Thank you, Jane. It’s my pleasure to introduce Janet Bodnar, who is Deputy Editor of Kiplinger Personal Finance magazine, for which she has written about a wide range of topics on investment, money management, and the economy. Ms. Bodnar is also a nationally recognized expert in the field of children’s and family finances. Her newest book is Raising Money Smart Kids, just published by Dearborn Trade. Ms. Bodnar is also the author of Think Single! The Women’s Guide to Financial Security at Every Stage of Life, as Jane mentioned, which is a selection of the Washington Post’s personal finance book club. The audio version of her book, narrated by Ms. Bodnar, has received the “Best of” award from Publishers Weekly, Library Journal, and the Audio Publishers Association. Ms. Bodnar has appeared on numerous radio and television shows, including Oprah, The Today Show, Good Morning, America, The Early Show, PBS, and Fox affiliates in Washington, D.C. She has also been quoted in publications ranging from The Wall Street Journal and Institutional Investor to Parents and Redbook. Ms. Bodnar is married and the mother of three children.

Please join me in welcoming Ms. Janet Bodnar.
Thank you so much, Cornelia, and everyone. I’m really happy to be here today and happy to be following up Candace’s great introduction, which I think I’ll probably be expanding on a bit or at least focusing on some of the specific things that she mentioned.

As Jane mentioned earlier, the name of my book is *Think Single*, but that does not apply to your state of marriage. It doesn’t mean it’s for single women. The idea is that it is a state of mind. Always think independently about money no matter where you are in life. What happens with women is that their lives are often intertwined with others. First you’re daddy’s little girl, so there are your parents. Then there is a significant other in your life. Then there’s a husband in your life, kids in your life. Then, as you get older, older parents come back into your life. It’s very difficult sometimes for women to maintain their independence in situations like this because they’re always thinking about other people. Marriage can be a particularly touchy situation literally because sometimes you are in a situation, especially if you take time off from your job, you may be actually in a position of financial dependence on someone else. This is a situation that most men never face, but that women often face, at least for a temporary time in their lives when they may be out of the workforce; and even
when they’re continuing to work, there’s a lot more on their minds in running a household and raising children and they’re very prone to leave a lot of financial decisions to their husbands.

That is a problem because what if something should happen suddenly and your spouse were gone--through divorce or death, two of the financial crises that we’re touching on today. Now, you don’t want to add financial disaster to the emotional devastation that you would be going through in a situation like this. It’s very easy to be blindsided if you’re not prepared for this because, as Jane mentioned earlier, none of those 9/11 widows were prepared for that event to happen when their husbands went off to work on that ill-fated morning. That’s still going on with some of our military widows, who are experiencing this at a rather young age. Of course, the divorce statistics speak for themselves.

