



11 Financial Tips to Help You Move Forward When Facing a Divorce

Divorcing from your spouse can be emotionally and financially draining. Shockingly, there seems to be a growing number of people who are getting divorced later in life. Dr. Susan Brown, professor of sociology at Bowling Green State University and Co-author of “The Gray Divorce Revolution,” had this to say about it. “Just 1 out of 10 people who divorced was age 50 or older in 1990. Twenty years later it was 1 in four!”

When a divorce happens later in life, it can affect women especially hard. “So-called gray divorce can be economically devastating, especially for women who have been out of the labor force,” says Dr. Brown. At the same time, retirement as a single individual is more expensive. Living expenses that are normally shared within two incomes, now must be paid with one.

The Do’s and Don’ts When Facing a Divorce

If you are facing a divorce, make sure to be aware of what you might face. Here are a few financial tips (and non-financial tips) to help you get past this obstacle.

Here are a Few Do’s:

1. **Plan Ahead.** Reach out to local professionals to help you make proper decision for your situation.
2. **Gather all Your Records.** It's always safer to keep more documents than needed. Here are a few things you need to file:
 - All tax returns
 - Wills and trusts
 - Financial statements and banking information
 - Loan documents
 - Credit card statements
 - Deeds to property
 - Car registrations and insurance policies.
3. **Know your debt.** Knowing what you need to continue paying will help you to avoid possible debt problems.
4. **Document household goods.** Keep tab of what other assets you have gathered in your marriage. This would help you negotiate to keep more of what you want out of the divorce.
5. **Know what you're entitled to have.** Even though you might want to turn the page as quick as possible, it is important that you get what you deserve.
6. **Keep close tabs on any legal and adviser fees.** Be mindful of professional fees you may have to pay out. The more money you save, the more money you'll keep.
7. **Check your Social Security benefits.** As a divorcee, you might be able to qualify for a special Social Security benefit. Get the information you need to get all your benefits by searching the internet or contacting your local Social Security office.

And Here are a Few Don'ts:

1. **You don't necessarily have to hold onto the house.** Find out what you will be able to afford under your new financial situation. If your household expenses are too high, you will have less money for the things that will make your life more enjoyable.
2. **Don't ignore any potential tax consequences.** Ask your accountant about what advantages you can use when filing for taxes. Keep in mind that a large lump sum might not be the best idea for you!
3. **Don't forget about health insurance.** Under the current law, you may continue your ex's existing coverage through COBRA for a period of 36 months. However, the coverage could become substantially more expensive. Do some research to find out how to get the coverage you need as affordably as possible.
4. **Do you need some money for divorce expenses?** Don't rollover all retirement accounts in an IRA. Instead, learn how a QDRO (Qualified Domestic Relations Order) can help you. You can avoid the 10% penalty for withdrawing money out of a qualified account if you are under the age of 59 ½.

Going through a divorce is one of those things that we want to put in the rearview mirror as fast as we can. However, it's best to take the time to learn the Do's and Don'ts of this life changing event.

Hopefully these tips will help you avoid mistakes that many make. Plus, it will help launch you towards a fresh life with more money in your pocket.

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