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JIM: Losing a life partner can be devastating. Emotional issues can be compounded by financial issues and, if you’re not prepared, you can be in a very vulnerable situation. Joining me today on Real Wealth is Kathleen Rehl who is a leading authority on widows and their financial issues. A widow herself, Kathleen is passionate about inspiring her widowed sisters in transition as well as their advisors. She wrote the multi-award winning book, Moving Forward on Your Own: A Financial Guidebook for Widows, which has been featured on the New York Times, Wall Street Journal, Kiplinger, and many other publications. The US Army also uses her guidebook in their survivor outreach services centers worldwide. She speaks across the country and I am so thankful that she has taken time from her busy speaking schedule to share some insight with us today. Welcome, Kathleen.

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KATHLEEN REHL: I am delighted to be here.

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JIM: Hey, it’s great to have you here. I’ve been in the business for about 30 years and have dealt with lots of clients through the years and I think one of the things that’s never more difficult, especially if it wasn’t really planned for, is when someone loses a life partner. It can have a lot of financial implications as well as emotional implications and, when you put the two together, it can really be devastating for people. I met you a couple months ago. You had done a talk and you’re going around the country, right now, inspiring widows and teaching them to learn maybe from some of your mistakes and successes because you had to go through this process yourself and, now, you’re helping your fellow widows regroup after losing a life partner. Thank you so much for joining us.

1:37

KATHLEEN REHL: Well, I appreciate the opportunity to share my story.

1:41

JIM: I’ve got to ask you, because I’ve worked with a lot of widows through the years, and a lot of them, the tendency is almost to become a recluse. They don’t want to talk to anybody. They kind of get within themselves and you’ve done quite the opposite. You’re out there helping widows. What inspired you to go out and tell your story and to help others?

1:58

KATHLEEN REHL: Well, after the death of my husband, when I experienced that crushing grief of widowhood myself, I walked that walk and felt the fear that new widows often fear, even the bag lady fear. Me, a reasonably smart woman, and I’ve got all kinds of anxieties about money myself. After I went through that, I realized that I needed to help my widowed sisters who didn’t have my experience or expertise or background in working with money and, my gosh, I’m a profession and, if I was going through these fears, what about them and so that was really the beginning of a process that ultimately led to writing the Guidebook for Widows and, then, I even made a further change. I had been doing personal financial advising for 17 years but I decided that I could reach more people through my speaking and my teaching and my writing so I sold that practice and, now, I’m doing, I told you I just got back from one event and getting ready to go to another event all across the country spreading the message that I have to share. It was my need to reach out and help my widowed sisters and, you know what, Jim, actually that process helped my own healing.

3:06

JIM: Wow. I can understand that because when you have purpose in life, I don’t care what you’re doing. You see a lot of people that suffer from depression, they don’t have that purpose in life, and that can really make a difference. My next question I want to ask you, Kathleen, is we’re in a male dominated society when it comes to financial advice and I’ve seen some pretty staggering statistics about how many widows leave the financial advisor that their husband chose because it’s kind of us guys sometimes don’t really cue in with the wives needs and wants are and I know, in my practice, I’ve made it mandatory that both spouses have to be in the meetings. If I’m just gathering facts, I’ll allow just one to be there but, when it comes time for the actual planning, I’ve always had that requirement, I want both inputs, and I’ve never suffered that but, as I’ve heard some of these statistics and I see how some people have been treated with their financial advisors where it wasn’t a team decision, it puts the widows at risk when they’re out there searching for a new advisor and creating a new relationship and they’re maybe a little bit vulnerable having lost somebody but, boy, it’s a sad reflection on our industry if we’re not including them in the discussion. What are some of those statistics about widows that you’ve come across?

