

**“The Morelli Family Heritage Foundation”
Presents the Divorce Information Package**

**Divorce—Child Custody—Parenting
Child Care---Financing & Social Security**

Divorce and You

Divorce and Child Custody

Divorce and Parenting

Divorce and Child Care

Divorce, Finances and Social Security

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&
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Divorce & You’re Finances

A Guide to Financial Issues of Divorce

Financial Assets and Property Checklist

Securing Your Financial Future

Divorce and Joint Accounts & What you Should Do

Protecting Your Credit During Divorce

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Is it Better to Sell the House Before or After Divorce

A Guide to Financial Issues of Divorce

A Look at the Division of Property, Debt, Retirement Funds, and Taxes in Divorce....

Divorce is stressful emotionally, mentally, physically, and yes, financially. During a divorce, you and your spouse will be forced to make and accept decisions that have a major impact on your current and future financial situation and security. Don't go into them uneducated and alone. While many people choose to consult a family law attorney in their divorce proceedings, too few engage the expertise of a financial planner and/or CPA.

To understand some of the basics, here is a guide to some of the biggest financial concerns of a divorce.

Dividing Property in Divorce

Your marriage is coming to an end. Who gets the antique mirror your mother-in-law gave you last Christmas? Who gets the stocks in GE? What about the furniture? Your car? How do you divvy up the accumulated belongings of years of marriage? Dividing property can be as much decided by state law or court-order as it is compromise and agreement between you and your spouse. Currently, there is total of nine states in the United States (namely, AZ, CA, ID, LA, NE, NM, TX, WA, and WI) that are *community property* states. These states have laws that hold that all assets acquired during the marriage by either spouse are considered joint marital assets.

Joint marital assets are generally divided equally between the spouses in a divorce. Beyond the unique laws in community property states, there are several other routes taken for the division of marital property.

Surprisingly, many people come to a relatively amicable agreement about the division of property, but if there is disagreement about one or more items, there are a number of fair methods for deciding who gets what.

One of the most common is bartering, where one spouse takes certain items in exchange for others. For example, the wife may take the car and furniture in exchange for the husband getting the boat. Another method used in the division of property is to sell the marital property and divide the proceeds equally. Often times, mediators or arbitrators may also be used.

Be sure to familiarize yourself with the laws that govern the division of property in your state. You can find information for your state at DivorceNet.com. For detailed advice on how to save money in legal fees by dividing the property yourself, see Divorce Central's FAQs on Financial Issues of Divorce, which includes, among other things, an excellent discussion of the best way to deal with the family home in a divorce.

Dividing Debts in Divorce

Often even more difficult than dividing the property in a divorce is deciding who will be responsible for any debt the couple has incurred during their marriage. In order to do this, you'll need to know how much you owe. Even if you trust your spouse fully, do yourself a favor and order your joint credit report from each of the three credit reporting agencies. People have been known to run up debt without their spouse's knowledge, especially when they're contemplating leaving the marriage.

Overlooking this step could cost you years in debt repayments.

Next, go through the credit reports and identify which debt is shared and which is in your spouse's name only. At this point, it's important to stop the debt from growing any larger while you're in the process of getting divorced. The best way to do this is to cancel most of your credit cards, leaving perhaps one to use for emergencies.

Once you've identified your debts and taken steps to ensure they don't increase, it's time to decide who will be responsible for what debt. There are several ways to do this, including:

- If possible, pay off the debts now. If you have savings or assets you can sell, this is the cleanest method. You don't have to worry that your spouse will leave you

responsible for his/her portion of the debt, and you can start your new life debt-free.

- Agree to take responsibility for the debts in exchange for receiving more assets from the division of your property.
- Agree to let your spouse take responsibility for the debts in exchange for receiving more assets from the division of property.
- Agree to share responsibility for the debts equally. Though at first glance this choice appears most "fair," it does leave both of you the most vulnerable. Legally, you are still responsible if your ex-spouse doesn't pay up, even if s/he signs an agreement taking responsibility for the debt.

Tax Issues in Divorce

People sometimes get caught up in the most obvious and talked about issues of divorce such as the division of property and debt, who will have custody of the kids, etc. As a result, many don't think through the tax implications of their divorce, an oversight that can cost thousands of dollars or more. This is where a certified public accountant (CPA) comes in very handy as a part of your divorce team. Tax issues that may arise from divorce can include:

- Who will get the tax exemption for dependents?
- Who will be able to claim Head of Household status?
- Which attorney fees are tax deductible?
- How can you be sure "maintenance" payments will be tax deductible?
- How can you avoid the mistake of having child support be non-deductible?

For a complete discussion of these issues, be sure to read 10 Divorce Tax Tips and Divorce and Tax Issues. Of course, as tax law changes and your unique situation may require special consideration, be sure to also consult a tax professional.

