



# *Going it alone.*

Easing the financial transition after  
the death of a spouse.

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**W**e all want to leave our spouses in the best possible position after our deaths. Yet while we know that we're dealing with the inevitable and that this is an important matter to take care of, it just doesn't seem all that urgent.

So we put it off. But sooner or later, it will become urgent, if not too late. For without the proper planning, many surviving spouses—especially widows—are left woefully unprepared. Not to mention scared and vulnerable.

This paper will discuss the unique challenges surviving spouses face after the death of a partner, and what you can do to alleviate them. We'll draw upon the experiences of those who have already been down the path, and share with you the ways you can avoid the emotional turmoil many of them endured.



By planning together ahead of time many of these challenges could be avoided.

### IT STARTS WITH PLANNING.

The original intent of this paper was to focus on the difficulties so many widows and widowers endure after their spouses die. But in conducting our research, we learned that if we focused more on the planning that should take place prior to a spouse's death or incapacitating illness; if we could convince more couples to sit down and plan together ahead of time; many of these challenges could be avoided altogether.

But first, it's important to understand what many surviving spouses do go through. For once you understand that, finding the right person to help handle your affairs and put everything in place will seem a lot more urgent.

### THE FIVE MOST COMMON CHALLENGES WIDOWS FACE.

In our interviews with widows, family members, accountants and attorneys, we heard the same things over and over. No matter what the circumstances, the challenges were the same.

*Fear of the unknown.* Many of today's widows have never been involved in the family finances. They may have a will, but stayed out of the day-do-day financial affairs. Many know nothing about the probate process and have no idea what to expect. One widow we spoke to said, "I was terrified of what was out there. I didn't feel like I knew enough. I was overwhelmed."

Put yourself in her shoes. It's a scary place to be. What do you do first? Who do you call? Will you have enough to live on? How long will you live? After all, there's nothing like a death to get you thinking about your own mortality.

*Knowing who to trust.* A new widow is vulnerable. On top of the emotional upheaval she's suffering, she often doesn't know who to trust to handle her finances. Their children often share their concerns. "My main concern is that her assets will become a target," one son said. "She has nice jewelry, a nice car, a nice house. It raises some eyebrows and brings out the wolves. I feel like you need to have some safeguards. You need to have people you know and trust in place. There are some bad people out there who want a piece of the pie."

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*Understanding probate and tax issues.* It's normal if the surviving spouse doesn't understand probate and tax issues. Besides coming at a difficult emotional time, even the experts can be tripped up by the probate process. Considering the fact that some spouses have never even balanced a checkbook, dealing with their husband's estate can be pretty confusing. They not only don't know what they have, they don't understand the probate process, trusts, IRAs, and all the tax implications. Furthermore, they have no idea how and when they'll be able to get to their money. Even if one is involved in the family finances, the probate process is often entirely new and frustrating.

*Lack of communication between advisors (if they exist).* In cases where the spouse was working with advisors, the widow often doesn't know who they are. Even if she does, it's hard to know who to call first. Should it be the attorney? The accountant? The financial planner? Complicating things further, none of the advisors may be communicating with each other. As one accountant told us, this can lead to big problems that are difficult to undo.

*All of this comes at a time of great emotion.* The first 12-18 months after the death of a spouse is a very emotional time. For many, it's simply too overwhelming to make rational decisions. Especially if they have to jump into a process and system they don't understand. Furthermore, they're often terrified of making a mistake, or making a decision that will have a negative impact on their future quality of life.



#### **THE SOLUTION TO THESE CHALLENGES.**

All of these issues are very real and very common. But it is possible to work through them with a lot less stress and worry—even alleviating



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some of them. The solution is to plan ahead. But we're not talking about simply creating or reviewing your will. Or bringing your children into the loop about your investments and final wishes. In fact, our contention is that the traditional financial services industry is ill-equipped to help you handle the challenges you could face after the death of a spouse.

We believe the most effective way to plan for the surviving spouse's future is to put a team of professionals in place to help you coordinate all of your important financial affairs—and do it while you are both alive and able to be involved. Andrea, a CPA with Daniel, Ratliff & Company, told us that when a couple had an action plan in place for what would happen after the first spouse died, the tax issues always went more smoothly.

Victoria, an estate attorney with McGuireWoods, concurs. "I think it is very beneficial for both spouses to be involved in the estate planning process. I certainly see a trend where both are involved, where in the past it would typically be the husband. Sometimes the wives don't want to participate. I think it's to their detriment because a lot of times they're the ones who survive. Nine times out of ten, they're the ones around to deal with what was set up and if they weren't involved in the planning, it makes it more difficult."

But too many widows we spoke to emphasized the same thing, "I wish we had talked about this beforehand."

#### **THE WEALTH MANAGEMENT SOLUTION AND THE FAMILY CFO.**

When you establish a team of professionals which includes all the financial advisors in your life, from your lawyer to your CPA, everyone understands your goals and is working together to achieve them. We like to call it a Wealth Management Team. At the cornerstone is the Family Chief Financial Officer (Family CFO), an unbiased, highly trained advisor who takes a holistic approach to wealth management.

