

And Then There Was One



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Have you ever attended a function where you didn't know anyone? Have you ever had the experience of going out to eat alone? Have you ever gone on vacation alone? If you can answer yes, then you probably agree that your personality is a bit different sometimes when you do these things. I bring this up to get you to think about how we can sometimes become intimidated or feel alienated by these circumstances. One of the hardest things to overcome in life is when you are confronted with a lifetime event that challenges you financially and emotionally.

Being widowed or divorced changes many aspects of one's life. A person's day to day routine, your place of residence, your financial circumstances and lifestyle change immediately. It can be a daunting time to address all of these issues at once and can make someone emotionally vulnerable at the same time. Situations I have personally witnessed several times began when someone came in to see me with a shopping bag with all of their financial documents. Their spouse had taken care of all these financial things and they had no clue as to where to start to address their situation. Sitting down and sorting out the information, and creating a working plan as things became clear, helped to solve this period of uncertainty for these situations.

One of the other things I have witnessed were mistakes that were made during these periods of transition. There will never be the an investment where you have to put all of your money into today to take advantage of it. There should never be any pressuring to make a decision today. Hearing statements like: do you see any reason why we should not move forward today, this offering ends at

the end of the month and there is no commission if you act now, why wouldn't you want to take advantage of this today, are all cause for concern. These are all examples that might cause one to make a rash decision before they truly understand the impact it will have on their financial situation. There should never be pressure, but patience and understanding, to explain how an investment strategy fits in with your overall financial plan before making a decision.

Cash flow is another item that changes significantly during these transition periods. Assets that have little liquidity or provide no income may have value, but do not contribute to the support of paying monthly bills. If a majority of your balance sheet consists of real estate that provides no income but has expenses and taxes, it can be a major obstacle and burden for someone. Survivor benefits on pensions, social security, or qualified domestic relations orders on pensions are key components to understanding one's financial condition during these transitions. The default death benefit on most pensions is a 50% survivor option while most of the time, expenses will probably not fall by that amount. Reassessing the client's tax situation is also an important consideration during this period. If assets are sold during this period, the impact of these transactions has to be taken into consideration in conjunction with any portfolio changes.

Updating an estate plan is probably in order for most people after one of these events has happened. Having an ex-husband or ex-wife as the beneficiary of a life insurance policy is typically not desired by most people. Yet time and time again, because of the daunting task of going through all of these details, it can be lost in the shuffle while everything else is being attended to.

The only way to get through this period of uncertainty is to create a plan based upon what is known at the time, and then making adjustments to the plan as things become clearer as time progresses. I always tell people that they can only deal with today, it is the only thing you have control over. The past is gone and tomorrow is not a guarantee, so let us move forward today to help create the best situation possible out of your circumstances. Hopefully, you will once again land on your feet and feel comfortable with where you are socially, emotionally and financially.

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