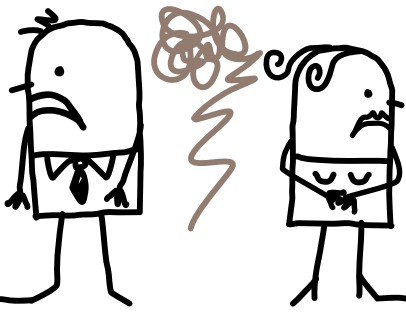


6 THINGS TO DO BEFORE YOU GET

DIVORCED



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Divorce is never an easy thing to go through no matter what time in life this may happen to you. The trauma that it may create for you, your children, and other family members may make day to day financial decisions go to the bottom of the pile. Many people wait to try to get their financial house in order after they complete the divorce proceedings. Having seen people go through divorces over the past 20 years, we've come up with six important things you should do before you get divorced. By making these smart money moves, you can get your new financial situation off to the right start and not be left with tons of nagging financial problems from the divorce.

01

WATCH THE SPENDING AND KEEP THE DEBT DOWN

Most of the time, the discretionary cash flow you have in your personal situation will tend to decrease after the divorce due to child support or decreased personal income. Since your situation is going to change, you can begin the change process by limiting your discretionary spending immediately. If you can pay down any debts that in your names it will also be important so you have additional lines of credit should you need it after the divorce.

02

OBTAIN A CREDIT REPORT ON YOURSELF AND YOUR SPOUSE

Do you have access to credit in your name alone? If not, then begin to establish some credit cards that are open in your name only. This will also include opening up bank accounts and a brokerage account if necessary. Obtaining a credit report is really important because your spouse (soon to be ex) may be out racking up tens of thousands of dollars of debt that you could be responsible for when the divorce happens. Take a snapshot of the debt you have now and keep track of it until the divorce is final. People don't often realize how many financial instruments you may have in joint names. Also, be certain that you can access those cards online or over the phone as the lead person on the card could change who has access to those accounts. What you don't want to have happen is for your credit to get ruined during the period of time before you get divorced.

03

IF YOU OWN A BUSINESS, GET IT VALUED BY SOMEONE YOU TRUST

When it comes to items like a business or land, often the values can be very abstract. Your soon-to-be ex may ask for a piece of the business, a salary, or just a portion of the current value of the business today. It's important for you to take the lead and establish a value of the business today certified by a CPA. This may cost you a few bucks, but can potentially save you big money down the road. Many business owners bury expenses within their business that often a spouse doesn't know about which is why the valuation can be tricky when it comes to divorce purposes. If you own land, then consider having a market appraisal done so you can create a fair valuation of that land today as well.

04

MAKE COPIES OF ALL FINANCIAL RECORDS AND STATEMENTS

If you don't have a program you currently use you should quickly make a list of all assets and liabilities. Were there retirement accounts you had no knowledge of ever being set up? Are there accounts for the kid's college education? Are you certain you know of every bank account that exists? Make a list of all, account numbers, title on accounts, balances, financial institutions, automobiles, household items, etc. When the assets get split, you certainly don't want to have a surprise after the fact.

05

EXAMINE ALL BENEFICIARY DESIGNATIONS

Over the course of time you were married, some of your accounts may have been required to name a beneficiary. This could include insurance policies, annuities, IRA's, 401(k), and other financial instruments. Any accounts that are owned by your spouse can have a beneficiary change made without your approval with the exception of some 401(k) plans which will require a sign off. It's important to know who the beneficiary of these accounts are as this is something to potentially be discussed throughout the divorce proceedings.

06

PREPARE FOR LEGAL COSTS

Most people we have spoken to over the years will fool themselves into thinking that things will work out amicably until money, kids, and new relationships begin to unfold. Prepare for legal bills that will be mid four figures and potentially five figures depending on how ugly the divorce proceedings occur. Some people spend money hiring a P.I. before the divorce to make sure there is no monkey business going on or reveal other facts that may be important to the overall split of the assets. You should also prepare that even after the divorce there may be other legal costs should your situation or your ex's change in the future.

When divorce happens, it can set off the gamut of overall emotions. These six tips are a reminder that without a lot of planning while you're in the middle of it, your divorce may never have a happy financial ending. Even though this is happening to you personally, make these smart money moves so you can still figure out how to secure and maintain your own financial independence.