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Preparing for death

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Couples should discuss and plan their finances while they can

When Lynda Matthews talks about the months before her husband died, she remembers some of the financial lessons they learned together.
The couple met while working at an insurance company, where she was a secretary and Craig was a branch manager. They discussed money plans frequently and were well prepared for retirement, partly because he was several years older than her.

— Image by Thinkstock.com

But when Craig was diagnosed with terminal cancer, Lynda had to consider what life would be like after his death and how she would manage their finances.

“You hear this so many times, where the husband is gone, and the wife hasn’t got a clue what to do,” the 68-year-old Hamilton resident said.

“If you’re the same age as your partner, maybe you’re not having those conversations. You think you’re going to live forever.”

While Matthews and her husband had time to plan, not every couple is so fortunate and the sudden death of a spouse can leave a major financial strain on the survivor if proper plans haven’t been made.

Financial advisers say they’ve encountered countless Canadians who have delayed even the most rudimentary outline of what would happen if they were to die suddenly.

“It’s amazing how many people have not done their will,” said Jennifer Black, author of

"Managing Alone," a guide outlining factors to consider if your spouse dies.

"There's always something that is holding them back."

She said a common excuse she hears is that people can't decide on a specific guardian and executor because they're afraid of changing their mind. Ultimately, that leaves them making no decision at all when it would have been easier to write it up and revise it later.

While preparing a will is a great place to start, it only answers the question of "What happens to my stuff?" said Rona Birenbaum, a founder and president of financial planning service Caring for Clients Inc.

"A will isn't going to make sure that a couple's finances are structured such that, as soon as somebody dies, the survivor actually has access to cash and all the bank accounts don't get frozen," she said.

"One of the very important aspects of estate planning is the consolidation of information, it's like a record-keeping exercise."

Surviving relatives, including spouses, sometimes wind up swimming through disorganized paperwork that is missing key information on bank accounts, life insurance policies and even leaves out certain assets.

Birenbaum suggests couples use an estate planning kit to outline where all of their assets and life insurance policies are located, and then document contact information for accountants, lawyers and financial planners.

"Even things like the password to your online banking and the code to your garage" should be included, she said.

"All of these become important after your passing."

Couples should also have reasonably priced life insurance coverage in place and should consider the unexpected cost of vehicles, as well as expenses associated with buying or selling a home, if one of them were to suddenly die.

New widowers should consider their financial status and how to best use insurance proceeds to invest in their future.

Investigate what the government offers in terms of survivor benefits for the spouse and children and ensure that your credit history is in good standing.

Before her husband died, Matthews began to transition into all of the financial responsibilities.

In his final months, Craig began to shift over the responsibility of a growing portion of their savings. Matthews brought the money to her credit union to discuss how investing it would best suit her future, rather than their future.

"That was great because it got me into the thinking mode of when I'm alone that I need to be more aware of what I'm doing," she said.

Couples should also outline how assets would be divided among children and other relatives, so that if an accidental death occurs, all of those plans have been laid out.

Birenbaum said that while many people are aware that RRSPs have a beneficiary designation, she finds that fewer Canadians are aware that tax-free savings accounts do too.

A beneficiary designation allows the TFSA account to go quickly to the beneficiary and avoid probate, rather than get tied up in the legal process of dividing the assets in the will. She said if you name your spouse as a successor, they will receive both the account and any additional TFSA room that comes along with it.

Even with careful planning, the death of a spouse can be devastating, and for that reason alone, it’s worth having a friend or relative as a sounding board for major financial decisions, Black suggested.

“As the widow or widower you make the decision in the end, but at least you’ve had some dialogue around it and have more confidence in it,” she said, adding that you shouldn’t make any big decisions while still in the early days of the loss.

“If they don’t have to be made quickly, then try not to make them quickly. Things are going to change as they go through that grieving process.”

By David Friend

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