Working with your attorney, your accountant, and any other advisors you have, your Family CFO will sort through the complicated web of financial issues for you. He or she will put together a customized approach to help you not only meet your financial and retirement goals, but to also transition through the death of a spouse, the probate process, and other related financial matters, so you can move on more quickly and easily.

Remember, it's extremely difficult for *anyone* to maintain objectivity and not make emotional decisions about their own money. After the death of a spouse, it's even harder. That's why it's so important to have someone who has earned your trust beforehand, and who has emotional distance to help you make the right decisions.

Note that a Family CFO doesn't face the same conflict of interest as most financial planners or brokers. This person isn't focused on making a short-term sell, which may be driven in part by commissions on products and services you don't really need. The best Family CFOs are paid a predetermined rate and receive compensation from only one source: you. There are no strings attached, no hidden fees. You control your financial relationship.

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### **THE FAMILY CFO RELATIONSHIP**

This truly is a relationship—one that requires an emotional investment from both spouses *and* the Family CFO. If one spouse has not been involved in the family's financial affairs before, now is the time for that person to step in. A good Family CFO will learn about both spouses' values, interests and aspirations, which can sometimes be a little uncomfortable in the beginning. Knowing that this person cares as much about your money and particular situation as you do, it's important to trust him or her as you work together to determine your needs and goals. If you do, your efforts will be rewarded, and you'll reach a point where you can release yourself from the burden of second-guessing every decision.

Your Family CFO will compile your wealth management team's documents and advice and put together a plan that focuses on your needs and goals, and ultimately your long-term wealth and well-being. And he'll help you understand them, especially if one person hasn't

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been involved before now. You and your spouse share the role of family CEO, making the big decisions. Your Family CFO just helps you make the right financial ones.

Unfortunately, the right Family CFO can be hard to find. The most important thing to look for is someone who resonates with your values. This isn't a matter of finding someone who always knows the hot stock of the day. In fact, if you find someone you think is a good fit, ask that person how the market did that day. If he knows all the details, he's not the guy for you. Your Family CFO needs to be focused on the long term. You'll know you've found your Family CFO if he or she isn't constantly trying to sell you the stock of the day.

Once you've found this person, he or she will guide you through a very disciplined process which includes a series of meetings to help identify your values and goals and establish a plan to help you meet those goals. Perhaps even more importantly, your Family CFO will serve as the nucleus of your Wealth Management Team, coordinating with the other members about all important matters. And this person will give you the ability to hold the course—so you're not tempted to change direction over an emotional issue or hot new tip. Unless of course, it makes sense with your overall plan.

### **WORKING WITH YOUR FAMILY CFO**

Your Family CFO will guide you through a disciplined wealth management process, which includes a series of meetings to help identify your values and goals, establish a plan to help you meet those goals, and give you the ability to hold the course.

I.  
DISCOVERY  
MEETING



2.  
INVESTMENT  
PLAN  
MEETING



3.  
MUTUAL  
COMMITMENT  
MEETING



4.  
45-DAY  
FOLLOW UP  
MEETING



5.  
REGULAR  
PROGRESS  
MEETING



In the Discovery Meeting, your Family CFO will gather facts to understand where you are right now and where you want to go with your investments and your estate. This will include information from all of your financial advisors: accountants, attorneys, insurance agents, etc. This is where you'll start to build your relationship and share a lot of important information about your values, goals and interests.



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Once your Family CFO has gathered that information, he or she will meet with a team of experts to develop a comprehensive plan that meets your objectives. This includes investment experts, as well as the other members of your team. If your estate planning is current, it could be as simple as communicating with each other. If it isn't, it can be updated with the most current investment information, and the input of your other advisors. Then, at the Investment Plan Meeting, you'll review the proposed plan, look at specific recommendations and discuss them in detail.

When you have reviewed the proposed Investment Plan, and feel confident about the advisor you have chosen, it's time to meet again and formalize a working agreement (the Mutual Commitment Meeting).

About 45 days after your Investment Plan is implemented, it is important to reconvene, review all the paperwork and discuss how things are going. From here, you will move into the servicing stage of your relationship, in which the two of you will have regular Progress Meetings to review your goals, your plan's performance, and any changes in your lives which may affect your estate planning.

#### **ESTABLISH A STRONG RELATIONSHIP**

Like in any good relationship, it's important to be open and forthcoming with your Family CFO—providing as much information as possible.

Regardless of what your goals are, clearly stating them will come in handy down the road when you get a whim to change directions.



And it's more than just sharing which investments you currently own and what your will designates. You'll sit down with your Family CFO in the Discovery Meeting and carefully pinpoint your values and goals, and answer questions you may never have really asked yourself before. Seven areas should be covered here:

*1. Values.* The first question your Family CFO should ask is "What's important about money to you?" This helps you both get to the heart of what you want to do with your money, and what you want your money to do.

