

CNBC

How to prepare for being 'suddenly single'

- Death or divorce rank among the top five financial challenges female clients face, according to a recent report.
- Advisors say only a few of their married female clients have plans in place should they become suddenly single.

Jessica Dickler | @jdickler

Published September 5, 2017

Becoming suddenly single can set your world in a tailspin, and a lack of financial planning is setting women in particular even further back.

Death or divorce rank among the top five financial challenges female clients face, according to a report by Key Private Bank. Estate planning, investment decisions and legacy planning were the other top hurdles, the report said.

Though traditional gender roles are changing, financial advisors say, [many couples still adhere to them](#), with men generally taking the lead on finances.

However, the average age of widowhood is 59, according to the U.S. Census Bureau, with many women living another decade or more beyond a husband's death.

"Many women play a passive role when it comes to money and investing," said [Rorrie Gregorio](#), the national partner in charge of the family office group at Marcum LLP. "They do not discuss money or investing, not with friends or co-workers and not even with their spouse."

Only 3 percent of married female clients drive wealth conversations, according to Key Private Bank's advisor poll.

"No one wants to enter into a relationship planning for divorce or something to happen to a spouse, but it's important to address those issues head on." -Cathy O'Malley Kearney, chief fiduciary officer at Key Private Bank

To help female clients successfully take control of their finances, Gregorio compiles a "lifebook," which includes a balance sheet, investment summary and will, as well as a list of contacts, including lawyers, bankers and accountants.

"I believe everyone should have a lifebook," she said.

More than 8 in 10 advisors said only a few of their **married female clients** have such plans in place should they become **suddenly single**, according to Key Private Bank, even though there are often important financial decisions that must be made right off the bat.

Having a strategy is crucial, according to Cathy O'Malley Kearney, the national head of trust and chief fiduciary officer at Key Private Bank. "Navigating finances following the death of or divorce from a spouse doesn't mean half of the ongoing expenses or financial obligations have disappeared, so it's critical to have a contingency plan in place," she said.

Advisors agreed that the top three steps married women should take are identifying and documenting sources of income, meeting with a financial advisor and determining which financial decisions must be made immediately, according to the report.

"No one wants to enter into a relationship planning for divorce or something to happen to a spouse," O'Malley Kearney said, "but it's important to address those issues head on."

People who have lost a spouse and those divorcing may also suddenly find themselves with less money to work with, which is why O'Malley Kearney also recommends identifying expenses in your discretionary pool, including vacations, memberships and services like lawn care, which can be immediately stopped to reinstate your cash flow.

"If you are not conscious that those are discretionary activities, you could very quickly drain your emergency fund," she said.