

MOOREINSIGHTS

Financial Clarity in a Time of Transition

Divorce can significantly change your financial picture, especially if you and your spouse have different earning capacities. It's important to understand your situation and be ready to advocate for yourself, as the decisions made during the divorce process will affect the rest of your life. Here's how to prepare to limit the impact on your lifestyle.

Hire Trusted Professionals

The outcome of a divorce often depends on which party has the more skilled team. In addition to a family law attorney, consider reaching out to a financial advisor and accountant. If you need to relocate, it will also help to have a real estate agent and lending professional working for you. Prioritize candidates with certification or extensive experience in divorce.

Organize Your Paperwork

Locate and label crucial financial documents, including:

- Insurance policies
- Real estate deeds
- Car titles
- Lending documents
- Tax returns

Secure your own copy of any legal documents, including premarital agreements, wills, and trusts.

Know Your Numbers

To make the big decisions, you need to know where you stand. Take time to review your account balances, including checking, savings, investment, and retirement accounts. Add the value of any tangible assets, such as real estate and vehicles.

Do your best to identify what is yours, what belongs to your spouse, and what is marital property. Your attorney can help you to separate these. Add up your assets to find your net worth, then subtract your outstanding debts.

Calculate Anticipated Expenses

One of your most important goals during this transition is ensuring you can support yourself after the split. Prepare for those negotiations by preparing a sample budget.

Calculate your monthly take-home pay and subtract your monthly expenses. If you anticipate needing spousal support, calculate how much you will need to fill the gaps. Include health insurance coverage, transportation, and care costs for dependents.

If you expect your spouse to need support, determine how much you can reasonably afford and still support yourself. This baseline number may be important in negotiations.

Finally, communicate with your spouse to work out who will cover which expenses while the divorce is in progress. You will share responsibility for joint costs, even if you plan to functionally separate your finances as soon as possible. Ask your attorneys to facilitate communication if necessary.

Update Your Accounts

Make a list of every account in your household and whose name is on each. If you believe your spouse may misuse any joint accounts, consider freezing them or requiring your approval for any transactions. You may need to cancel joint credit cards together.

Have a checking account, a savings account, and a credit card in your name only. Remove your spouse as an authorized user on any cards that list you as the primary holder, and ask them to do the same. Don't hesitate to freeze your credit if you worry about your spouse misusing your cards.

Change passwords on all digital accounts other than joint accounts. If you have concerns about your spouse using those accounts irresponsibly, ask the relevant institutions to require your approval for large transactions.

Revise Your Long-Term Plan

The final step is to reconsider your financial strategy given your changing circumstances. Make sure your beneficiaries respect your wishes, and ask your advisor for guidance. A solid foundation now will help you after your divorce.

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