

Recovering Financially from Widowhood or Divorce

Two of the most financially devastating events for women are often divorce and widowhood. And with good reason. The end of a marriage frequently sees a woman's household income cut by half or more, at the same time that she is struggling to rebuild her financial security. If you should find yourself coping with this most difficult of times, here are some quick guidelines to help you regain your feet financially.

Changing Ownership

Part of ending a marriage is closing down accounts that were in both your names and opening new ones in your name alone. Joint accounts, such as your checking and savings accounts, can usually be closed by either party. If your husband has died, you probably won't be able to claim his brokerage accounts unless you present to the firm a legal document such as a death certificate, an affidavit of trust, or his will.

Tangible property, such as homes and autos, will have to be retitled, a process that can be more complex, depending on how the property was owned. Your attorney will be invaluable help to you in these matters.

Whether you have inherited your husband's assets or been awarded them by divorce decree, be sure to change their title into your name alone. If you're now divorced, you don't want your ex-husband's creditors to seize a valuable asset you still own jointly with him if he gets behind in his bills. If you are widowed, owning assets in your name will help boost your net worth, making it easier for you to get credit.

Taking Stock of Joint Debts

The debts your husband incurred during marriage may also be yours, whether you knew about them or not. That includes back taxes, charge card bills, personal loans, and other such liabilities. If your husband has died, these debts will have to be paid first before any of his property can pass on free and clear to you.

In a dissolution of marriage, debts incurred during the marriage are usually distributed among the partners according to each one's ability to pay. Responsibility for mortgages and auto loans usually goes with the property itself. So, if you're keeping the car, you'll also get the auto loan. If you keep the house, you'll also be responsible for the mortgage. **Caution:** *even if you "quit claim" your interest in your marital home to your ex-husband, the mortgage lender may still demand payment from you if your husband falls behind and your name is on the title.*

Establishing Credit in Your Own Name

If you and your husband had joint credit accounts, you can request that the institution report your credit history in both your names to help you establish your own credit record. With a good credit history, most credit card companies will probably give you an account in your name, though your limit will be based on your income alone

If the credit accounts were in your husband's name, you may have trouble getting the credit you deserve. Apply first at the bank where you have your checking or savings account. You may have to open a "deposit account," in which you deposit with the bank a sum of money equal to your line of credit. But within a year or so of responsible bill-paying, more institutions should be willing to extend you credit.

An Ounce of Prevention

The best way to rebound after widowhood or divorce is to be an active participant in your family's financial affairs from the moment you say "I do." That means obtaining an independent credit history with accounts in your own name, maintaining a solid record of paying debts on time, keeping accurate records of all assets and liabilities, and making sure that you and your husband have adequate insurance protection. Most importantly: don't be afraid to ask for professional help. Whether you must rebuild from ground zero or want to wisely invest a lump sum settlement, your financial advisor and estate planning attorney can help guide the way to your financial security.