Market Spotlight |By: Jason Beckley

Dealing with Divorce

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Whether amicable or contentious, going through a divorce can be extremely tense, and the process can impact every dimension of your life. Often, finances, especially in times of emotional turmoil, are not a main concern. A lot of opportunities are missed and a lot of mistakes are made. If you are considering a divorce, it is vital to plan for the dissolution of the financial partnership in your marriage. Such dissolution involves dividing the financial assets you have accumulated during the years of marriage. Further, if children are involved, the future support given to the custodial parent must be planned for.

The time taken to prepare and plan for eventualities will pay off later on. Here are some steps to help you through the preparation process.

1. Start planning. Careful preparation before your divorce may pay off. For instance, having a wealth advisor or accountant work with your divorce lawyer or mediator will help make informed decisions for the long term.

2. Create a complete financial inventory. Compile a full accounting of anything and everything that is connected to money. Make a list and collect all statements possible to take to your team of professionals. This list should include;

- The current balance in all bank accounts;
- The value of any brokerage accounts;
- The value of investments, including any IRAs;
- Your residence(s);
- Your vehicles;
- Your valuable antiques, jewelry, luxury items, collections, and furnishings.
- Copies of the past two or three years' tax returns.
- The exact amounts of salary and other income earned by both yourself and your spouse.
- Find the documents relating to insurance—life, health, auto, and homeowner's—and pension or other retirement benefits.
- List all debts you both owe, separately or jointly. Include auto loans, mortgage, credit card debt, and any other liabilities.

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3. Plan for life after divorce. Begin to figure out how much your post-divorce will cost and how it will be funded. The following should be considered for long term planning with the help of a professional.

- **Residence-** Nobody likes to leave their home, but the ongoing up keep might not fit into a single earners budget.
- **Taxes-** A large portion of the decisions being made will have tax consequences that could last for years. Seek professional advice for a clear picture.
- **Insurance-** All coverage's should be reviewed and evaluated for cost and required coverage for post divorce life.
- **Check Social Security benefits-** Ex-spouse earnings may provide a larger Social Security benefit.
- **Don't immediately roll over your ex's retirement account into an IRA**. If your divorce settlement allocates assets under a qualified domestic relations order (QDRO), you can make a one-time withdrawal from your ex's 401(k) or 403(b) without paying the normal 10% tax, even if you're under the age of 59½. If you think you'll need money for unavoidable divorce expenses, you may want to make the withdrawal rather than doing a roll over. Otherwise, if you roll the money into an IRA and then need to tap it for divorce costs, you'll be subject to the standard 10% early withdrawal penalty.

If you are well organized, your team of professionals will able to assist you with moving on in the best possible manner. In this time of turbulence, it is always good to have a team of experts helping you to achieve the divorce settlement you deserve. You will feel better going forward knowing that thoughtful decisions were made throughout the process.