

# THE WALL STREET JOURNAL.

MONDAY, JANUARY 13, 2014

(c) 2014, Dow Jones & Company, Inc. All Rights Reserved

## *Adviser Helps a Widow Move On With Her Life*

By Jesse Sunenblick

The woman was in her mid-70s and recently widowed. And she was having trouble adjusting to her new life. She was lonely and lived in an old house that required increasingly expensive repairs, such as a new roof and hot water heater.

Although she had \$700,000 in savings, \$500,000 had been invested by her late husband in a portfolio of money-market funds, CDs and fixed annuities that earned only 1% annually.

She worried about a cash-flow crunch if she stayed in her home, but wasn't confident that selling her house and moving was a better choice. So at the suggestion of a friend, she approached financial adviser Scott Danner to discuss her options.

"She was overwhelmed and kind of fumbling around," says Mr. Danner, an adviser with Edward Jones in Chesapeake, Va., who manages \$60 million for 135 clients.

When Mr. Danner met the client for coffee at her house, she revealed that she wanted to travel and enjoy other activities, but felt tied down by her house. The conversation flowed toward other living arrangements, and the client eventually raised the idea of moving to a nearby 55-plus community. However, she wasn't sure she could afford a home in that community.

So Mr. Danner talked her through the hurdles she believed were standing in her way. First, she worried about selling her house during a weak real-estate market. But Mr. Danner pointed out that her sister, a real-estate agent, could help. Then the adviser compared two scenarios for using the proceeds of that sale: She could either pay for a new home at the 55-plus community in cash, or take out a mortgage while reinvesting some of the money into a diversified portfolio that generated a 4% to 6% return.

While her finances could support both plans, reinvesting the money would give the client a greater income stream through age 95, allowing her more flexibility to enjoy her golden years. That gave the client confidence to move forward, and with her sister's help she sold her house for \$330,000 in 45 days. She found an existing home in her new community for exactly the same price and put 30% down, securing a mortgage that required a \$1,250 monthly payment.

Meanwhile, Mr. Danner rebuilt her investment portfolio to provide the income to cover her new expenses. The annuities were out of the penalty stage,

and most of her CDs were maturing in six to 12 months, so he reinvested those funds in a mix of 20% cash, 45% bonds, and 35% conservative annuities. Income from the annuities would pay her mortgage, while income from the bonds and withdrawals from cash would provide about \$20,000 a year to pay other expenses, such as visiting her daughter in San Diego.

Finally confident in her financial stability, the client made the move and saw her quality of life improve dramatically. She began participating in activities such as bingo, wine nights, exercise groups and bus trips. And for her 80th birthday, 23 of her new friends gathered together, each sharing a story about her with the group.

"She came into my office the next day and broke down in tears," he says. "In her entire life she'd never had a birthday party that big."

Mr. Danner says that helping clients initiate life-changing plans is simpler than it seems, once advisers get comfortable looking beyond strict financial goals and factor in quality of life issues.

"Advisers should create a dialogue about how to spend the money for the client, instead of just focusing on how they're going to help that money grow," he says.