Retirement Plan Issues in Divorce

If your spouse has retirement savings, you are probably entitled, by law, to half. This money can be used for your own retirement or for a down payment on a house, relocation expenses, or other current expenses. To avoid the 10% penalty on early withdrawal, be sure to follow IRS regulations, as covered in [Divorce and Retirement Assets: Getting the Money Without Getting the 10% IRS Tax Penalty](#). The primary issue with a division of retirement assets is that while the assets may or may not have been sufficient for your joint retirement needs, more than likely your individual retirement needs will be much greater. As a result, not only must you consider how these assets will be divided, but how you will continue to contribute to them in order to secure your financial future in retirement (even as your near future may be in question as well).

Educate Yourself

Divorce can bring out the worst in some people, and you need to be aware that even the most honest of people may try to cheat when it comes to settling up financially in a divorce. Spouses may under-report income, ask an employer to delay a large bonus or salary increase, among other dishonest behaviors. Most vulnerable are those whose spouse owns a closely-held business. The best defense when facing the financial concerns of a divorce is knowledge. It is particularly important for both spouses to educate themselves about their joint finances so that nothing remains a secret to be overlooked. In the case of divorce, ignorance is not bliss.

Financial Asset and Property Checklist

To follow is a list of all relevant documents that you will want to collect and maintain for use in comprehending and preparing for the impending distribution of marital assets and property. You should also prepare a list of all personal property, including that acquired prior to and during the marriage. Contingent upon your particular situation, not all of the items to be listed will be required. It is recommended that next to each item, note who has actual possession and where it is physically located. If your spouse proves uncooperative in the compilation of such documentation, you may need to enlist the assistance of an attorney-at-law in order to thoroughly protect any and all rights you may have to any asset or property that your spouse may be attempting to withhold for their individual purposes.

TAX RETURNS

- Federal (past five years)
- State (past five years)
- Local (past five years)

PAYROLL STUBS and FEDERAL W-2 FORMS (past five years)

BUSINESS TAX RETURNS (Corporate, partnership, or sole proprietorship)

BUSINESS FINANCIAL STATEMENTS

- Net worth - balance sheet or list of assets and liabilities
- Cash flow or income and expense statement

RECORDS REGARDING ANY OTHER RECEIVED INCOME (i.e., investment property, rental/lease agreements, stock dividends, profit sharing plans, pension benefit payments, etc.)

RECORDS REGARDING MONTHLY LIVING EXPENSES (i.e., monthly billing statements, grocery receipts, etc.)

PRE- and POST-MARITAL (NUPTIAL) AGREEMENTS

ALL DOCUMENTS RELATING TO PREVIOUS DIVORCE SETTLEMENTS (including property ownership documents)

WILLS AND/OR TRUST DOCUMENTS

STATEMENTS OR DOCUMENTS PERTAINING TO:

- Savings accounts

- Checking accounts
- Certificates of Deposit
- Mutual Funds
- Cash Management accounts
- Stock Certificates
- Safe Deposit Box inventory
- Brokerage firm accounts
- Credit Union accounts
- Credit Card accounts
- Equity Credit Line accounts
- Commodities
- Collections (gold, coins, stamps, etc.)
- Titles (cars, trucks, motorcycles, boats, etc.)

INSURANCE POLICIES

- Life
- Automobile
- Homeowner's (Fire, Hazard, Earthquake, Flood)
- Personal Umbrella
- Liability
- Disability
- Renter's
- Health (parents + children)

EMPLOYEE / GROUP INSURANCE BENEFITS (for both spouses)

- Medical
- Life
- Disability

BENEFITS

- Expense accounts
- Automobile allowances
- Cafeteria plans
- Sick pay
- Stock options
- Travel allowances
- Bonuses
- Deferred compensation
- Military
- Severance pay
- Vacation pay

RETIREMENT PLANS

- 401 K plans
- Money purchase plans
- Employee Stock Option plans
- Tax Sheltered Annuities
- Keoghs
- Profit sharing plans
- Thrift plans
- Defined benefit plans
- IRA or SEP-IRAs
- Roth IRAs

STATEMENTS OR DOCUMENTS RELATING TO:

- Inheritances, gifts, etc.
- Personal Injury Awards

REAL ESTATE RECORDS (for all properties owned: Principal residence, Second home, investment)

property)

- Original Mortgage / Deed of Trust
- Copy of Note
- Purchase Agreement
- Uniform Residential / Commercial Appraisal Reports
- Rental / Lease Agreements

INFORMATION ON DEBTS AND LIABILITIES

- Promissory notes (mortgage, etc.)
- Personal loan documents
- Secured loan documents
- Insurance payments
- Medical and Dental expenses
- Utility, telephone, television cable bills
- Grocery receipts
- Laundry and Cleaning
- Miscellaneous Household items

Clothes

- Incidentals
- Dues (union, club, etc.)
- Entertainment expenses
- Attorney fees

HOUSEHOLD FURNITURE AND ANTIQUES (be very detailed and specific)

Securing Your Financial Future

The Most Important Steps in Securing Your Financial Future

Divorce is wrought with extreme emotional and financial turbulence. Histories that bound families, friends and home life are disrupted. Standards of living are often changed, not just for spouses but for the children as well.

