

Preparing For Divorce

Is someone you know planning to divorce in the near future?

Take a look at our recommendations for 6 Important Financial Steps to prepare for divorce.

- 1) Organize your financial information.
- 2) Educate yourself about your assets and options.
- 3) Develop your individual budget.
- 4) Gather your Social Security benefit statements.
- 5) Open a credit card in your individual name.
- 6) Consult with an attorney or mediator.



1) Organize your financial information. Organize and copy financial documents that you receive in the mail or can access online, including annual or monthly investment, IRA, 401(k), and bank statements that show your month-end and year-end account balances and transactions. You should recently have received 2016 tax documents including 1099 forms and K-1 forms. Additionally, many credit card companies send out an Annual Spending summary.

You also want to make copies of some older financial documents including 3 years of tax returns, investment, retirement, and bank account statements, plus business ownership documents (such as partnership agreements), as well as your estate documents including wills and trusts. A listing of your life insurance policies including the ownership and the beneficiaries is also a good idea.

Set up a divorce file so you can easily access the information you will need. Make a copy of any documents you think may be important. The more information you can gather now, the more prepared you will be and the better able to advocate for yourself. It is better to be over-prepared. Financial knowledge will equal power as you navigate the Divorce process. You may want a friend to hold these documents.

2) Educate yourself about your marital assets and divorce options. We believe most couples can resolve their differences outside of court. Educate yourself about your marital assets and the options available for your Divorce in 2017. Learning more about your financial picture will help you manage the financial stress and enable you to make informed choices that should result in a more advantageous financial settlement.

A Certified Divorce Financial Analyst (CDFA™) can help you understand all aspects of your current financial life and help you make smart financial decisions surrounding your divorce. A CDFA™ is a trained expert in the financial circumstances of divorce and is focused on understanding the long-term implications of your divorce.

3) Develop individual pre-divorce and post-divorce budgets. Divorce creates additional expenses. Expenses will most likely double for two households and there will be costs associated with setting up the second household for such items as furniture and furnishings. If you already have a family budget, you can use it to start your individual pre-divorce budget. If you don't have a budget, you will want to begin by looking at the bank and credit card statements you gathered in Step 1. First get a sense for the recurring expenses like your mortgage, real estate taxes and utilities and then consider your discretionary expenses such as dining out and entertainment. If you have an annual credit card summary, your work will be easier. If you don't have an annual summary, estimate these expenses by averaging several months' of actual spending shown on your statements. You will also want to create a post-divorce budget. Be realistic; don't underestimate your living expenses.

During the divorce process, it generally makes sense to try to maintain some level of a similar lifestyle unless your legal counsel advises otherwise.

4) Gather your Social Security benefit statements. Gather copies of your and your spouse's recent Social Security statements. You can obtain an online copy of your statement at www.socialsecurity.gov/mystatement. Social security statements provide a wealth of financial information, including historical employment earnings and a projection of the future benefits, which can be helpful information in divorce negotiations. Additionally, understanding your benefits can help you plan effectively for your future. If your marriage is over 10 years in length, you may be able to receive benefits based on your former spouse's employment record.

5) Open a credit card in your individual name. If you do not yet have a credit card in your name alone, we suggest you apply for one immediately. Having a credit card in your name will help you establish credit and you may need to use the credit card to pay your professional advisors to work with you through the divorce process and even your living expenses. It is common for one party to lose access to cash after filing for divorce. Aim for a credit card with a \$20,000 or higher credit card limit. There are credit cards with good rewards such as airline miles or cash back.

6) Consult with an attorney or mediator. You may want to meet with more than one advisor to see if the fit is right for you. You want to choose an attorney or mediator who specializes in Family Law. You wouldn't go to your primary care physician for an appendectomy so you don't want to hire your real estate attorney for your divorce.

About Daintree Divorce Consulting:

Daintree Divorce Consulting provides services through Daintree Advisors LLC. Daintree Advisors LLC is a boutique financial planning and investment advisory firm that helps individuals and families achieve their goals. Daintree offers a full spectrum of investment, reporting, planning, and philanthropic services. The Daintree Divorce Consulting practice is led by Senior Client Advisors with specialized planning expertise as Divorce Financial Analysts™ (DFAs™).

We are available to assist you in your divorce process. As seasoned financial professionals, we can help you understand your current financial picture, make tough financial decisions during the process and

help you transition into your new financial life. We encourage you to contact us to discuss your situation.

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