4:16

KATHLEEN REHL: You’re so right about a high number of widows leaving their advisor. There was one widow, her name was Ann, and she came to me and she explained what happened after the death of her husband and the advisor called her in and said that there was some paperwork for her to sign and she really hadn’t had much of a relationship with him before. She said, well my husband got his hot tips on the golf course when he played golf with our planner, but she got into his office and he immediately started talking to her about how she was beating the market and he had all of these colorful reports that she never understood them before and she really didn’t understand them then. All she wanted to know was, was I going to be okay financially, could I still live in my house, was I going to have to go back to work, could I still help my granddaughter with her college education, and that advisor really didn’t know how to communicate very effectively with her and didn’t understand the grief that she was in. Ann said he never even used my husband’s name. He just called him my deceased spouse. Because she did not really trust, she didn’t understand what was going on, she wound up leaving that advisor. One of the journalists from US News & World Report did a beautiful article after the guidebook first came out and he said it’s like the tsunami of widowhood coming down the pike. We are one of the fastest growing demographics in the country today. There are over 13 million widows and the number is growing by about 1 million a year. I do a little exercise when I have my workshops and I have people guess what the average age a woman is when she becomes widowed and, typically, they’ll guess like 65 or sometimes even 71 but it’s actually 59 years old and the audience will gasp. It’s like, oh my gosh, I didn’t know it was that young. I was 60 when I was widowed. I typically speak at an annual conference every year, it’s called Camp Widow, and I’m 68 years old now and I am the oldest widow who will be at that event. The other women are in their 20s, 30s, and 40s. If you think active line of duty, men who were killed in their work in the military or firefighters or policemen, when you add those younger ages together with the more mature, you get 59 as an age. Another fascinating fact, when you think of the implications is that half of women over 65 are going to live another 15 years without their husband so think of what that means in terms of having to make financial and other life decisions without the partner that they had for so many years.

6:32

JIM: You know, I interviewed another guest not so long ago and I forget his last name, I just know him as Dr. Bob. He was talking about some of these statistics with aging and things like that and he said there is a 50/50 shot that someone who loses a spouse will still be around at least 10 years after so the importance of this planning, especially if they’re going to be a widow at 59, they’re probably going to be around a lot more than even 10 years. A lot of time, I know when people do their planning, they really don’t plan. Their plan basically doesn’t take into account that legacy planning for a surviving spouse because there’s going to be potentially higher expenses, not less expenses. If the spouse that passed away was a do-it-yourselfer and doing a lot of the maintenance and all of that, well, you might be hiring somebody. There might be healthcare costs. There might be other things that you might have to incorporate into the plan but you’re definitely losing the social security check, might have a reduction in pension. Most people don’t even think about this but the tax brackets are cut in half and the deductions are cut in half and I find in my own practice that widows, what they have to pay in income tax actually increases when their spouse dies by, sometimes, a substantial margin so there’s a lot of things. What would you recommend to someone who recently lost a husband, where to they first start? What’s the first thing you would recommend that they do?

7:51

KATHLEEN REHL: Using a good term, it is breathe. Take some time. Don’t feel that there’s a need to rush out there to make all kinds of decisions. For example, they’ll want to take care of financial triage kinds of activities that need immediate attention, such as looking at cash flow, what are the sources of money coming in and out. If there is death benefits to file for, you’ll take care of that, but making major decisions that are irrevocable, stay away from those completely. A colleague of mine, Susan Bradley, who is with Sudden Money Institute, where, by the way, I’m on the teaching faculty there, but she has a term it’s a decision-free zone. Yes, you have some decisions that must be made but others that do not have to be made immediately, you put them off until later because, in the early phases of grief, there is scientific research, our brains function differently. I felt like I was going crazy. I couldn’t remember where I put my car keys, didn’t know my social security number. Am I going through early Alzheimer’s or what, but there are parts of the brain that shut down. You still maintain body temperature and blood flow and heart rate, but the higher cognitive thinking levels right out the door. Attention span is short, memory is difficult, and decision making almost is just down right difficult, so you want to wait until those cognitive functions have returned after that initial shock of grief period is over. You’re not going to rebalance the portfolio right away or collect the insurance payment and decide to instantly, oh, I’m just going to pay off the mortgage right now. Taking liquid asset of that life insurance and pouring it into an illiquid asset, the house, might not be the right decision.

9:24

JIM: One of the pieces of advice I’ve always given is do not make any decisions on the house for at least 12 months.

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KATHLEEN REHL: Excellent.

9:31

JIM: I see people that just say I’ve got to get out of this house and they quick jump in and then they buy the next house and then they decide they don’t like their neighbors and the cost of all of those transactions can be devastating. The other thing that I see happening a lot of times is they want to make significant gifts to the kids before they even have taken a breath to figure out can I afford to do this, what impact will it have. They just start writing out checks.