Before emotional issues get too charged to think and act rationally, the following step should be taken:

1. Obtain credit if it has never been established in your name
2. Obtain current copies of all financial statements (bank records, investments)
3. Get three years of tax return copies
4. Obtain three to five years of bank statements
5. Obtain credit reports
6. Obtain history of physician reports and dates if special medical needs must be addressed.
7. Change title of home to joint tenants in common, rather than Joint Tenants with Rights of Survivorship (JTWROS)
8. Change beneficiary on will

Too often a non-working spouse has credit in their spouses name. Even if a spouse has an income and has no history of obtaining credit, a credit card will be unobtainable. It is therefore imperative that joint household income be used for the application, even if only one name applies for the card, and/or if a second cardholder is requested and immediately cancelled.

During a marriage, often one spouse controls all the financial statements, pays bills, files statements and helps prepare the tax returns. Once proceedings are contemplated or started, the other party cannot readily obtain copies without total cooperation.

Some spouses try to have the upper hand with finances, taking the attitude that it is better to take all and then give back rather than struggle to get "equitable distribution." Not only is this a poor attitude, but one that is looked unfavorably by judges and can result in costly fees using a forensic accountant.

When assets are divided amongst the parties, in New York State, equitable distribution does not mean that assets are divided equally. Pre-marital assets and inheritance that has never been co-mingled or handled by the non-owning party stays as an asset that is not part of the marital pool. Marital assets, joint assets, assets acquired during a marriage, value increased by one of the parties during the marriage of the other's investments or business, qualified plans (retirement, IRA, pension), real estate, are all considered. When dividing these assets, it is important to seek the counsel of a Certified Financial Planner/Divorce Planner. The value added by these professionals will show the current and future impact of separating the different assets on living standards, cash flow, and future life style changes. The transfer of the assets must include tax impact

studies on assets such as homes, businesses, and investment gains/losses that would be attributed when and if the asset is sold. The net must be looked at more than the gross value of the marital assets ... equitable versus equal.

The parties of a divorce must try to remember what brought them together in the first place, so that the transition and impact on the children can be easier. If the husband and wife take the time to be educated about the assets, are open in their discussions, the difficult road to divorce can be less trying. If there is good communication between the spouses, and emotional issues can be put aside, mediation rather than the time and money consuming process of litigation can be successful.

Financial Records and Divorce (Checklist)

At some point in their divorce, couples divide the marital estate, which are their assets and liabilities, and memorialize the arrangement in a marital settlement agreement. At a minimum, this agreement divides what the couple own and what they owe, jointly and as individuals, and establishes the terms and conditions of support, life and medical insurance, and the legal and physical custody of their children, visitation and support. To do this, the couple needs the financial records of their marriage. This means all the assets and all the liabilities regardless of whose name is on them. On the asset side, this includes, but is not necessarily limited to:

The Checklist

- 1 income tax returns for at least the last three years (federal, state and local)
- 2 proof of both spouses' income (w-2 and 1099 forms)
- 3 statements of any financial accounts, including checking and savings accounts, certificates of deposit, mutual funds and money market accounts
- 4 mutual funds and money market accounts
- 5 all real estate records, including the marital home and unimproved land, (particularly related paperwork such as the deed, the promissory note, mortgage, statement from the lender showing the balance due, any appraisals of property, and the most recent tax bill)
- 6 personal property, such as automobiles, furnishings, collections (art, stamp, coin collections, stocks, bonds, annuities, retirement plans, particularly pensions and profit sharing plans
- 7 accrued vacation time
- 8 medical savings accounts
- 9 whole life insurance policies
- 10 trusts
- 11 **And on the debt side, this includes, but is necessarily limited to:**
Records of credit cards, Mortgages, Student Loans, Promissory notes, Vehicle loans etc.

Divorce..Joint Accounts What Should You Do

As a given marriage travels down the road towards dissolution, many loose ends will need to be tied. Some of the most significant of these will be of a financial nature, specifically, the joint accounts once shared during the marriage. Savings and checking accounts, credit cards, equity credit lines, safe deposit boxes, investment and similar type holdings, and property ownership are some of the issues, to name a few, that will have to be resolved before the actual final divorce can be granted.

Obviously, all joint bank savings and checking accounts will have to at some point be liquidated and in some proportion divided. It is perhaps the best idea that at time of separation not only to open a new checking or savings account in your own name only, but to try and deposit some monies into such. In this way, you will not only be guaranteed to have fiscal reserves in time of need, but that no one but yourself can access such accounts.

Unfortunately, the closing of accounts is not always necessarily a clear cut issue. The operating procedures to do so may vary from state to state. Perhaps the best way to determine what is the best course for you and your spouse would be to consult an attorney, or, at least, a local law library.