What I want to do--Candace has given you a really good overview of what you need to do to be prepared--what I want to do is just talk a little bit more specifically about widowhood and divorce situations and some of the specific things that you should be aware of ahead of time so that you’re not blindsided if, God forbid, you have to go through either of these situations.
Again, young wives—and I understand that today many of you are probably young, so hopefully this means that statistically you’re not likely to be widowed any time soon. On the other hand, statistically women in general are likely to be the survivors. Candace gave you a statistic on that as well. So even when you are in a very healthy, happy relationship with a spouse, it’s really up to us, us women, to take the lead in making sure that we and our kids are taken care of should anything happen to our husbands. One of the things you have to keep in mind is that your husband doesn’t know any more about finances intuitively than you do. This is an acquired skill. It’s not like there’s a money gene that goes along with being a man or being a woman. So you leave financial management to your husband at your peril because there’s really no reason to think that he knows any more about this than you do, especially if it’s you and your children who are going to be affected if something happens to him. Then you really need to take the lead on this. Actually, the best thing to do is it should be a partnership between you and your spouse, but if neither of you seems to want to do this—and of course, lots of people don’t—because who wants to think sometimes about all of these financial disaster scenarios, but think of it as a way of protecting yourself and protecting your family. That’s a much more positive way to look at things.
With that point of view, you might want to do things, for example, like Candace alluded to. Life insurance. No one, again, knows intuitively how much to buy or what kind to buy, but I think women can take the lead in this. We at *Kiplinger* have a guideline for you. You can use calculators on-line to figure out how much life insurance you need, but as a good rule of thumb, combine your annual incomes, and figure on life insurance. The rule of thumb [for how much life insurance to buy] is somewhere between five and ten times your annual income. I always like to split the difference and say life insurance is eight times your combined annual income. That’s a good rule of thumb to use. Do the little calculations in your head. Do you have enough life insurance? If you don’t, buy term insurance. It’s the cheapest, most inexpensive kind of insurance you can get. It’s also the simplest type of insurance that you can get. If your husband doesn’t know about term insurance, you can go home and tell him about this. There are plenty of places--Web sites on-line actually--where you can shop for coverage. Again, this is coverage that would be protecting potentially you and your kids, so it’s something that you need to pay attention to.
Another thing that a lot of women don’t think about is make sure you are the beneficiary of your husband’s retirement plan or that insurance policy that you buy. I have a couple of anecdotes actually in my book about women who were widowed at very young ages, and they came to discover afterwards that their husbands had never changed the beneficiaries on their retirement plans or insurance policies, so in both cases their parents--the husband’s parents or mother in particular--was the beneficiary of the retirement plan and the insurance. Now, this is great for his mother, but if you are a young widow left … in the case of these women both of them had very young children, they had no way of getting at these assets, which were really important assets for them and for their children as they got older. So it’s really important to change the beneficiaries and make sure that you and your kids are on the policies or are on the paperwork. When I wrote my book I thought to myself, “I better check my own beneficiaries,” and I again came to find out that I had neglected to put my children as secondary beneficiaries on my retirement plan here at Kiplinger, and I could have sworn to you that I had done this, but my sister was still on the plan. I’m sure she would have done very well by my children, but it would have been much better had I had my kids’ names on the retirement plan, and I went ahead and did that. So we’re all busy. It always takes a wake-up call for all of us to do
something like this, but it’s a very simple thing that you can do and it can really pay off later.

Another thing that Candace alluded to was making sure you have a will. Lots of people don’t like the idea of drafting a will. It just seems like such a downer, but again, positive. Think of your kids. If for no other reason, you should have a will to name a guardian for your kids, especially if you have minor kids. A lot of people do this informally, and they say, “My sister will take care of my kids if anything should happen to me,” but that really doesn’t hold water in court. If, God forbid, you weren’t around, there may be court battles, custody battles, involving your kids. Maybe your brother-in-law, your husband’s brother, wants to raise the kids, and then there’s a battle between him and your sister. It just becomes a very complicated legal affair. I think that the simplest thing, the easiest thing, to do is to have a will that names the guardian for the kids.

I also wanted to say a word about credit. Hopefully you’ve all established credit in your own name as single women. When you get married, keep that credit, assuming it’s good credit, in your own name when you marry. Don’t be too quick to put your name on your husband’s credit or even to establish a joint account. First
of all, the best thing to do is get a copy or look at a copy of his free 
credit report. Each of you can now get those from the credit 
bureaus. You can get them free from each credit bureau each year. 
[To order your free credit reports online, visit 
annualcreditreport.com] Don’t get a joint account if your husband 
has a bad credit report; nor should you sign for any of his debts. If 
he has student loans, for example, don’t make yourself responsible 
for those loans. That is his responsibility, especially if he has a 
very poor credit record. You don’t want that to rub off onto you. 
You want your good record to stand on its own merits. Now, if 
you’ve both got good credit and you want to start opening joint 
accounts together, go ahead and do it, but know what you’re 
getting into because it can lead to some real problems down the 
line, especially in case of divorce. This is where I’m going to 
segue a little bit into the divorce discussion.

There are so many ways to get blindsided in the case of divorce. I 
remember my husband and I, a year or two ago, were 
renegotiating, refinancing, our house. We were sitting in a 
lawyer’s office on a Sunday morning. There was a young woman 
in the office who was making phone calls. We were waiting for 
some paperwork to come through, and the lawyer explained to us 
the young woman was actually his girlfriend, and she was a CPA--
Certified Public Accountant. She had been married to a doctor. She had gone through a divorce, and she came to find out afterwards that none of the assets that they held were in her name. All of the assets were in her husband’s name, so she was on the phone with her creditors trying to do credit workouts because she owed money and basically had no assets with which to pay the bills. So here was the woman, who was a professional financial woman, but again, had, as we all do, neglected our day-to-day finances, and so here she was trying to do a credit workout. You don’t want to be blindsided like this should you go through a divorce.

