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# Young widows face emotional loss, financial shock with the death of a breadwinning spouse

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By Tim Grant / Pittsburgh Post-Gazette

Six years ago, Kathy Qualich put caring for her dying husband ahead of her own needs. She was helping him with a business he had just started, keeping up their Baldwin Borough home and trying to push forward each day as if everything were normal.

It wasn't until Michael Qualich died from a brain tumor in October 2007 at age 55 that she found out that as a young widow she was not entitled to any payments from his Social Security benefits until she reached age 60.

"I didn't ever worry or think about what I was going to do for money then," said Mrs. Qualich, 59, who had been married for nearly 35 years. "For some reason, it didn't hit me. But after he died, I did have a breakdown. I sat at my bar stool for like five months and didn't leave the house."

She was 53 at the time.

"I asked [the Social Security Administration] what I was supposed to do and they said maybe I should get another job," Mrs. Qualich said. "You get nothing, unless you have children at home. We got married right out of high school and all of our children are grown."

That wasn't the only financial shock. The health insurance company that provided coverage through her husband's electrical contracting business readjusted the premium she would pay after his death to $1,200 a month. Fortunately, she was eligible for health coverage through her job at a private school where she worked with special needs children.

While the Social Security rules would apply equally to widowers, women on average live longer than men, which makes it more likely married women will be widowed, leading to a traumatic change in their life circumstances that could reduce their income and wealth.

The average age of widowhood for women is 55, according to the Society of Actuaries in Schamburg, Ill., but they cannot collect their husband's Social Security benefits until they reach age 60. And their own Social Security benefits could be lower due to earning power they lost if they dropped out of the workforce for a number of years to raise children.

Widows who lose a spouse who was the primary breadwinner -- and do not have enough life insurance to replace the missing income -- often face the reality of having to lower their standard of living.

"The thing that is really difficult is if the widow is not working and her husband is self-employed. That's a mess," said Lisa Turbeville, a certified divorce financial analyst based in Mt. Lebanon. "She will not likely be able to carry over the insurance herself, especially if it is a small business with only one or two employees."

Ms. Turbeville said she often works with widows who are shocked to learn about the Social Security rules.

Even at age 60, a widow only receives 75 percent of her deceased spouse's benefits.

And while a widow can start collecting her husband's benefits when she reaches age 60, if she is working and has not reached her own full retirement age -- which varies based on date of birth -- she will be penalized for any income received in excess of $15,120.

"What that means is if she is earning $40,000 a year, she will have to return part or all of the Social Security benefit to Social Security if she earned over $15,120," Ms. Turbeville said. "If she is full retirement age, she could collect either her own or her husband's benefit, whichever is higher, and still work without being penalized."

There are some loopholes in the system, though.

For instance, Ms. Turbeville said a widow who is disabled can start collecting her husband's Social Security at age 50. From age 50 to age 59, she would receive 71 percent of the benefit. But at age 60, she begins collecting 75 percent.

Even if a widow is under age 60, any children the couple has are eligible for the deceased spouse's Social Security benefits up to age 18. The benefits continue to age 19 if the child is still in high school full-time. If a child is disabled, he or she can collect until age 22.

Young widows also can make withdrawals from their deceased spouses 401(k) or IRA before reaching age 59 1/2 without paying the 10 percent penalty.

"Widows face particularly difficult challenges," Ms. Turbeville said. "They have suddenly lost their spouse and if they are not familiar with their finances they need to get educated very quickly.

"The most important thing is to really take a step back, evaluate your financial circumstances, get some advice and do not make emotional decisions. Don't splurge or overspend on the children. And take time before making any major decisions."

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