9:55

KATHLEEN REHL: It’s almost like they’re treating this like blood money, like they got this money because of the death of their spouse so, therefore, and this is unconsciously thinking it, they want to get rid of it as fast as possible because I got it because he died or they’re trying to make the adult children feel better because they’ve lost their father. A gal came up to me after a workshop and she said I know exactly what you’re talking about. At the funeral, Kathleen, I had envelopes for each of my five adult children with $10,000 in each envelope, and it was only afterwards that I started thinking, oh shoot, maybe I needed to think through how I need to have that money for myself because I don’t want to have to go back to them and ask for that money back.

10:29

JIM: You know, and the kids are suffering some of the same emotions so imagine getting a check at the funeral. If you’re thinking its blood money, what are the kids thinking if that’s the timing of that gift.

10:40

KATHLEEN REHL: It’s just an emotional quagmire.

10:41

JIM: Yeah, well, I think that advice is probably the best. I know we’ll have tons of other advice to talk about but I would have to agree with you. Taking that breath and just taking some time and making sure you’re thinking clearly. I’ve seen it again and again and I mean, sometimes, a year isn’t enough. Sometimes its two years, sometimes it’s a year and a half, but, typically, on the short-term, speaking as a financial advisor, there is nothing that you need to do yesterday. If you make a mistake and you err on the side of taking a little bit too long, the impact of that mistake is pale in comparison to the mistake of jumping too soon at something so I would rather have someone err on the side of maybe taking a little extra time.

11:21

KATHLEEN REHL: And there are some widows who like to get organized and stuff so I would just have a piece of paper and put three columns on it, now, soon, and later. Something now might be spend time with the family or perhaps find the insurance policy. Soon one, with one of my widow clients, it was request a leave of absence from work for a period of time, and she was planning on going on a trip with her husband to spend a special anniversary so it was look into rescheduling that trip or canceling it, and then a later kind of thing was rebalancing the portfolio, so she knew, yeah, we’re going to get around to it but it’s not something that we need to do immediately.

11:56

JIM: Well, we’re going to take a short break and, when we come back, let’s keep talking about some of the mistakes that are made but also some of the solutions and things widows should be thinking about, especially right after they lose a loved one, so please stay tuned.

12:08

BREAK

13:04

JIM: Welcome back as we continue to visit with Kathleen Rehl. She’s the author of Moving Forward on Your Own: A Financial Guidebook for Widows. I saw Kathleen speak a while ago and I thought you were probably the best and most inspirational speaker when it comes to understanding what people go through when they lose a spouse, the fact that you have the credibility of having gone through this yourself. I’ve heard a lot of people talk about it from the third party but, boy, you’ve lived it. You’re doing such a wonderful job of helping people that can really use it. One thing that I’ve found with a lot of widows and another suggestion that I make, I’m curious how you feel about it, I typically will encourage them, bring one of their kids, bring in a friend or somebody who has an intimate and working knowledge of kind of the family dynamics so that you have somebody, two heads are better than one, and someone who has the same perspective they might have so when it starts to get to the point where they’re ready to start making decisions, they still have someone to bounce the ideas off of, especially if they weren’t the ones that took care of the finances during the marriage.

14:12

KATHLEEN REHL: That’s an excellent suggestion, Jim. It’s like bringing this trusted relative or friend in. That individual becomes her thinking partner. The thinking partner used to be her husband. Obviously, he’s gone, so there’s a second pair of ears, someone to reflect on, to talk about what went on in the meeting together just so that she really does understand what’s there, so that thinking partner with the other person is an excellent suggestion.

14:35

JIM: So, what are some of the other big mistakes that a widow might make?

14:40

KATHLEEN REHL: One of the biggest ones is being on the lookout. I’ll just put it right out there. There are financial wolves out there who take advantage of widows. They prey on women whose husbands are gone who they know may not have a complete understanding of what all of the money was. They know that there’s new sources of money coming in from insurance or annuities so they will go after these woman. I shared a true story of my Aunt Eileen. This was a woman who was in her 80s and it happened several years ago after her husband died and this nice young man came through town and basically sold her and some of the other ladies from church Iraqi Dinar. Now, that’s the currency of Iraq and I won’t go into the whole story because we could spend the rest of the time just talking about that, but it was a scam, but he was such a nice young man. He knew that she was vulnerable and he took advantage of her and she lost thousands. This is a very moderate living woman. She lost thousands and thousands of dollars on this plus she lost the trust that she had in the friend from church who had introduced her to this nice young man, the uncle, so I advised them to be careful. Just recently in the news, in fact, when I spoke this last weekend in Hilton Head, the top story in USA Today was the mandates that’s coming down from the President’s office himself about being very careful about working with a fiduciary who really has your best interests in mind. That’s one of the biggest ones that we talk about.

