

Steps to Become Financially Prepared for the End of a Relationship



1. Set aside enough cash to pay for a move, establish a new residence, legal fees and cover 6 months of living expenses.
2. Track your spending. If you have children, you may need to pay for all of their expenses for a time. Think about future expenses as well, such as upcoming college tuition or summer camp.
3. Regularly monitor credit card statements and bank statements for irregular spending or large withdrawals.
4. Make sure you know all of the passwords for online accounts.
5. Make copies of statements for bank accounts, credit cards, brokerage accounts, retirement accounts, insurance policies, and legal documents.
6. Open a separate bank account if you only have a joint account, and cancel any joint credit cards once the split begins. If you have not established your own credit independently then start immediately. I got divorced after moving to Canada and I had no credit record in that country. I had to ask my boss to guarantee a card for me.
7. Don't agree to anything or sign anything until you get professional advice from a lawyer.
8. Don't make any financial or legal decisions based on guilt, pride or shame.
9. Research the divorce laws in your state. Is it a community property state or an equitable distribution state?
10. Consider the tradeoff between cash settlements and real estate. If you own income-producing property, in the long run that could provide more security than a fixed-period alimony settlement. Alimony rules vary by state as well.
11. Be aware of how you handle any inherited money. Generally, it is not subject to equitable distribution if the money is kept separate, but if the inheritance is in a commingled account it can become joint property.
12. Gather the team you need to make the best decisions for your future including accountants, financial advisors, lawyers and emotional support.