

Financial planning checklist for divorce.

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When you are going through the wrenching emotions of a divorce, it's hard to think straight about financial matters. But following these steps before and after the divorce can ensure that the division of assets is fair to everyone.

Before the divorce:

- ❑ **Create your "divorce team":** your attorney, your financial advisor, your accountant, and other legal and financial professionals, as needed. Insure that goals are shared and supported by all team members.
- ❑ **Meet with your divorce attorney.** You will need to openly discuss your financial situation, your thoughts on how the marital assets should be divided, alimony (unless you live in a community property state), and child support. Never sign any document until you've gone over it with your attorney.
- ❑ **Create an inventory of all assets, both shared and owned separately.** Gather and organize these key documents:
 - ❑ Social Security cards, birth certificates, and passports
 - ❑ Statements for all bank, brokerage, and retirement accounts
 - ❑ Insurance policies, including life, health, homeowner's, and renter's policies
 - ❑ The last five years' tax returns
 - ❑ Mortgage and home equity (2nd lien) documents
 - ❑ All outstanding bills, debts, or other obligations
 - ❑ Deeds to all real property and automobile titles
 - ❑ Inventory listing household goods, valuables, and safe deposit box contents
- ❑ **List and total your income and expenses.**
 - ❑ Create a budget and share it with your financial advisor.
- ❑ **If you have joint savings or checking accounts, close them.** Get the advice of your attorney and banker about taking out half of the money from joint accounts and putting it in your own account. Check with your attorney about escrowing closed accounts until the divorce settlement is finalized.
- ❑ **Close joint credit cards and loans.** Joint accounts create 100% financial liability for debts incurred by either account holder. In consultation with your attorney, you should close the accounts if possible in order to minimize risk to your personal credit during this emotional period.
- ❑ **Strategize how to fairly divide the assets in retirement accounts.** You should speak with your financial advisor, tax advisor, and attorney about how the divorce settlement will divide pensions, retirement plans, company stock options, and other types of deferred compensation. It is especially important to consider the tax and long-term investment implications. If stipulated in the divorce decree, 401(k) and IRA assets may be divided in a tax-free transfer. A divorce decree is typically signed by a judge, and sometimes the decree must be accompanied by a settlement agreement. The division of qualified plan assets requires a qualified domestic relations order (QDRO) detailing the disbursement.



- ❑ **Assets in joint brokerage accounts should be frozen.** Inform your investment consultant in writing that you are separated and request that no transactions be made without your approval. However, since joint accounts typically grant equal access to both parties, a court order will probably be required to freeze or restrict accounts.

After the divorce is finalized:

- ❑ **If you decide to change your name, make sure you include all documents, accounts, and possessions held in your name.** Keep a copy of your court order available if an agency or creditor requests it in order to change your name in their records.
 - ❑ Notify your employer, the Social Security Administration, and the Department of Motor Vehicles (especially if you need a driver's license with your changed name).
 - ❑ Notify your banks, retirement account custodians, and brokerage firms. Get replacements for all credit and debit cards issued under your previous name.
 - ❑ Update all life, health, auto, homeowner's, and renter's insurance policies.
 - ❑ Request updated copies of deeds for real property and mortgage or home equity loan documents.
 - ❑ Make sure all your bills and utility accounts reflect your new name.
- ❑ **Review personal documents and anything having to do with your personal property.** Don't forget to review:
 - ❑ Your will and estate plan
 - ❑ Beneficiaries for your retirement accounts and life insurance policies.
 - ❑ Your health and life insurance records, as needed.
 - ❑ Your name on the titles of all property you own.
- ❑ **Verify your credit reports to ensure that they do not contain debts belonging to your ex-spouse.**
- ❑ **Think about how you will file taxes.** Your tax advisor should help you decide whether you should file as "head of household." Update your W-4 (employer's withholding allowance) forms as needed.
- ❑ **Review your investment strategy to ensure it fits your new life.** With the help of your financial advisor, identify your most important goals, which might include putting children through college and retiring comfortably.
- ❑ **Save and invest for your retirement.** Commit to your new plan.

Few events in life are as harrowing as the ending of a marriage. Going through a divorce can make you feel very isolated and vulnerable. But you don't have to go it alone. Using this divorce planning checklist will not only help you feel more prepared; it will also keep you in close and effective contact with the financial and legal professionals who can help you make sure you emerge from your divorce with a plan for the future and the resources you need.

To learn more, click here to read my whitepaper, "[Suddenly Single: Financial Independence for Divorced Women.](#)"

