

DEALING WITH DIVORCE: FINANCIAL PRIORITIES CHECKLIST

Divorce is an emotional time. Use this checklist as a guide to help make smart decisions for your financial future.

CREATE A BUDGET.

Detail every dollar coming in and going out, and be sure to account for new budget items like lawyer fees, child care, spousal support payments and individual health care. Also, consider tax implications with your new filing status. Create your budget by following the 20/60/20 rule:

- 20% – saving and investing
- 60% – essential expenses (rent, utilities, groceries, etc.)
- 20% – discretionary (subscription services, dining out, hobbies, etc.)

CREATE AN EMERGENCY FUND.

Within the 20 percent for saving and investing, make building an emergency fund your top priority; shoot for six months of living expenses in an account that is easily accessible.

CHECK AND MAINTAIN YOUR CREDIT SCORE.

If you shared accounts with your ex-spouse and payments are not made on time, it could hurt your credit score. To protect yourself, think about asking creditors to freeze your accounts; or convert the shared account to an individual one under the person's name who will be responsible for the debt.

UPDATE BENEFICIARY DESIGNATIONS.

If your ex-spouse is the beneficiary of an insurance policy or retirement account you own, remove him or her unless the divorce settlement states otherwise. State laws differ on whether your ex-spouse is automatically removed or you need to take action on your own, so understand the statutes where you live.

HELP PROTECT PAYMENTS.

If you are receiving child or spousal support, make sure you're financially protected in the event your ex-spouse unexpectedly passes away. Verify whether your divorce agreement allows you to be the owner and beneficiary of a life insurance policy with your ex-spouse as the insured. If not, see if you can amend the agreement.

CREATE A SAFETY NET.

You might feel uneasy knowing you're on your own if you were to suffer an injury or illness. Consider a disability income insurance policy to help protect a portion of your paycheck if you became injured or ill and could not work.

KNOW THAT NOT ALL ASSETS ARE EQUAL.

Understand what assets (like a car or home) from your divorce will be best for your short- and long-term financial security. Consider tax implications and the cost to maintain any asset you own individually after your divorce.

RETITLE ASSETS.

Retitle any shared assets to your name that remain yours after the divorce. This includes things like a home, a car, insurance policies and financial accounts. Also remove your name from any assets that went to your ex-spouse to avoid being responsible on a debt for an asset you no longer own.

GATHER A TRUSTED TEAM.

Your lawyer and financial representative can work together on your behalf. Taking a holistic view can help set you up for a strong financial future.



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