It’s important that each of you--and this may be an obvious point--have your own lawyer if, in fact, you are anticipating a divorce or if this has become an inevitability, but it’s also important to get good financial advice because the lawyers may know the law, but they may not know how to negotiate the best financial settlement for you. What would be the best assets for you to ask for? How do you know that you’re getting everything that you really deserve? I think that having the input of a financial advisor or a financial planner is a good thing to have in a situation like this.
There’s something now called collaborative divorce, where you actually work with a lawyer, perhaps a counselor or psychologist, and then a financial person, kind of all coming together to make sure that all aspects of the situation are addressed, especially if there are kids involved in the situation. It’s much more amicable than trying to fight this out in court.

On the subject of credit again--because this keeps raising its ugly head-- one of the organizations that I interviewed for the book noted that most of the questions it receives about credit problems involve individuals whose credit was damaged by a former spouse after a divorce. What happens is they neglect to close the joint accounts, and then the divorced spouse or one of the spouses will run up the bills, and then you become responsible for paying them. If the bills are not paid on time, then your credit is wrecked, so a really important thing to do if a divorce is looming in your life is to close all of your joint credit accounts and possibly even you take the responsibility of paying off all of the debts and then ask for reimbursement in the divorce settlement. That way you know that the bills are paid and you have been made whole financially. That’s something that women should really think about.
Alimony and child support often come up. Alimony is not an automatic. In fact, it’s less and less likely that you actually will get alimony. Sometimes, if you have the option of taking a lump sum cash settlement instead of alimony, you might as well do it because it relieves you of having to collect the money or worry about getting the money. Are you really going to get paid later on?

The same thing applies to child support. Unfortunately, fewer than half of women get the full amount of child support that they are entitled to. One way you can protect yourself is to know that child support orders generally contain an automatic wage withholding provision, meaning that you can garnishee your ex’s wages if he’s behind in his child support, but that doesn’t work if your spouse is unemployed or if he’s self-employed or if he just doesn’t have the wherewithal, you can’t find him, which very often happens in these situations. So that’s not a guarantee--again another reason to try to get as much as you can from your spouse, but to maintain your own financial independence as much as possible so that you’re not dependent upon someone else.

A big mistake that women often make in divorce is taking the house. Don’t necessarily take the house. It can be very costly to maintain. You may not be able to afford it, and you may be better
off going after some other asset; [e.g.] your retirement funds. Your and
your spouse’s retirement funds may be your largest single asset, so you might want to get a share of your husband’s pension plan or retirement instead of the house. Or you might want an asset that’s more liquid. You might just want to sell the house, trade down to other digs, and take some other assets that are more liquid.

Sometimes there are assets that you don’t even think about. What about an upcoming tax refund or frequent flier miles or season tickets to the Redskins or another professional team? Those kinds of things you need to think about and know about, which again speaks to the idea of always staying on top of your family finances. Even if you are a stay-at-home mom, you can do this by being on top of where the money is, taking the lead in getting things like life insurance, as I had mentioned before, and taking an active role in managing your own investments. If you are a stay-at-home mom you can still have your own retirement plan. You can have a spousal IRA, and you can manage the investments in that plan.

So no matter where you are in life, always think single. Maintain your financial independence, and realize that you know just as much about money as your spouse does.
J. Walstedt  Thank you, Janet. You really squeezed a lot in.

J. Bodnar  I tried.

J. Walstedt  Janet and I discussed the chapter in her book--she has a chapter in her book [entitled] “Divorce: Get a Fair Deal.” There were so many good points and some of them I pointed out to her and suggested she mention and she really squeezed them in. Thank you again.

Now let me turn the program over to Cindy Henning, a member of the Women’s Bureau’s Wi$e Up Team, who works for our regional office in Atlanta, to introduce our third speaker. Cindy?