

The Ultimate Transition: A Framework for Guiding Widowed Clients from Chaos to Clarity



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The 80% Gap: Why Widowhood Defies Traditional Planning

- 80% of widows leave their financial advisor within 12 months of their spouse's death¹
- Average client acquisition cost: \$3,119 per client²
- Opportunity cost: \$75,000+ in lost revenue per departed widowed client (15-year client relationship)³
- Women projected to control \$34 trillion in assets by 2030 (38% of investable wealth)⁴

¹[Vanguard](#); [Financial Advisor](#); [Kiplinger](#); [CNBC](#)

²[Kitces Research](#); [Kitces](#)

³Based on a 1% fee on average \$500,000 AUM multiplied by 15 years post-loss; [Unbiased](#)

⁴[Bloomberg](#); [Yahoo Finance](#); [Empower](#)



The Empathy & Process Gap

- Abandonment during a critical life transition and emotional vulnerability
- Failure to establish trust with *both* spouses during the relationship
- Inadequate preparation and protocols for supporting clients through grief
- Lack of specialized training to address widowed clients' unique emotional and practical needs



The Transitionist's Opportunity

- **The Business Case: Retention vs. Acquisition**
- **Cost of Losing Widowed Clients:**
 - \$3,119 in acquisition costs already spent per lost client
 - \$5,000 annual revenue from an average \$500,000 AUM/client (1% fee), or \$75,000 in lost revenue over a 15-year relationship period
 - Nearly \$80,000 total cost per lost client!
- **Benefits of Retention:**
 - Redirect some of the 20% of time spent pursuing new clients
 - Investing 10% of your time in the first year of client transition can dramatically improve retention
 - Improving retention from 20% to 80% yields a 300% increase in lifetime value
 - Referral potential from well-served widowed clients



“ With traditional financial planning, we often overlook the profound emotional and financial turmoil faced by newly widowed clients. Financial advisors, as essential "first responders," must embrace a new framework for rescuing these vulnerable clients from financial chaos, recognizing that true client satisfaction and retention are achieved through the highest level of attention, empathy, and hand-holding. ”

- Chris Bentley



Agenda

- The Widow Crisis
- Widowhood's Unique Challenges
- Financial Impact of Loss
- Transforming Your Approach
- Essential Advice
- Resources



Maria's Story



“ I couldn't grieve, because I had Jake to worry about. I had many things to do, but I just didn't have the energy. I knew I couldn't keep up with the mortgage, but I didn't know what to do about it. I didn't have the answers and had nowhere to turn for help. ”

The “Widow Crisis”

- Approximately 3,000 women become widowed every day in the U.S.¹
- 70% of all married women will face widowhood²
- The average age of a widow is 59³
- Widows live 15 years longer than their spouses⁴
- Widows outnumber widowers 4:1⁵
- 80% of men die married; 80% of women die single⁶
- Almost half of all widows earn less than \$25,000 a year⁷
- Widowhood is often a ticket to poverty⁸
- About 60% of elderly poor women are widows⁹

¹U.S. Census Bureau (2020-2022); ²Nadia Karamcheva and Alicia H. Munnell, "Why are widows so poor?" Center for Retirement Research (July 2017); ³Impact Report. Modern Widows Club. 2020 and Rethinking65's research on widowhood (2022); ⁴Kiplinger; ⁵Jrank; ⁶Kiplinger and USAFacts and Statista; ⁷NCOA; ⁸NCOA; ⁹The Gerontologist journal article on "Economic Consequences of Widowhood" (2001)



The Most Stressful Life Event



100

The #1 most
stressful life event*

*Holmes-Rahe Scale



The Core Challenge: "Brain Fog"



91%

Experience severe
cognitive impairment

The Ticking Clock: Forced Decisions



69%

Financial decision-making is the top challenge of widowhood

The Solo Parent Challenge



51%

Have minor
children at home

The Financial Trauma of Loss

“ Income for survivors drops an average of 37% in the three years after a spouse's death compared with the three years prior. ”

- *Source: Federal Reserve Bank of Chicago,
May 2020*



The Financial Trauma of Loss

- **Income reduction:** declines up to 100% after loss of spouse¹
- **Social Security cut:** surviving spouse receives only the higher of two benefits, not both²
- **Loss of pension income:** if no survivor continuation
- **Healthcare costs:** 15% lose health insurance entirely; 18% face coverage changes³
- **New health challenges:** 33% diagnosed with new mental/physical health issues within the first year⁴
- **Childcare burden:** Single parents pay an average of 36% of their income vs. 10% for dual-income households⁵
- **Credit score and auto insurance impact:** credit scores often decline⁶, and insurance premiums often increase⁷
- **Estate settlement costs:** legal fees and probate expenses⁸
- **“Widow Tax” effect:** higher brackets despite lower income⁹

