

CHRISTIAN MONEY \$ENSE

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Help for Widows – Part 2 of 3

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“Religion that God our Father accepts as pure and faultless is this: to look after orphans and widows in their distress” (James 1:27a, NIV). Based on this verse, do you imagine that we could ever give too much help to widows and orphans? God says that helping these groups is “pure” religion. Ten of eleven married women will become widows and will be in that state for an average of seven years. Last week, we discussed the need to prepare for the possibility of being a widow. The initial months after the death of a spouse can be extremely emotional. It is important to listen to wise counsel so you do not make financial decisions you will regret. Keep this list for future reference in case you or a friend need it.

- **Counsel on Large Decisions** – It is not uncommon for individuals to make impulsive financial decisions after the death of a spouse. Even though you are a capable person, make it a point to seek counsel from a trusted advisor before you make decisions involving large amounts of money. Make these decisions very slowly. This will give you peace of mind and also prevent others from taking advantage of you. When you feel comfortable, have appropriate conversations with your children about where important documents are and about how you are going to structure your estate. This can lead to some wonderful conversations about your expectations of them and how you want to honor the Lord and leave a Christian legacy for your family.
- **Settling the Estate** – There can be a lot of emotional energy tied to this activity, but realize up front that the average estate takes about two years to settle through probate. Most likely, you have been named as the executor of your spouse’s estate. Your lawyer will be able to help you through this process. Assets must be retitled to your name. Also, tax returns must be filed in regard to closing the estate.
- **Social Security** – You can begin taking prorated retirement benefits at age 62. In certain situations, you can also take your spouse’s benefits. Although you can only take one person’s benefits at a time, you can coordinate the receipt of these benefits. Contact the Social Security Administration to discuss your specific situation (800-772-1213 or 800-325-0778 for the hearing impaired, their website: www.ssa.gov).
- **Retirement Assets** – Many people have tax-deferred retirement plans (401K, traditional IRA). You can begin taking these distributions at age 59 ½ and must take a minimum distribution at age 70 ½. Payments from these

accounts are taxable. Coordinate these payments with the social security payments you receive. The longer you wait to receive payments, the more money you can receive at a later date. Also, realize the implications of changing the beneficiary designation on your IRA or 401K to your children (they get the proceeds upon your death. The money they receive will be taxable for income tax purposes. Depending on the value of the IRA or 401K, this may cause them to pay taxes in the highest income tax bracket. It is very likely that your children’s inheritance from your IRA or 401K could be reduced by 50% because of income taxes they must pay. There is a way to reduce the taxes and increase their inheritance through the use of a trust in your will. Contact BBC FOUNDATION. for more information on this.

- **Budgeting** – My mother is a widow. One of the first things that she did after my father’s death was to determine a financial plan (budget) for how she was going to live. Realistically, this takes a couple of years to make sure you are having the proper taxes withheld and to see how if you are consistently living within your income.
- **Estate Planning to Avoid** – Sometimes a parent attempts to avoid estate taxes that will ultimately be paid through the estate by making a child a joint owner of the parent’s house. This seems to make sense, but there are some things to be aware of. If your child is sued by another person and loses the lawsuit, your house can be ordered sold by the judge to satisfy the lawsuit (since part of the house is an asset of your child). Also, if you pass more than \$10,000 to any person in one year, you will cause estate tax problems for yourself later on.

This article is an attempt to help those in need. But, it is not enough to simply give information to widows or widowers. Practical help must be the trademark of Christians as we seek to follow James 1:27 and 1 Timothy 5:8. Next week we will examine what believers and local churches can do to be proactive in helping widows. Based upon the widows I have talked with, it revolves around one word: initiative.

BBC Foundation has been ministering to churches and individuals regarding biblical stewardship since 1992. Send your questions on finances and stewardship to: BBC Foundation, 538 Venard Rd., Clarks Summit, PA 18411. Phone: (800) 451-8668, website: bbcfoundation.org; e-mail: info@bbcfoundation.org