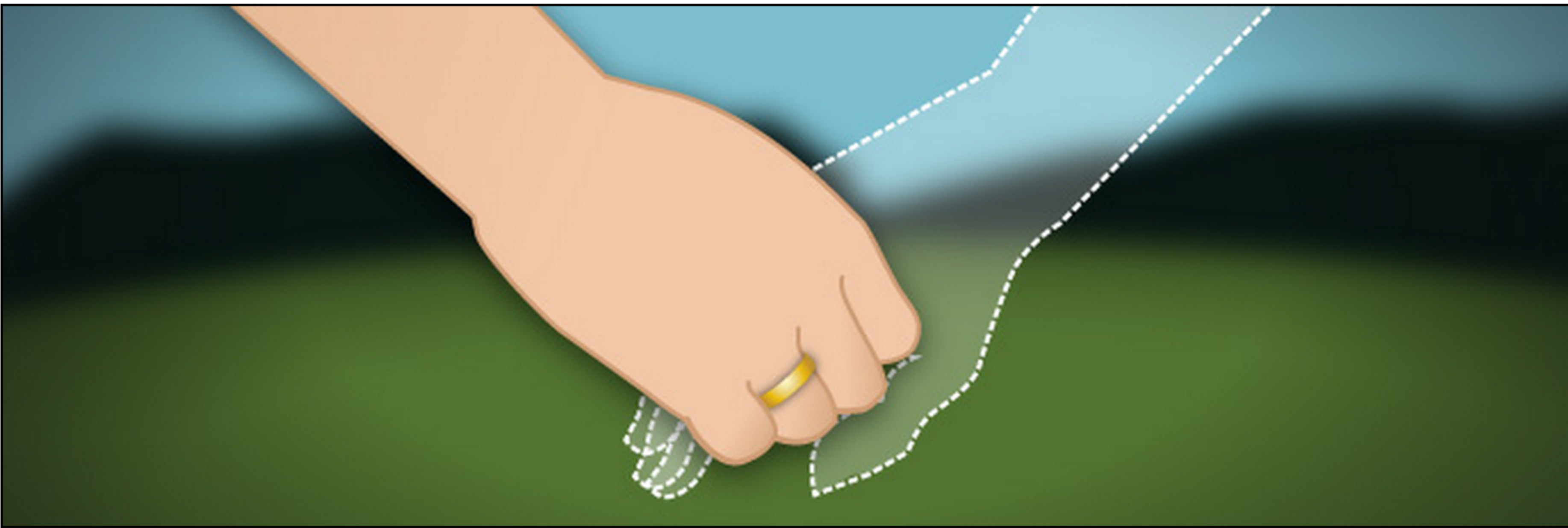
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[Credit Cards](#) > [Credit Card News](#) > [Marriage and finances](#) > Steps to protect finances after divorce, spouse death

Steps to protect finances after divorce, spouse death

By [Matt Alderton](#)

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**Whether it's to death or divorce, losing your spouse can break your finances as much as your heart.**

Six years ago, retired market researcher Harold "Hal" Spielman lost his wife of 32 years to breast cancer. Without her, he was devastated. And lost. Not only emotionally, but also financially.

"I'm not hurting for money, but I didn't know where the family checkbook was," says Spielman, 88, author of "Suddenly Solo: A Lifestyle Road Map for the Mature, Widowed or Divorced Man." "It seems like such a rudimentary thing, but it pointed out for me that when you're in a relationship, you don't always know everything your partner is involved in. Financially, that can be a problem. Here I had all these unpaid bills, and I didn't know where the checkbook was to pay them. It was a shock."

To find out how his peers had dealt with that and other shocks, Spielman subsequently interviewed 1,600 men and women over the age of 55 who were widowed or divorced. Among the men, he found, the top three concerns when losing one's spouse were: health, housing and finances.