*2. Goals.* You'll spell out targeted goals, such as having enough to enjoy your retirement, making sure the money doesn't run out, leaving your spouse financially secure after your death, establishing or funding trusts, leaving a legacy for your children, having money to travel, buying a vacation home, etc. If you don't get specific with your goals, it's hard to establish the right plan. Sometimes it's necessary to sit down and figure out what it takes to live the way you're currently living, so you know exactly how much you'll need to sustain your current lifestyle. You'd be surprised how many people have no idea. Regardless of what your goals are, clearly stating them will come in handy down the road should you get a whim to change directions. Your Family CFO will be able to remind you about what your intentions were, and make sure you really want to stray away from them.

*3. Relationships.* Whom do you love? For whom are you expecting to provide? These questions will help you clarify your values and goals, and find the right investment strategy.

*4. Assets.* Of course, you'll also discuss the assets you currently have. A quantitative review of exactly what you own establishes what we call your current reality.

*5. Advisors.* As mentioned before, it's important for your Family CFO to know who your key advisors are, including your attorney and CPA, but also any insurance brokers, private bankers, or others you're work-

ing with, so everyone can be on the same page. In the past these advisors may have worked individually, but by working with your Family CFO, they'll have important information to add tremendous value to your overall plan. Also, if your Family CFO is familiar with all of your advisors, he or she can immediately act as the point person for the team in the event of a spouse's death.

*6. Process.* This is where the two of you establish how you'll work together. You might be asked, "In an ideal world, where you're working with someone you completely trust, how involved do you (and/or your spouse) want to be in the investment process?" Many people want to be more involved at first, but as trust in the working relationship develops, and the investment plan gets well under way, it's common to have much less contact with your Family CFO than you may have had with other financial advisors. But this is completely up to you and your Family CFO.

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*7. Interests.* And last, but certainly not least, you should talk about what rounds out your life, understanding that your interests—like travel, activities, hobbies, etc.—often drive your financial decisions. Unless a financial advisor understands all of the information outlined above, you might as well stick to "The 20 best funds to buy right now" articles to plan for your future. On the flip side, by delving deeply into each of these seven areas, your Family CFO will be armed with the information necessary to help you through the inevitable tough times. That's because you'll end up with a carefully conceived plan, called an Investment Plan, which will enable you to look beyond bumps in the road to your ultimate goals.

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### **NOW SIT BACK AND RELAX**

After you've covered this important information and your Family CFO has generated an investment plan, it's time to sit back and trust him or her to manage your finances with your family's best interests at heart.

You can stop worrying about the day-to-day changes in your investments. You'll know that your estate plans are current, and if things change, you have a team in place to update them and everything affected by those changes. Most importantly, that nagging sense of needing to take care of those "important but not urgent" issues will go away. Both spouses will be familiar with your estate plans, you'll both know the other spouse's wishes, and you'll both be familiar with your Wealth Management Team. Then when the inevitable does occur, you'll know exactly who to call and what to do, making the transition much less stressful.

After all, this isn't about money. It's about your life. And making it as enjoyable and stress-free as possible. Before and after the death of a spouse.

## ABOUT THE AUTHOR

John Charles Kernodle is president and founder of Strathmore Capital Advisors. After working in the financial service industry since 1994, John Charles founded Strathmore Capital Advisors in 2005, a wealth management firm that enables clients to take a holistic approach to managing their wealth and accomplishing everything that is most important to them.

John Charles began his financial services career with First Union (now Wachovia) in their Capital Markets Group, gaining institutional experience working on the Money Market sales desk. In the late 1990s he worked with a bond management firm that marketed their product directly to regional broker dealers. John Charles gained valuable insight into how products are packaged and sold in mass through retail networks. Prior to founding Strathmore, John Charles also worked at Eastover Capital Management, an investment management firm where he spent five years working directly with individual, high-net worth clients.

It was the culmination of these industry experiences that drove John Charles to find a better solution for individuals and families that need a high level of involvement from a firm in coordinating and managing the complexities of generational family wealth. To that end, John Charles works with clients to coordinate all aspects of their financial strategy by acting as their Chief Financial Officer. His goal is to give clients the comfort of knowing that the financial aspects of their lives are well in hand and managed by key advisors—estate attorneys, CPAs, insurance brokers, and other experts—they can trust.

John Charles holds the FINRA (Financial Industry Regulatory Authority) Series 65 license and is a North Carolina Registered Investment Advisor Representative. Born and raised in Burlington, North Carolina, John Charles has lived in Charlotte since 1987. A graduate of North Carolina State University, he's married and enjoys the shared duties of raising three children. When time allows, he supports the Special Olympics, working as a volunteer basketball coach. If you want to learn more about the Family CFO solution, you can reach John Charles at [jck@strathmorecapadv.com](mailto:jck@strathmorecapadv.com).

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