

THE WALL STREET JOURNAL.

Aging Boomers Aren't Financially Prepared for Widowhood



September 24, 2018

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As the massive baby-boomer generation is entering its seventh decade, most of us are aware of the aging of America. What we are much less tuned into is the widdowing of America. And that has big financial repercussions.

As people are living longer, there's a startling lack of discussion and preparation among couples, even retired couples, about what will happen to the other when one of them dies. That's what my firm, Age Wave, in partnership with Merrill Lynch Wealth Management, discovered in a new study of more than 3,300 respondents, "Widowhood and Money: Resiliency, Responsibility, and Empowerment."

Three-quarters of the married couples we surveyed say they would not be financially prepared for retirement if their spouse passed away. In addition, the majority of widows and widowers say they didn't have a financial plan in place for what would happen if they became widowed.

As one woman told us in focus groups, "It's not something either of us want to think about, so we don't."

Our research shows that the majority of widows and widowers (64%) who had not done any planning were burdened by worries about supporting themselves financially while dealing with their immense grief.

Our study shows that problem is particularly pronounced among women.

According to the U.S. Census Bureau, there are 20 million widowed individuals in America today, most (78%) of whom are women.

Despite the fact that more women are taking control of their finances, many of today's widows aren't experienced in making independent financial decisions prior to becoming widowed, our survey found. Widows say one of the biggest challenges they face is making financial decisions on their own, often for the first time ever or the first time in many years. A mere 14% say they were making financial decisions alone before their spouse died.

But our survey also found that there is light at the end of the dark tunnel. Over time, most widows and widowers (77%) say they discover an inner courage and resiliency they never knew they had. They are forced to jump into complex financial matters from the start of their journey and adjust to making their own financial decisions.

In fact, most widows and widowers (72%) say they now consider themselves more financially savvy than other people their age. That is empowering.