15:57

JIM: And here’s something I would suggest for those that aren’t at this stage of life yet. One of the things I do in my practice, as I mentioned earlier, is I insist on both spouses being part of the planning process. Putting the inputs in as far as goals and objectives and coming to a consensus as to what the direction should be because one thing is, well, there are those scam artists out there, the other thing you don’t want to be is where you don’t trust anybody because you want to work with a professional that is going to do the right job for you, having something who’s got your perspective and has helped you make those plans together. Switching advisors at that time, well, it might be the right thing for you because that other advisor wasn’t invested in you at all. Before you get to that point, you might want to make sure you’ve got an investor that both spouses can feel comfortable with. I look at my own life, I’m our financial advisor. I mean I’m in the business but, a long time ago, I learned from my clients the importance of having both spouses involved and, early on, my wife didn’t want to know anything about what was going on. She was like you take care of that and, after seeing how some widows, emotionally, how devastating it is to have the burden of all of a sudden having to make decisions on those issues but then also, as you mentioned, being vulnerable to people that might not have their best interest at heart, you can’t start over at 85 if you’ve been scammed out of half of your life savings.

17:22

KATHLEEN REHL: Excellent point. A couple other things, I advise widows not to be purses for others. Now, this can be family members who consider them a soft touch and they want to come and get part of their. In blended families, this might be an issue when son or daughter wants their inheritance right now and that’s not really what dad had in mind when he died. He wanted his wife taken care of and, yes, the son and daughter would be getting money later but not right now or friends, well-meaning friends could come step forward with their idea of a hot investment for the widow to put her money in. In fact, I teach my widowed clients to stand in front of the mirror and say that’s an interesting idea, I’ll think about it. It’s way too early for my advisor and I to make a decision about where my money is going to go but that’s an interesting idea. I’ll think about it.

18:05

JIM: You know, my grandma always told me haste makes waste. Take your time is probably the best advice we can give.

18:11

KATHLEEN REHL: Another point is there’s going to come a point where she will need to get real with where the investments are and to understand that what was appropriate for them, very good for her and her husband as a couple together, it might not be the right investment for her as an independent woman on her own and so she needs to get an idea of lots of things that are going, where her values are, what her goals are, what her needs are right now. Many widows, in fact, I would say every widow who would come to me, broken or not, they had an underlying desire for safety and security with investments. One widow came to me after her husband died and she didn’t really understand the investments too much but she said I just got a hunch that it’s too risky of a portfolio. We looked it through and it was over 95% stock and risky Asian stock, which he loved following. She didn’t understand the market, wasn’t interested in it, so we reposition that but it was hard for her because she felt like she was slapping Jim, her husband, in the face by selling those investments and going into something that was more appropriate for her now, but we talked it through and she decided that was the right thing to do. She did it about a year before the market crash came. Oh, was she grateful because, when the market did go down, most of those stocks just went belly up. She would have been in a very, very bad situation had she not trusted her gut and repositioned that portfolio, so it comes at a point that it will be necessary to get real about what the investments look like now as a single woman versus as a couple.

19:34

JIM: I’ve seen this again and again. It may not even be just the risk tolerance between spouses but even their circumstances and I tell people, I said, look, typically, when both couples are alive and well, nothing changes, leave well enough alone, alone, is kind of the attitude but, if, all of a sudden, one spouse dies and we’ve lost some social security, maybe lost some pension, money that could be invested long-term and work through the ups and downs of the market. If, all of a sudden, you need a check each month to pay the light bill, you’re not going to call the electric company and say, hey, can you just wait until the market comes back and I’ll send you the bill, so you have to be realistic like you said and also understanding the implications of repositioning. You want to make sure, when you do it, you do it right, not that you’re chasing either where you make a rash decision without actually sitting down with a professional and making sure you understand what your needs and your wants are going to be, what your risk is going to be, and then making a proper assessment when the time is right. I think also having that second set of ears and eyes available to help you through that and maybe help share perspective helps get a better result.