Joint Bank Accounts:

In dealing with the joint accounts, there are a few logical options available to you and your spouse. The first would be to ask your banking institution to "freeze" the accounts in question and not allow monies in or out of these accounts without authorization by both parties. The second would be to empty all joint accounts into one, frozen account to be dealt with in the same manner as the first option. You may opt for an "Escrow" account, in which an officer of the bank is assigned to monitor and must give written authorization with respect to any such account before any transaction may be conducted. Lastly, one spouse can take out half the money in a given account and deposit it into their own, new individual account, for all intents and purposes leaving the joint account as the other's individual account. By not addressing this issue, you will give your spouse the opportunity and means to liquidate a specific account without your knowledge, leaving a startling discovery to be made in the future. While in the event of this, the court will probably provide for reimbursement, the actual receipt of such could be months or years in coming, leaving you to deal with the consequences in the immediate future.

Joint Credit Cards:

To close joint credit cards and the like, formally write the creditors and notify them of the impending divorce. Request that the account be closed and that the cards be canceled. Ask them to provide a current statement of account and make them aware of the fact that you do not intend to be held liable for any and all debt accumulated after the date of the written letter. It is wise to send these letters by certified mail to retain proof of receipt by the creditors. Have them place the account on inactive status so that no new additional charges may be added and stipulate that once the balance is paid in full, the account is to be closed completely and forever. Most of the time, these simple requests will be granted immediately; if they are not, contact a supervisor explaining you are going through a divorce until proper satisfaction is achieved.

Equity Credit Lines:

One particular aspect of joint credit that some people tend to overlook would be an equity credit line. This is an open-ended loan granted by an institution, usually a bank, with your marital property used

as the security. The lender places a lien against your home which is recorded on its title and can force the sale of your home to recoup its money should you default on your payments. If you are unclear as to whether or not there is such an account open or cannot remember from which institution one was opened, you can contact a Title Insurance company and ask that a "search" be done on your property. While this does in fact cost money (usually a little over a hundred dollars) the title company will deliver a complete list of liens against your property. If there is found to be such an open account, again, as with other credit lines, contact the institution asking them to freeze the account. With an equity line of credit left open, you are exposing yourself to the possibility of losing your credit.

Safe Deposit Box:

There is perhaps no asset quite like the safe deposit box in terms of its ability to be emptied with little effort. Quite literally, whoever gets there first has the opportunity to grab the contents and run. Banks and other such institutions do not check with the courts to see who is separated and who is not. If a box is cleaned out, there is very little chance that the contents will ever be recovered. The optimum would be to obtain possession of both keys, or, if distrust prevails, to surrender both keys to an officer of the bank. At the very least, try to make an inventory of the box and take photographs of such. Then have an officer of the bank sign your inventory and in that way, if anything is later removed, you'll have proof of what was taken. In the event of extreme fear concerning a safe deposit box, obtain a restraining order from the court. The order would prevent either spouse from access to the box until such time as final settlement is reached or the order is rescinded.

Joint Investments or Other Holdings:

To thoroughly protect any joint investment or other holdings, make a complete list of all such assets. Promptly contact your broker or other financial officer and inform him or her of the impending divorce. Request that no stocks or other type holdings should be moved, transferred without knowledge and written approval of both parties. Immediately send a statement to this effect in writing. Be sure to ask the broker or officer to make a note to the "on line" file on his or her company's computer system as an added safeguard. Given the sophisticated nature of today's markets, many of these types of transactions are conducted over the phone with the push of a button and can be concluded in a matter of minutes, so time is of the essence.

Real Estate Property:

Most married couples hold property, specifically real estate property, in a manner known as joint tenancy. Joint tenancy means that when one joint owner passes away, the other owner(s) automatically inherit the deceased's portion of the property without having to travel the long and costly probate process. Tenancy in common, like joint tenancy, provides for equal shares, however, if you die, your share will be passed to whomever you've designated in your will or estate planning document. However, in accordance with the laws of most states, if you die and there is no will or estate planning document, your share will pass automatically to your spouse. To formally change the ownership status, you must execute a Deed clearly stating this change. Your spouse does not have to be a party to this Deed for the change to be effective, however, the document must be signed in the presence of a notary and recorded in the Office of the Recorder of Deeds where the Deed to your house was originally recorded.

Protecting Your Credit During Divorce

By Tracy Achen

Taking steps to protect your credit during divorce should begin when you first separate or start thinking about getting a divorce.

Since your financial future depends in part on a good credit standing, how you handle yourself during the actual divorce can make a big difference. Below you will find tips for handling your finances that will go a long ways towards protecting your credit.

Handling Joint Debts

Since joint credit accounts are the responsibility of both spouses, you need to find out just what you are liable for. One way to get a clear idea of your joint debts is to order your credit report. Not only will you discover the debts that belong to both you and your spouse, but also those accounts that belong solely to you.