¹WISER, "Widowhood: Why Women Need to Talk About This Issue," 2019; ²Social Security Administration; ³Modern Widows Club Survey, 2020; ⁴Modern Widows Club Survey, 2020; ⁵U.S. Department of Labor, 2024; ⁶Center for Retirement Research and FedWeek; ⁷Money and Zebra.com; ⁸SMPA Law and Lawyers.com; ⁹Kiplinger, 2024



The Widow Tax

- Meet Roberto and Dorothy, retirees
- Four adult children
- Residence: Florida
- Roberto: 74
- Dorothy: 70
- Roberto passed away in December 2019



Description	2019
Filing Status	Joint
Income from IRAs	\$100,000
Roberto's Social Security benefit	\$30,000
Dorothy's Social Security benefit	\$20,000
Total Income	\$150,000
Total Federal Tax	\$17,700

The Widow Tax

Description	2019	2020
Filing Status	Joint	Single
Income from IRAs	\$100,000	\$100,000
Roberto's Social Security benefit	\$30,000	\$0
Dorothy's Social Security benefit	\$20,000	\$30,000
Total Income	\$150,000	\$130,000
Total Federal Tax	\$17,700	\$21,300

- **Loss of income: \$20,000**
- **Increase in taxes: \$3,600**



Key Tax Strategies for Widowed Clients

Roth Conversion Opportunity

- Use joint filing status in the year of death to convert traditional IRAs at lower tax rates

Step-up in Basis Benefits

- Leverage tax-free sales of appreciated assets to generate cash or rebalance investments

Home Sale Planning

- Take advantage of the \$500,000 capital gains exclusion window within two years of the spouse's death