20:38

KATHLEEN REHL: Right, with that team approach, and even such things as being careful, like where the assets are taken from because the wrong withdrawal of money can greatly increase the tax problem where, if it’s done carefully, it can be a much smaller tax bite.

20:53

JIM: Yeah. Well, this has been great. Why don’t we wrap up with just a couple things. One is I know you’re going around the country, you’re speaking at events. For someone who wants some resources and you even mentioned this widow’s conference, where does somebody find out about some of these resources and where could you send people to get more information if they’re looking for it for themselves or maybe they’ve got a family member or friend that’s going through this?

21:14

KATHLEEN REHL: Well, if you go to my website, which is just my name, kathleenrrehl.com, and that’s spelled r-e-h-l, on the menu, there is speaking so you can see some places where I’m speaking. There’s one free eBooklet that might be useful. It’s actually under advisor tools but anybody can download this and it’s a chapter from my Guidebook for Widows, which, I’ll talk about that in just a minute, but its financial steps for recent widows and this is a book, it’s about 12 pages long, but you can download. It’s a PDF file and you can freely share that if you have a friend or relative who is widowed. It’s just a handy checklist. In fact, attorneys have told me that this is a very, very useful tool as they’re working with clients. There’s more information about my guidebook, which came out several years ago. There’s actually 53,000 copies in existence. The United State Army Survivor Outreach Service Center uses it with their clientele and it has many helpful activities. It’s a beautiful book, just like a widow, so you might look there. Locally, if you have a hospice organization, they have wonderful, wonderful classes and it doesn’t need to be that the husband was part of hospice when he passed on. It’s open to anyone. If you’re on a computer, there’s an organization called GriefShare.org. They have online pieces that you can receive as well as local classes, which many of them are taught in congregations. There are two organizations for widows, Soaring Spirits International and the other one is the Modern Widows Club, and they have chapters all across the country in different locations. They typically meet once a month and then the Soaring Spirits International has a conference in San Diego as well as one in Tampa Bay every year where women come together and share sessions, stories, information, and hugs. There are blog sites. If you are on Amazon and you Google widows, I mean I could go through a whole list of books and, often time, widows, I know after my husband died, I wanted to read everything that I could get my hands on so I’ve got a whole bookshelf of those books that deal with widows’ experiences.

23:12

Jim: So the moral of the story is there are a lot of resources there. You just can’t be afraid to seek them out. One thing is, too, we can make available possibly some links and stuff for people through the website you’re getting this on and connect you with some of Kathleen’s materials. Is your book available on Amazon?

23:27

KATHLEEN REHL: Yes.

23:28

JIM: Okay, so we’ll have a link in the must read section and you can find Kathleen’s book and be able to access it through there as well. Well, Kathleen, I really want to thank you for joining us today. This was awesome. I know you’ve made an impact on a lot of people today just by being a guess and one thing I want to really strongly recommend for the folks listening, if you’re not widowed and you haven’t participated together as a couple with your advisory team, maybe you want to get each other up to speed on where things are at because it’s really hard to get up to speed on something when you’ve lost a loved one. You’re not thinking as clearly as you might getting ready for something like this because just ignoring it doesn’t mean it’s not going to happen.

24:07

KATHLEEN REHL: Jim, you’ve heard the comment, too, like, well, if one of us dies someday, blah, blah, blah. Guess what, that’s the plan. We are all going to die someday.

24:14

JIM: Yeah, yeah, absolutely, so be prepared. It makes it a little bit easier to face this if you’re not completely in the dark on things when a spouse passes but then, also, having that working relationship with your team of professionals makes it a lot smoother transition. When you have the same team together with you through that process, it makes it a little easier than trying to switch teams at the same time, so, thank you again.

24:37

KATHLEEN REHL: Thank you very much for including me and allowing me to share my message. Blessings to you all.

24:41

JIM: All right. We’ll have you back again sometime I’m sure. Thanks for joining us this week and tune in again next week as we explore another phase of the Real Wealth process and, remember, if anything you heard in today’s show you would like to get more information about, contact your Real Wealth advisor. Also, if you feel that any of this information would be helpful to a friend or family member, just click the Forward to a Friend button.