You need to pay special attention to your joint credit obligations that your spouse has access to. These can include mortgages, home equity lines of credit, finance and auto loans, credit cards, and bank loans. If you are worried that your spouse may open credit cards in your name, you might consider using a credit monitoring service. These services will notify you anytime there is a change to your credit history, whether it's due to new accounts being opened or large charges on old accounts.

Close Joint Accounts If Possible

Ideally, you should close all your joint credit accounts that don't have an account balance. To close a joint account, call the bank or creditor to request that the account be closed. Take notes of your conversations, including times, dates and contact names, and write down any instructions the creditors gives you. Make it clear that you will not be responsible for any further charges as of the day you call.

You will also want to follow up with a letter stating that you want the account closed, and keep a copy of the letter for your own records. If the creditor lets you close the account, ask that they report that the account was closed at your request to the credit bureaus.

Freezing Accounts that Can't Be Closed

Most creditors won't let you close an account that has an outstanding balance. In these instances, you should request that a freeze be placed on your account to prevent future charges. Even though you will still be jointly responsible for the existing balance, no further debt can be added to the account.

Keeping Current on All Joint Accounts

It's important to make sure that all joint accounts get paid on a regular basis when you're going through a divorce. Since divorce negotiation can go on for months, all it takes is one late payment on a joint account to hurt your credit (it can drop your score from 20 to 75 points). Even if your spouse is assuming the debt, your credit will still suffer if the account isn't paid on time every month (which can prevent you from getting credit on your own).

One thing that many people over-look is the utility bills that are in both spouse's names. Logically, these bills should be put in the name of the spouse that will be keeping the house.

Close Joint Bank Accounts

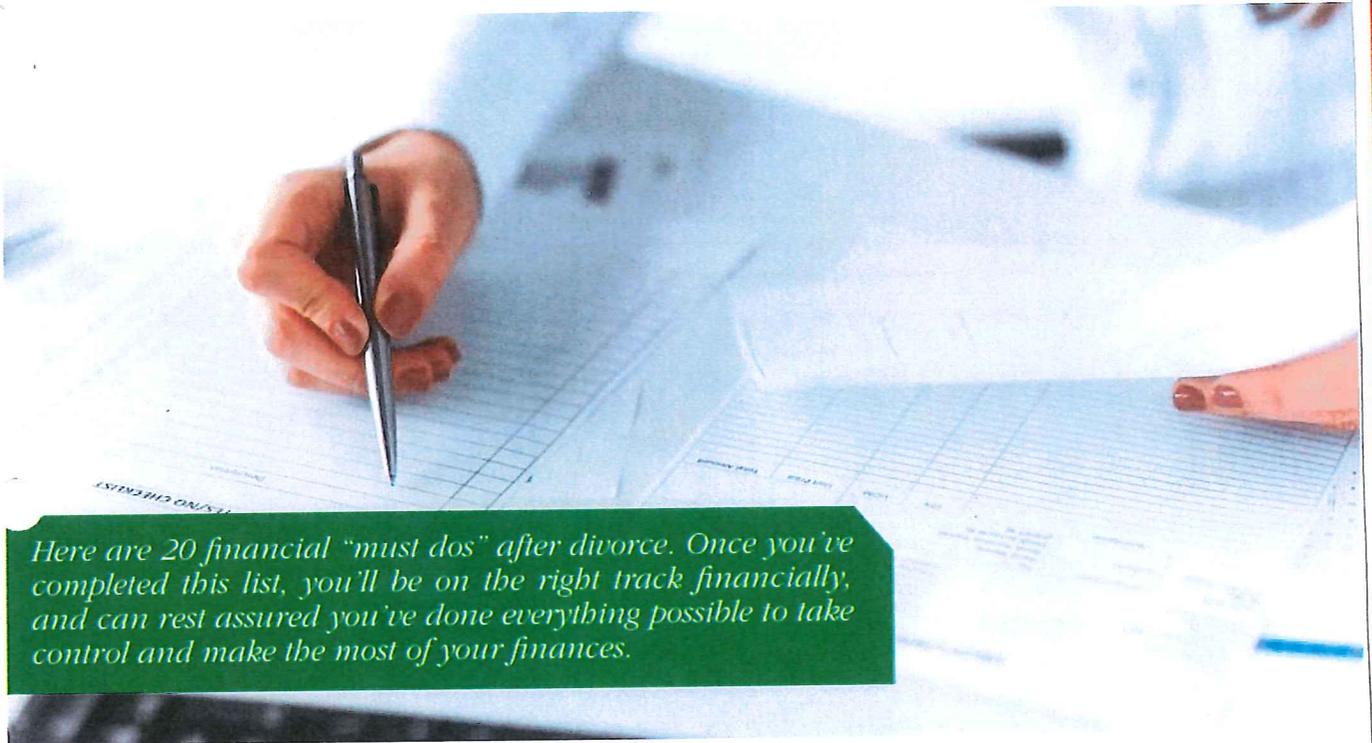
Since most couples share a checking (and possible a savings) account, you will need to see about having these closed, especially if you have over-draft protection. Just imagine how it would feel to be hit with huge over-draft fees when your spouse decides to go on a spending spree with no regard to the account balance. While it may be tempting to try and remove your spouse's name from the account, you need to realize that most banks won't do this because the accounts are approved based on the information from both spouses credit reports.

