How to Prepare Financially for Divorce, and Survive Thereafter

Divorce can strain finances as well as emotions. However, with some preparation and financial planning during and after the divorce is finalized, you can protect your financial interests and take charge of your future well-being. Reviewing the checklist below and taking the appropriate steps can help take some stress out of preparing for divorce.

Too often, many make the mistake of only seeking an attorney to handle the divorce but not also seeking financial help. A financial planner can educate you about the basics of money management, explain the concepts of child support, maintenance, and property division and prepare tactical financial strategies throughout the divorce process. It’s important to prepare to sacrifice. You probably won’t come out of this with everything you hope to. Therefore, it’s critical that you prioritize what’s most important to you, be fair about it, and choose your battles selectively. Accept that your lifestyle and standard of living are likely to change.

### During the Divorce

1. Prepare a monthly budget, factoring in one income source, housing expenses, etc.
2. Check your credit score
   a. Run joint credit reports from all three credit bureaus (Equifax, Experian, TransUnion)
   b. Contact credit bureaus if you find an error
   c. Identify joint credit cards - pay off and close
   d. Important to have good credit – whether buying spouse out of current home, or buying or renting another home soon after the divorce
3. Contact the attorney to draft and file Qualified Domestic Relations Order (QDRO) if you are entitled to a 401(k) or pension plan from your spouse
   a. It’s important to find an attorney that specializes in QDROs
   b. 401(k) plan/pension administrator must approve the QDRO
   c. This process can take at least 6 – 8 weeks, so start early
After the Divorce

1. Update beneficiary information on 401(k)s and IRAs
2. Close joint bank accounts and joint credit cards
3. Re-title vehicles, house deed, investment accounts, etc.
4. Update estate planning documents
5. Update insurance policies - home, auto, health, disability
6. Alert tax preparer that you will be filing single, as tax planning may be necessary to avoid surprises
7. Create an emergency fund – ensure the ability to fund 3-6 months of expenses
8. Contact a financial planning professional to help you with the above, if you are uncertain how to proceed
9. Financial planning professionals can help with budgeting, investing funds received in divorce settlements, preparing a financial plan for your new future, and tax planning