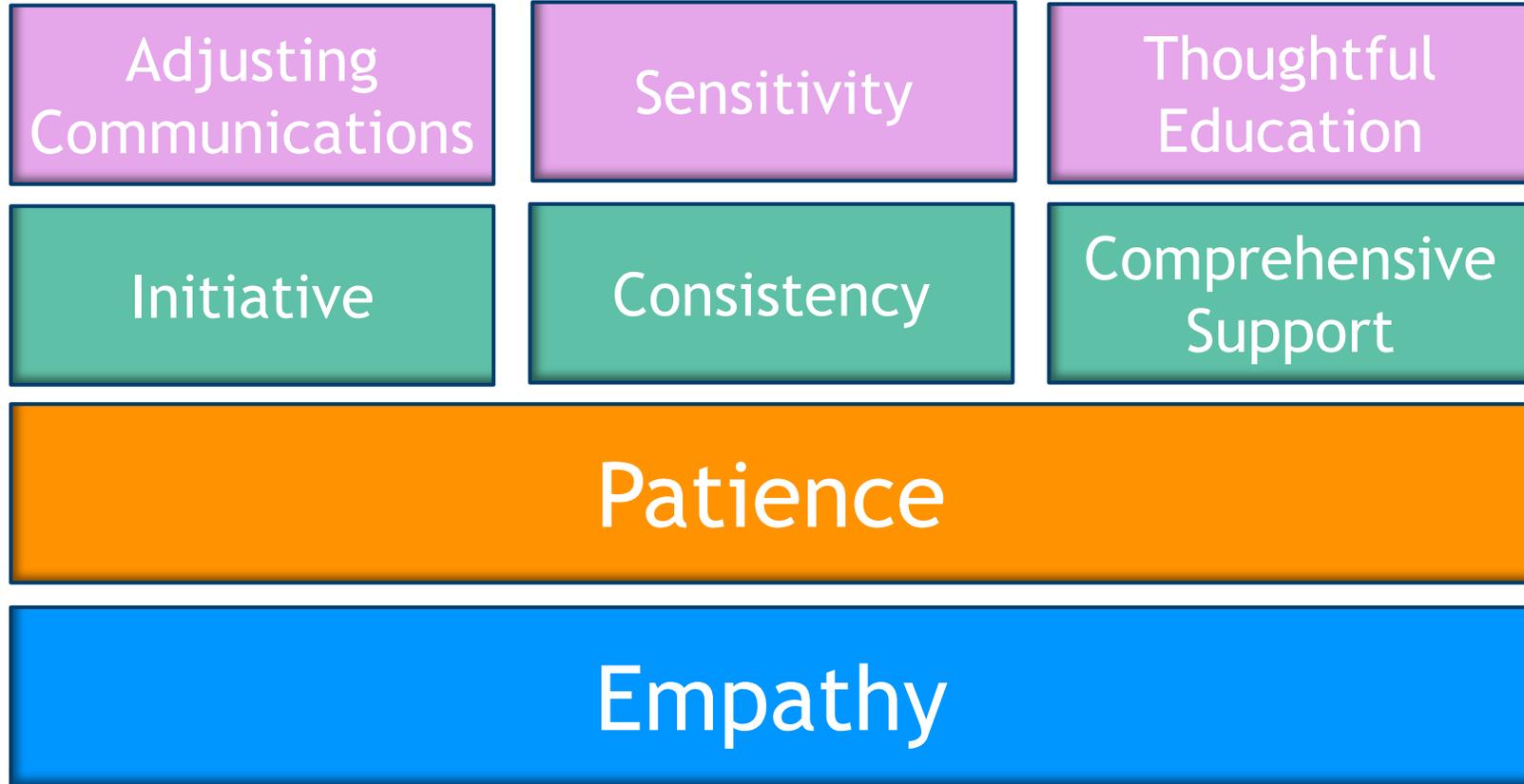
The Experience Gap



86%
were not the
primary financial
decision-maker in
their relationship



The Building Blocks of a New Approach



The Right Advice at the Right Time

Crisis Planning: Stabilization

- Secure Cash Flow & Pay Bills
- Access Bank Accounts
- Pull Credit Reports
- File for Life Insurance & Survivor Benefits
- Locate Will & Assess Probate Needs
- Gather Key Documents (e.g., Death Certificates)

Financial Planning: Optimization

- Develop Long-Term Investment Strategy
- Create New Retirement Plan
- Complete Probate & Asset Retitling
- Update Legal Documents
- Implement Tax Strategies & Tax Reporting
- Review Insurance Policies



Start Smart: What *Not* To Do



Don't Go It Alone

Encourage them to rely on you and other professionals—they don't know what they don't know.



Don't Pay Their Late Spouse's Bills

Before paying any debts, they need legal clarity on responsibility



Don't Let Mail and Bills Pile Up

Unopened mail can lead to missed bills or identity risks



Don't Sell Their Late Spouse's Property

These shouldn't be sold until estate ownership is clear



Don't Close Their Spouse's Phone or Email Accounts

These often contain important information. Keep them active or 12+ months



Don't Make Large Purchases or Gift Money

Wait until they fully understand their financial picture



Key Advice for Widows With Children

Immediate Financial Stability

- Create a 12-month cash flow plan addressing childcare costs, housing decisions, and career transition needs

Insurance & Benefits Maximization

- Review and optimize life insurance proceeds, Social Security survivor benefits, and employer death benefits

Career & Education Planning

- Develop pathways back to the workforce, including skills assessment, education funding, and childcare solutions

Multi-generational Family Needs

- Address diverse needs across the family spectrum: from guardianship for minors to college funding and support for adult children

Housing & Relocation Strategy

- Analyze the affordability of the current home versus the benefits of relocating, including family support networks



Key Advice for Retirement-Age Widows

Investment Portfolio Restructuring

- Create a three-tier strategy balancing immediate needs, income, and long-term growth while addressing shifted risk tolerance

Retirement Account Navigation

- Review options; leverage unique spousal privileges while avoiding irreversible tax mistakes with inherited accounts

Social Security Optimization

- Strategic timing between survivor benefits (age 60+) and personal benefits can yield \$100,000+ additional lifetime income

Healthcare & Insurance

- Develop appropriate bridge strategies for pre-Medicare widows and review long-term care planning

Estate Planning Updates

- Review and update all beneficiary designations, powers of attorney, and digital asset access

Tax Planning Transitions

- Capitalize on filing status, step-up opportunities, and home sale exclusion



Maria's Story



Don

“ I couldn't have done it without Don. Selling the property was such a hard decision, but he really helped me to see what I needed to do. The equestrian property was the dream for John and me. Now my new dream is to be financially stable. ”



Resources

Free eBook



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Guidebook



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Online Education



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Research



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Financial Coaching



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Questions

THE PURPOSE OF HUMAN LIFE IS TO
SERVE AND TO SHOW COMPASSION AND
THE WILL TO HELP OTHERS.

- Albert Schweitzer

Thank You

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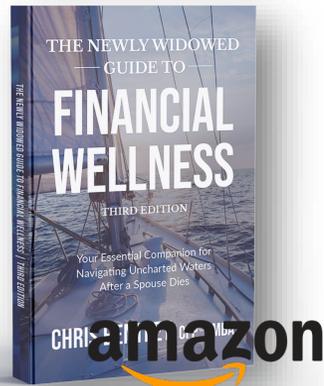
Resources

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