Women face similar concerns, according to the [2013 Fidelity Investments Couples Retirement Study](#). Only 24 percent of women are responsible for day-to-day financial management in their marriage, and fewer than half (45 percent) feel confident in their ability to assume full financial responsibility if needed. Further, nearly 40 percent of women who divorce or lose a spouse live in poverty by the time they're 60, according to the U.S. Census Bureau .

When the financial fallout from the loss of a spouse is ignored, the consequences can be severe. When it's managed, however, economic as well as emotional recovery comes faster.

Plan ahead

Preparation is the best medicine, according to investor and blogger Patty McDonough Kennedy, who explored the financial implications of losing a spouse in her recent "Women & Investing" blog series.

"As I entered my 40s, I saw some of my female friends facing financial hardships due to the loss of a spouse ... The stories were real — in some cases, dire — and the women were from all economic backgrounds, ranging from low-income to wives of millionaires," says Kennedy, CEO of New York-based public relations firm Kennedy Spencer. "This made me take a hard and honest look at my own personal and financial situation. What would happen if something happened to my spouse or to me?"

Kennedy resolved to learn more about money and to take charge of her own finances. She began reading about investing, for instance, and taking a more active role in her retirement planning. "Having gone through this process, I feel 100 percent more financially prepared if I were to lose my spouse," she says.

Stop the bleeding

Unfortunately, planning for loss isn't always possible. Often, the end of a marriage or death of a spouse can take you by surprise. When that happens, it's important to find your financial footing quickly so you don't fall into a debt spiral. Crucial first steps include:

- **Assessing your finances:** "You'll need to get a handle on your finances and assess your current financial situation, taking into account the likely loss of your former spouse's income," says Thomas Marino, a financial adviser at Atrium Financial in Cherry Hill, N.J. "You have to figure out what your income is, what you're spending and what you're going to need."
- **Making a budget:** It's important to establish a realistic budget reflecting your current income and expenses, as living the lifestyle you lived in marriage could put you on an express train to debt city. "Many men, for example, have a period where they don't know where they're going to eat; they don't cook, so they end up eating out, which becomes expensive," Spielman says. "Likewise, when you start dating again, it's important to look at your finances and decide what you can afford to spend on a date; if you take a woman to a \$100-per-person restaurant, but your finances only support a \$25-per-person restaurant, that creates the wrong impression."
- **Getting insured:** If you had health insurance through your spouse's employer, don't neglect to seek new coverage, as medical debt could exacerbate any financial challenges. Also, review your disability and life insurance policies to make sure they match your current needs, as well as beneficiary designations. "If your former spouse is your beneficiary, you'll probably want to change that," Marino says.
- **Protecting/establishing credit:** In the event of divorce, it's important to close any joint credit accounts you have with your former spouse and establish new individual accounts. This can protect you from any new debt your former spouse incurs— although you may still be on the hook for joint debt incurred during the marriage — and will help you forge an individual financial identity.

Plan for the future

After losing a spouse, many may take life a day, week or month at a time. Financially, however, it's important to look years — even decades — ahead. According to Kennedy, important considerations include:

- **Income:** If your spouse was the sole breadwinner, you need to decide how you'll provide for yourself, whether through employment or investments.
- **Retirement:** Because you and your spouse likely were either planning retirement or retired, you need to reevaluate your goals and your plan for achieving them.
- **Children:** Parents need to consider what their children will require — for example, school-related expenses and college savings — and how they'll pay for them, including whether any child support or Social Security benefits to which they're entitled are enough.

Make good, not fast decisions

Although one faces many important decisions after the end of a marriage, save the big ones — whether to keep the house, for example — for later.

"Whether you're overcoming death or divorce, it's generally a very fearful time in your life, and you should never act based on fear," Marino advises. "Give yourself some time to see what your situation is going to be before you make big decisions."

Do, however, make the decisions eventually. "Everyone — especially when they lose a spouse — needs to feel empowered, to move forward, to succeed, to thrive," Kennedy concludes. "Dealing with your finances and standing on your own two feet helps you do that."

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