

# Top Ten Divorce Tips

*Certified Divorce Financial Analysts offer these tips to help you sidestep some common divorce-related problems.*



## **1. Copy Your Records**

Before your divorce, be sure to make copies of all of your financial records. Keep them in a safe place away from your spouse. These records include, but are not limited to, personal and business income tax returns (last three years), business records, account statements from investment firms, banks, and pension offices, pay stubs, life insurance information, annuities, credit card statements, stock certificates, and receipts for purchase of larger items. Copy anything to which you might need to refer. Obtaining copies of records via the discovery process while in the midst of a divorce is much more difficult and can be expensive.

## **2. Obtain Copies of Credit Applications**

Obtain copies of any credit or mortgage applications from your bank or creditors, particularly those that have been completed 12 months prior to your separation. If the application was joint, then it will list assets, liabilities, and income for both spouses. Those applying for loans or credit tend to list all possible assets and income in order to qualify for the credit. As a result, this may be a very good source of asset discovery when one spouse believes that the other is withholding information on marital property.

## **3. Identity Check**

Verifying accurate personal, financial, and business information is critical to maintaining your identity. It's important to check data reporting services, such as credit agencies, as well as banks and investment/insurance companies, to ensure that your name, address, and other personal information are correct. Google yourself!

Find out what information, if any, about you is on the Web. You can contact the Webmaster for sites where you find inaccurate information. Contact your local post office and utilities as soon as you or your (ex) spouse plan to move to provide a forwarding address and to ensure that you continue to receive your mail.

#### **4. Marital Debt**

Debts that were obtained in the name of both spouses before a divorce (meaning both husband and wife signed a document or application saying that they were responsible for the debt) remain the obligations of both parties after a divorce, no matter what a divorce decree says. Creditors are not party to your separation or property settlement agreement. Therefore, if your ex-spouse does not pay a debt that he or she was responsible for according to your divorce decree, then YOU are responsible for the debt.

#### **5. Cancel "Joint" Lines of Credit**

If your divorce settlement makes your ex-spouse responsible for the payment of a debt that was jointly incurred, continue to monitor the account to ensure that payments are made in a timely manner. If your ex-spouse is late or defaults on a payment, it can adversely affect your credit.

#### **6. Understand Your Social Security Benefits (U.S. Rule)**

If you have been married 10 years or more, you will be entitled to half of your spouse's benefit or 100% of your accrued benefit, whichever is greater. This does not impact your spouse's benefit in any way, so it is not a negotiation point in a divorce.

#### **7. Follow the 5 Ds for Alimony Deductibility (U.S. Rule)**

If you want a deduction for the alimony you pay (it will be taxed to your ex), it must be paid in dollars, under a decree or written agreement, and cease on your ex's death. After the divorce you must maintain your distance (you can't live with your ex), and the payments can't be designated as non-taxable or child support.

#### **8. Ensure Your Income Will Continue**

If you are receiving child or spousal support, be sure there is disability insurance and you own a life insurance policy on your soon-to-be-ex spouse. These policies would ensure that the income you need continues if your ex is disabled or dies. You should own the life insurance and pay the premiums. You may be able to negotiate an increase in support to cover the premiums. Don't rely on your ex or their employer to protect your interests. Be sure your ex applies for and is issued coverage before the divorce is final.

## **9. Dividing the Marital "Stuff"**

Judges frown upon taking their time to hear disputes over something as ridiculous as the distribution of “pots and pans.” Simply stated, most judges “do not do pots and pans.” Generally, judges expect divorcing couples to figure out the division of marital possessions on their own. Be as specific as possible in the Marital Settlement Agreement regarding who gets what. Attach a list clearly identifying the item and the recipient in order to avoid confusion later. Going back to court to argue and amend any part of the divorce decree is an ordeal and is definitely costly.

## **10. Review Beneficiary Information**

After your divorce, remember to review the beneficiary information on your company 401(k) plan, individual retirement plans, annuities, life insurance policies and individual designated beneficiary accounts. Often we re-title assets but forget about changing beneficiary information on accounts that are not directly impacted by the divorce. If you are naming minor children as beneficiaries, assign a custodian of your choice - remember, minors are not legally allowed to own securities.