Since joint bank accounts are considered a marital asset to be divided in the divorce, the ethical thing to do is close the account and give your husband half of the proceeds. If you don't, just realize that you may have to pay this money back in your settlement agreement. Check out the following article for more information: [Divorce & Bank Accounts](#).

Establishing Credit in Your Own Name

If you don't have credit established in your own name, you should consider apply for your own credit card before the divorce is finalized. It is often easier to get credit during divorce rather than after your divorce is finalized.

Post-Divorce Financial Checklist



Here are 20 financial "must dos" after divorce. Once you've completed this list, you'll be on the right track financially, and can rest assured you've done everything possible to take control and make the most of your finances.

By Robert Pagliarini, CDFA™

Newly divorced people are typically concerned about their finances: they want to make sure they have enough money to live on now and during retirement. Even very wealthy people have nagging questions and fears that keep them up at night.

Once your divorce is final, you may want a break from paperwork, lawyers, or even thinking about your finances.

Although that's a normal reaction, there are a few things you should consider to make sure you're on the right track

financially. I developed this checklist to ensure nothing slips through the cracks post-divorce. Once you've completed this list, you should have financial peace of mind.

1. Cancel/suspend joint accounts.

If you haven't already done so, cancel and close all joint accounts you have with your ex-spouse immediately. Joint accounts that remain open are liabilities that could come back to haunt you. The last thing you need is to be on the hook after your ex-spouse runs up

charges on credit cards or overdrafts a bank account. If there's a balance on an account that you can't pay off immediately (credit-card charges, for example), instruct the bank or credit-card company that you want to suspend the account and not allow any future charges. Confirm that the account cannot be re-opened or unsuspended.

2. Open new accounts. Depending on the situation, it may make sense to apply for new credit cards before you cancel joint accounts. If you have



Completing this post-divorce checklist will put you on the right track financially.

marginal credit and do not have an emergency reserve of cash, getting access to a credit card should be a priority. I'm not one who advocates using credit cards, but I've seen what can happen in the short-term if someone does not have sufficient assets to cover their rent, buy food, or pay for healthcare. Sometimes, you need a small bridge loan after a divorce while you get on your feet; a credit card can be that temporary bridge. And it's not just new credit cards you need to open: you'll also need to open new bank accounts, investment accounts, etc. Make a list of the accounts you had while married and seek to replace these as soon as possible.

3. Change beneficiaries. I cannot overstate the importance of changing the beneficiaries on your accounts. If you fail to do this, your ex-spouse could end up with your retirement and other

assets when you pass away. Changing beneficiary designations is an easy process that can usually be done with a simple form. Most forms will list a primary beneficiary and a contingent beneficiary. If you have a new living trust, ask your estate lawyer who should be listed as primary and contingent beneficiaries on your accounts.

4. Update your personal insurance coverage. Contact your insurance broker and update your automobile, homeowner's, and umbrella liability coverage. Pay particular attention to the list of assets you scheduled on your homeowner's policy: it may list jewelry, collectibles, artwork, and other valuables your spouse received in the divorce settlement. There is no sense in paying insurance premiums for assets you do not own. For asset protection purposes, make sure you have an umbrella liability policy on yourself. This is cheap asset protection and a must-have.

5. Create an emergency reserve. After your divorce, it's more important than ever to have a cash safety net. Set aside six months of living expenses in cash in a bank account – or, because interest rates are so low, consider putting the money in an ultra-short-term bond fund to get a 2% to 3% yield on your money.

6. Create an income safety net. One of the most common fears I hear from both men and women after a divorce is that they feel financially vulnerable – that they don't have anyone to turn to if they get laid off or suffer a financial setback. One solution is to consider getting a disability and/or critical-illness insurance policy on yourself. These policies provide you with a monthly "paycheck" if you become injured or ill and cannot work, providing peace of mind that your financial life will not be ruined if you suffer from a long-term disability or illness.

7. Check your credit score. During and after a divorce, you should check your credit score. You can receive a

free credit report at www.usa.gov/topics/money/credit/credit-reports/bureaus-scoring.shtml (USA) or www.equifax.com/ecm/canada/EFXCreditReportRequestForm.pdf (Canada). If you see errors or other issues on the credit report, contact the bureau immediately and get these discrepancies resolved; errors can impact your credit and cause you to pay more for loans and insurance, and they can even make it difficult for you to get a new job or rent a new home.

