



Divorce: Understanding your finances before it's too late

Money, and the battle over who gets what, can mean the difference between an amicable divorce and one that creates long-term animosity that can carry over into all aspects of a divorce settlement.

But it doesn't have to be that way if you are armed with the knowledge of your own financial picture. Before battle lines are drawn there are some things you can do to protect both your emotional and financial well-being.

Get a handle on your finances: Oftentimes, there is a one person in a relationship who has no idea of the family's financial situation. Rather than be bothered, they allow the other spouse to make all of the money decisions – from the checking and savings accounts to long-term retirement planning.

Unfortunately, it's only when the relationship is coming to an end that they start paying attention to money matters. Before it even gets to this point, it's imperative that you learn as much as possible including all of the account numbers as well as online usernames and passwords.

Bring in an expert: While playing catchup isn't easy, the first step those facing divorce should do is bring in a financial expert to put together a plan to separate assets. Even if you already have a family CPA or accountant, it's better to bring in a third party, such as a Certified Divorce Financial Analyst, who is working solely on your behalf. If there are hidden assets, they are best equipped to find them.

Till debt do you part: Just as important as knowing what you have in your bank accounts is knowing what is owed. If debt is incurred during your marriage – even if it was a result of your spouse's poor money management – you will likely end up sharing responsibility for it. Credit card companies can come after both of you. When possible, it's best for both of you to pay off what you owe before the divorce is finalized.

Don't jump to conclusions: Many times the custodial parent will ask for the house simply because they don't want to upset the children any further by uprooting them. But this may not be the best financial decision. They fail to take into consideration the expenses that go along with home ownership. Aside from the mortgage, there's insurance, property taxes, costs associated with maintenance and repair as well as any unexpected costs that might pop up.

Anticipate unexpected costs: Just because your spouse's company pays for your health insurance now, it doesn't mean you will have that benefit once you are divorced. And, as we all know healthcare and other insurance costs can add up. Maybe your company pays for your car or mileage now, but what happens if you lose that job? Will there be a car payment in your future? While you can't plan for every scenario, a Certified Divorce Financial Analyst can help you to figure out how best to factor in those kinds of expenses when working out a settlement agreement.

Decide what to divide: You might be surprised to learn some of the things that couple's fight over when it comes to divvying up assets. I have had clients fight over everything from who gets the silverware to wanting compensation for half of a breast augmentation they paid for. Worse yet, many times people demand to keep something they don't even want, just to get back at their spouse. This kind of behavior will end up costing you more in attorney's fees than the items you are fighting over. Be prepared to engage in some give and take. Give your spouse a list of what you absolutely want to keep, have them do the same, and negotiate without the help of costly legal counsel. You might be surprised at what you can agree upon.

By taking just a few simple steps at the onset of divorce proceedings, you can save yourself a lot of time, money and grief.

Alan Frisher is a Licensed Financial Advisor as well as a Certified Divorce Financial Analyst. His goal is to help clients understand their financial situation and to come to the best resolution based on their individual situation. For more information, contact Alan at (321) 242-7526 or email him at info@sagedivorce.com