



Finance After Divorce Checklist

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Getting divorced is STRESSFUL- physically, mentally, and financially. Facing uncertainty and navigating the unknown can be overwhelming as you grapple with the million-dollar question “Will I be OK?” One of the best ways to regain a sense of security is to make a financial plan. Reducing financial uncertainty will help you tackle the many other stressors related to divorce. Here is a checklist with a few action items to help you get started in taking control of your finances after a divorce.

Keep a Budget

How has cash flow changed? What money is coming in? What money is going out? Are there other potential sources of income? Are there big expenses looming? Are there expenses that can be reduced? Do you have the capacity to increase savings? Try tracking expenses for at least three months to look for regular patterns.

Re-Assess Your Portfolio

Do you know where all your investment accounts are located? Are they correctly titled (i.e. in your name)? Do you know how they are invested? How much risk are you taking? How much are you paying for these investments? Are the investments aligned with your new situation and goals? Make sure you understand and are optimizing your portfolio.

Review Your Insurance

Do you need new health insurance coverage? Have life insurance and disability needs changed? Do you need to update the beneficiary on your life insurance policy to remove your ex-spouse? Do you need to remove your ex-spouse from the auto policy? Make sure you are adequately protected should the unexpected happen while not paying too much for insurance.

Update Your Estate Documents

Update your Will and Powers of Attorney (Financial and Healthcare) to reflect your new situation. Do you need to change your Executor? Do you have a contingent Executor? Have you moved to a different state or now own property in multiple states? Most importantly, your wishes may have changed. Make sure you update these important documents and someone you trust knows where to find them.

Do Your Home-Work

Can you afford to stay in the marital home? Take a hard look at what your current housing costs are and whether you may need to consider other options. Consult with a realtor to get an idea of what your home could fetch on the market and get an idea of how much other options might cost. Consult with a mortgage broker to see how much you are qualified to borrow. Do the research so you can best evaluate all of your options.

Shore-up Your Emergency Fund

Do you have liquid funds on hand to cover an emergency? Make sure you have enough cash to avoid tapping investments in a down market or assuming credit card debt.

Check Your Credit Report

You will need to establish and maintain good credit on your own if you plan to get a loan for a new house or a car in the future. Even if you don't have immediate purchase plans, go to <https://www.annualcreditreport.com> to request free credit reports from the three major credit bureaus Experian, TransUnion, and Equifax. Check for mistakes and as always, keep an eye open for fraudulent activity.

Tackle Taxes

Do you understand your filing status and how that impacts deductions, tax credits, and income brackets? Do you need to adjust your W-4 so your withholding reflects your new marital status? Are you taking advantage of income deferral opportunities? Are you eligible to contribute to a Roth IRA? There is more to taxes than just filing every April. There may be strategies you have not considered for short and long-term tax benefits.

Develop a Financial Plan

If you had a financial plan in place before, chances are assumptions now need to be adjusted. As you begin your new life consider this a perfect time to put a plan in place that reflects your new goals, new cash flow, new balance sheet and that is aligned with your goals.

If this checklist looks overwhelming it does not need to be! You can partner with a Certified Divorce Financial Analyst who can help you navigate through all of these complexities. Molly Goetz is a Partner & Practice Lead at Greenspring Advisors. She is a Certified Financial Planner (CFP®) and a Certified Divorce Financial Analyst (CDFA®). Contact her if you want to get started on achieving peace of mind by putting a financial plan in place.

Conclusion

Divorce can be devastating, but it can also be the beginning of a new, and very exciting, chapter in your life. The confidence and empowerment sparked when you take control of your finances is an integral step in this journey.

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