8. Create a new estate plan. There's no better time to think about your estate plan than after a big life event like divorce. If you have children, you may need to update your will – but even if you don't have children, there are many estate-planning issues to consider. Update or create a power of attorney for healthcare and finances, a living will, and other documents. If you had a living trust, work with your estate lawyer to create a new trust.

9. Retitle assets in your name. Post-divorce, there may be many assets that need to be retitled. For example, if you owned your house in a trust with your spouse, you should retitle the house in your name personally or in the name of a new living trust you create.

10. Run new tax projections. Immediately after a divorce, work with your accountant and do a new tax projection based on your income and deductions. Based on your new tax liability, you may need to change your withholding, pay more or less estimated taxes, and change your investments. For example, if you were in a high tax bracket with your spouse and owned tax-free municipals, after your divorce your taxes may be low enough that you'd do better financially by selling the municipals and investing in taxable bonds. Run the analysis to make sure.

11. Analyze your investments. If your spouse did the investing, you may now own things that you aren't familiar with or that are not right for you.

Do a thorough analysis of each investment to see if it is prudent and makes sense for your risk tolerance and goals. Work with an independent investment advisor to help you create a new asset allocation that's appropriate for you, to analyze the tax consequences to sell, and to look for replacement investments.

12. Create a new financial plan.

Analyze your financial situation post-divorce so you know how much you should be saving for retirement, what your budget should look like, and how to make the most of your new financial situation.

13. Create a new budget. If you cannot afford a full-fledged financial plan, create your own budget. List your income sources (e.g., work, spousal support, child support, investments) and list your new expenses. Track what is coming and going so you can see how much you have to save and invest and how much you have to spend on essentials.

14. Set up a new filing system. Since you'll have all new accounts, policies, and documents, there is no better time to create a new filing system. The time you spend designing the system in the beginning will pay off by helping you locate things quicker and by giving you the data and documents you need to make the best financial decisions.

15. Consider using an online budgeting and tracking system. If you want to be able to see where you stand financially at any time, considering using a website such as Mint.com to track your expenses, income, assets, and liabilities in real time. The financial insecurity many newly-divorced people feel can be lessened or eliminated by having access to their financial world at a moment's notice.

16. Hire a new financial team. If you don't have a relationship with an accountant, financial advisor, estate

lawyer, insurance broker, etc., then you'll need to create your own team. Some of the professionals who assisted you during your divorce may be able to continue helping you post-divorce; others may be prohibited from doing so by their professional organizations. Ask your CDFA or family lawyer for referrals, and use AdvisorFit.com to help you evaluate financial advisors you find.

17. Update your Social Security/Social Insurance card.

If you change your name after a divorce, you must update your information with the government. Americans should contact the Social Security Administration: <https://faq.ssa.gov/ics/support/KBAnswer.asp?questionID=3749&hitOffset=24&docID=12828>. Canadians should contact Service Canada: www.ServiceCanada.gc.ca/eng/sin/apply/how.shtml.

18. Check your safe deposit box.

You'd be surprised how often divorcing couples forget about their safe deposit box at their bank. Remove the contents (if any) from your old safe deposit box and then close the account. If some of the contents belong to your ex-spouse, then you should leave those items and tell your ex that he/she is now solely responsible for the box. Inform the bank that you wish to have your name (and financial responsibility) removed from the old box, and consider getting a new one, if necessary.

19. Buy a new shredder. Identity theft is all too common and it can cost you thousands of dollars to resolve in addition to countless hours. Buy a good cross-cut shredder so you can destroy old credit cards, credit-card offers, and other items you don't want to fall into the wrong hands.

20. Strip your computer of valuable information. If you shared a computer with your ex-spouse but are not taking it with you, use a program such as Eraser or Permanent Eraser (for Mac) to destroy personal files and be sure to delete personal information from Internet browsers.

Whew! It's a long list, but just tackle one at a time until you've addressed each of them. Completing this post-divorce checklist will put you on the right track financially – and you can rest assured you've done everything possible to take control and make the most of your finances. ■



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Social Security and Divorce and what you should know

Here are three key points of social security and divorce that you should know.:

1. Understand the basic rules

A widow or widower at full retirement age or older is entitled to receive 100 percent of a deceased spouse's basic Social Security benefit amount. The same rule applies to divorced spouses as long as they were married for at least 10 years and the spouse seeking to collect benefits is not remarried. If those conditions hold true, the currently single ex-spouse can collect 50 percent of the living ex-spouse's Social Security benefits without any cost to the ex-spouse.

There is an additional benefit that used to apply to all ex-spouses in that position — and still may apply to a subset of your clients (more on this in a moment). An ex-spouse could file a *restricted claim* for spousal benefits only, allowing him or her to collect spousal benefits (50 percent of the ex-spouse's full retirement age benefit amount) while his or her own retirement benefit continued to grow 8 percent per year up until age 70. That is where the new rules kick in.

