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Why Are We Unprepared for Widowhood?

Something you probably don't know: June 23rd is International Widows Day on the United Nations' calendar. First observed in 2010, the day was established to raise global awareness of the hardships facing widows following the death of their spouses.

These hardships vary by country and culture. In some so-called "traditional" societies, a woman whose husband has died may be denied an inheritance, evicted from her home, or socially ostracized. In the United States, widows – both men and women – may not encounter the threats to their well-being, but the challenges – emotional and material – can still be significant.

Yet while widowhood is an almost certain event in a marriage, couples often neglect to prepare for it.

Widowhood: Some Statistics

The US Census provides some eye-opening insight into widowhood in the United States. (Note: In US data, "widowhood" is a gender-neutral term for an individual whose marriage has ended because of the death of a spouse.)

- **It occurs sooner than you might think.** In 2016, 24 percent of Americans over the age of 65 had experienced the death of a spouse. Another often-quoted statistic culled from census reports: the **median age** that widowhood occurs is 59.4.
- **In the United States, widowhood is predominantly a woman's experience.** American women have longer life expectancies and, until recently, have tended to marry men slightly older than themselves. This combination explains why an overwhelming majority of widows – about 85 percent – are women. Women are also more likely to remain widowed as opposed to remarrying.
- **Widowhood often has a negative impact on the finances of a surviving spouse.** The Social Security Administration reports that the rate of poverty among elderly widows is three to four times higher than their married counterparts of the same age. Even widows that aren't impoverished often face major financial adjustments, such as decreased income, loss of health insurance, or the need to relocate.

Not Fun, but Fundamental

Preparing for widowhood is not a "fun" financial task. But most of the preparation is fundamental financial management that ought to be done anyway.

Identify, update and exchange financial information. It's surprising how uninformed spouses can be about each other's financial lives. Even in marriages that consciously attempt to integrate finances (joint checking accounts, both names on the mortgage), a lot of financial activity is specific to one spouse; a credit card, a retirement account, an ownership interest in a business, an investment account for dabbling in the stock market, a car with only one name on the title. Both parties should know about the pieces of their financial lives that are separate.

In This Issue…

Assemble a comprehensive list of all financial assets, along with statements, passwords, ownership arrangements, and designated beneficiaries, and know where it will be kept. (Secure on-line digital vaults can be a great place to store this information – as long as someone remembers, or can retrieve, the password.)

Plan for succession. One of the advantages of marriage is the division of labor; one person shops, the other does the dishes. And quite often, one person manages the money. If the money-managing spouses dies, can the widow easily assume those duties, or will he/she need help? For older widows, an adult child often serves as a financial assistant, which may be fine. But deciding on a trusted financial professional to serve as a backup is usually a prudent option. Whatever you decide, the key is having someone in place to help manage your affairs.

Review your life insurance. Following the mainstream financial wisdom of their time, many couples bought term life insurance several decades ago, hoping that when the term expired, they would no longer need or want life insurance. But times change. Today, some of these couples recognize that a life insurance benefit would make widowhood much more manageable. If your widowhood scenarios don't have life insurance, it's worth looking at how you might get some. If you have life insurance, be sure you can keep it in force until death.

Please, please, please…prepare a will. So many people, even those with lots of assets, never get around to executing a will and trust. We get it; paying for a legal document regarding your future death isn't fun. But dying without a will makes it harder for individually-owned assets to be transferred or liquidated.

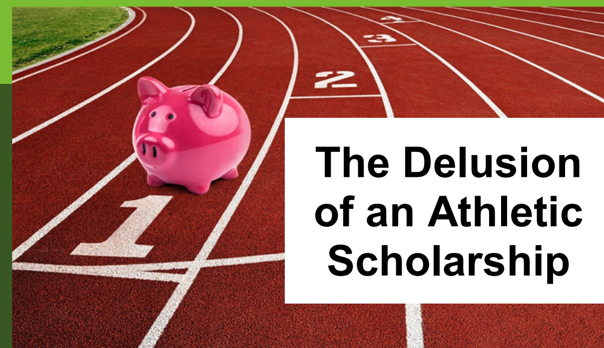
After the death of a spouse, go slow on major decisions. An April 19, 2019, *Wall Street Journal* article, "Surviving Solo," notes that the decisions that come in the aftermath of the death of a spouse can be daunting. This is particularly true of real estate because of the "emotional attachments, and in some cases, the needs of the couple's children."

