

Five Financial Steps for the “Suddenly Single”

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Becoming “suddenly single” due to divorce or death of a spouse is challenging both emotionally and financially. This is true in any environment, but it is even more so during a pandemic when there is already so much uncertainty.

During this period of transition, a good plan can help alleviate financial worries because it will reduce some of the uncertainty. With that in mind, these five steps can help you minimize some of your financial stress and provide a road map to

building long-term wealth:

1. Realistically assess how “financially fit” your household actually is by preparing an inventory of the assets and debts for which you are responsible.
2. Assess what your monthly income and expenses will be like as a single person. Determine the amount you need for your safety fund, and what will allow you to comfortably “sleep at night.” Analyze your current life/disability insurance coverages and determine if there is a need to revise them. This will help you determine whether you need to make changes to raise your income or lower your expenses.
3. Create a long-term vision of what you want your single life to look like and the wealth that you will need to get there. This may include deciding whether you want to - and can afford to - keep your household’s primary residence.
4. Work with an Anchin tax professional to consider the tax basis of certain assets and how, upon a sale, paying those taxes may impact you financially. Also, have a complete tax projection prepared.
5. Address your charitable giving and the legacy you want to leave behind. Update your estate plan, revisit bequests to beneficiaries and have the new will prepared.

As you work through these steps, remember that you do not have to go through this period alone. Your financial and tax professionals are available to help you achieve the financial future that you want as a successful single person.

For further discussion about any changes in your life that impact your financial health, please contact your Anchin Relationship Partner or Mela Garber, Tax Leader of Anchin Private Client, at 212.840.3456 or mela.garber@anchin.com.