2. Understand recent law changes

Here's a summary of the recent changes stemming from the [Bipartisan Budget Act of 2015](#):

If you were born before Jan. 1, 1954, you can file a restricted claim for spousal benefits on the other's earnings record at 66, which is full retirement age.

If you were born on or after Jan. 2, 1954, you can still file a Social Security claim but cannot choose which benefits will be paid. The claim is deemed to be filed for all available benefits — those based on the ex-spouse's as well as one's own earning record. The Social Security Administration will compare the two sets of benefits and pay the higher amount. Your client will not be able to reverse the decision.

The major take-away from this rule change is that strategic timing of filing for Social Security benefits as an ex-spouse is still available to some individuals, but is no longer an automatic option for everyone.

3. Don't forget Medicare

Unlike Social Security, which is based on an individual's earnings history, Medicare benefits are uniform. Part A of Medicare that provides for hospitalization coverage is available to anyone who has 40 quarters of Social Security work record. If your work record isn't there, you must have been married for at least 10 consecutive years prior to a divorce to have a Medicare record based on the spouse's work record. If neither of those two conditions is met, you will have to pay premium for Medicare Part A (currently \$420/month). Knowing this can ensure you are aware of up coming premium expense and can build it into your budget.

A divorce settlement agreement may require one spouse to cover the other spouse under his or her health plan, but only until the non-working ex-spouse reaches age 65. At that time, the ex-spouse must sign up for Medicare Part B to avoid the Medicare penalty.

If a divorcing couple has a company or government-sponsored retirement health plan (equivalent to Medigap), the plan will have its own rules about whether or not a divorced spouse can remain covered. Review your plan rules to

make sure & discuss them with your CPA & attorney

How does this affect a divorce?

First, timing of the divorce matters! The rule about qualifying for Social Security and Medicare benefits based on the ex-spouse's record is very specific, and only 10 consecutive years (no fewer) of marriage will do.

Second, strategic timing of filing for Social Security may still be an option if you are born before Jan. 1, 1954. Everyone else must clearly understand the consequences of filing so that there are no surprises.

Finally, if Social Security will be a considerable part of your financial safety net, work with a specialty financial planner who has a deep understanding of tax and Social Security rules. After all, Social Security is a life-long benefit and can serve as an effective longevity hedge if used strategically.

- See more at: <http://blog.aicpa.org/2017/03/social-security-and-divorce-what-clients-need-to-know.html#more>

Is It Better to Sell The House Before or After Divorce

Would it be better to sell the home before or after the divorce. Are there pros/cons to either to keep in mind?

I'd suggest that you try to sell the house before the divorce, in order to have the transaction completed and property separated after the divorce is finalized. This is to assume that you can get a fair price for the home in that time span. If not, depending on the situation, you might want to sell for less than value or swap other assets with your soon to be ex-spouse in order to square up.

I've seen situations like this drag out for many years, with one spouse living in the home having little or no incentive for selling the place, in fact making it so that potential buyers are put off..

From a tax perspective there is not much difference between selling before or after the divorce, but selling before the divorce would imply a completion of the transaction sooner, which could be beneficial from a tax standpoint. If one of you has moved out of the house and subsequently has not lived there for several years by the time it's sold, there could be capital gains tax owed on any gain in value, for example.

Anyhow, I think in the long run you'll both be better off by selling as soon as possible, even delaying finalizing your divorce until the sale if necessary.

As a divorce financial planning practitioner, I've found this to be the most contentious issue fraught with all sorts of emotional baggage. Many times couples fight over who gets to keep the house and it can become the winner's curse. What is often overlooked is the fact that there may not be enough income to support the full cost of ownership by one earner. And it may not be possible for the other party leaving the house to be able to pay support and try to maintain a new household as well.

Many times divorce decrees indicate that one party may live in the property for a while and either sell or refinance within five years. That's nice up to a point especially if you need time for kids to graduate school or need time to qualify for a good interest rate.

But as long as you own the house together (at least as noted on the deed) and have your names jointly listed on the mortgage, one of you will be hard-pressed to move on and establish a new life and new household especially since any lender will count the other mortgage obligation. (Sure, some lenders may waive it but typically require all sorts of documentation "proving" that only the occupant has been paying the loan. But you don't want to have to count on that happening).

Divorce Websites

Divorce360.com ****

Helpguide.org

Informationvine.com

Divorceinfo.com

Divorce.lovetoknow.com

Eharmony.com

Chicagotribune.com ****

Vibrantnation.com

Huffintonpost.com

Childrenanddivorce.com

Justia.com

3stepparentingplan.com

totaldivorce.com

divorceandfinance.com

divorcemag.com

Parents.com

Thespruce.com ****

divorcefinance.com

divorcesource.com

divorcemag.com ****

For Women:

Sunnysplitsville.com

Womensinfidelity.com

Womensdivorce.com ****

**** Great Sites

For Men:

Mensdivorce.com ****

Mensfamilylaw.com

Askmen.com

Mensrights.com