To mitigate against impulsive behavior that may be triggered by the passing of a spouse, financial professionals often recommend that widows refrain from making major financial decisions for anywhere from six months to three years. Besides decisions about real estate, this caution applies to other things, like the receipt of life insurance proceeds, and adjustments to inheritance distributions, especially if the widow remarries. ❖

Do the Right Thing for Your Marriage

If you're in a good marriage, the likelihood of you or your spouse being widowed is almost 100 percent; except for instances of simultaneous death, the marriage will end with one spouse alone, at least temporarily. Planning for this eventuality will not diminish the sorrow of losing a beloved life partner, but not planning will almost certainly magnify the suffering because of added financial stress.

REALITY CHECK:



The Delusion of an Athletic Scholarship

Have you noticed that some parents see Little League games and tennis lessons as college-fund investments?

As competitive youth sports have become a full-blown industry requiring more of a family's time and money, one of the rationalizations for continued participation is the tantalizing possibility that your child could receive a college scholarship fortheir athletic prowess. "Scholarship assistance" companies actively market this dream, saying their expert training and/or marketing services can turn your child's athletic ability into free money for college.

But counting on an athletic scholarship is arguably the most unrealistic and expensive way to pay for higher education. If you think otherwise, a reality check is in order.

The Tough Numbers on Athletic Scholarships

1. The percentage of scholarship-worthy athletes is very low – and parents tend to wildly over-estimate their child's ability. Although the numbers vary slightly by sport (see Fig. 1), the National Collegiate Athletic Association (NCAA) reports that only 2% of high-school athletes will receive college scholarships in their sport. In other words: out of 50 high-school athletes, only one is good enough to merit an athletic scholarship.

Ratio of high school athletes to college student athletes on scholarship, by sport (2016-17):

Basketball	64 to 1
Soccer	59 to 1
Baseball	35 to 1
Football	31 to 1
Hockey	30 to 1

But when it comes to their child's athletic ability, many parents feel the numbers don't apply. In a 2019 survey on the cost of youth sports by TD Ameritrade, 40% of parents with children in competitive youth sports said they felt confident ***their*** child would get an athletic scholarship. One-third of these parents saw either Olympic or professional athletic careers as a real possibility, and 15 percent said they were "counting on it." When the difference between expectations and reality is this great, it reflects a serious disconnect.

2. Most athletic scholarships do not cover all expenses. When parents and young athletes dream about athletic scholarships, they usually talk about a "full ride" that covers all costs. But with the exception of high-revenue Division I glamor sports like football and basketball, most athletic scholarships aren't full rides; many are less than $5,000.

An athletic department's budget gives each team a specific number of scholarships, to be divided at the coach's discretion. If a tennis team is allocated 7 scholarships, the coach might give one highly-coveted athlete a full ride. But most likely, each scholarship will be divided amongst several prospective student-athletes, depending on their financial circumstances and perceived value to the program. If six scholarships are spread across 20 players, the scholarship will be a fraction of the cost of attendance, with the student-athlete and the parents required to make up the difference.

3. The development costs are steep. To improve their chances of becoming scholarship-worthy, many parents and young athletes commit extra time and resources to becoming better players. One-on-one coaching, summer camps, specialized equipment, out-of-season training and travel teams are seen as essential to maximizing talent and getting the attention of college coaches.

It is expensive. Parents in the TDA survey reported spending between $100–$499/mo. per child on elite youth sports; 20 percent of families spent $1,000 or more. For some sports, the costs are even higher: Wintergreen Research found families with children playing elite level youth hockey typically spent over $25,000 annually. "(Youth sports) is a machine. To be part of the machine, you have to buy in early and often," said Travis Dorsch, a former NFL player and Assistant Professor at Utah State University.

These costs strain household finances. Sixty percent of the parents surveyed said the cost of youth sports has them concerned about their ability to save for the future. Over 70 percent said they cut out extras, saved less, tapped college funds, or delayed retirement to pay for sports. Does this sound like good financial management?

4. Injuries and burn-out are wild cards. Even if a child is blessed with great athletic ability, and even if the family can afford the best training and opportunities for exposure, a scholarship is far from certain.

There can be career-ending injuries: recurring concussions, broken bones, torn ligaments can diminish skills or preclude participation.

And some young athletes burn out; they lose interest, discover other passions. The pressure of using sports to pay for college may actually increase the likelihood of burn-out. Dorsch found that:

"The more money families spend on sports, the less their children enjoy it. We would have expected that kids of means are going to have more fun and be more committed because their parents can afford all the best equipment and coaches, but we found the exact opposite…Kids perceive the emotional and financial investment in their extracurricular activities as unwanted pressure."

Get Real About Athletic Scholarships

Good parenting often involves financial sacrifices, and only you can truly weigh the value of those sacrifices. But in general, sacrificing to pursue an athletic scholarship isn't realistic.

Participation in youth sports offers many positives for kids. But when the purpose of participation is a scholarship, sometimes playing becomes a job instead of a joy – for both the athlete and the parents. ❖

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