3 Worst Financial Mistakes You Can Make in a Divorce

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NEW YORK (MainStreet) — If you're going through a divorce, your future financial well-being may be the last thing on your mind. Unfortunately, when emotions get in the way, it's easier to make mistakes that may cost you for years to come. Here's a look at three of the worst financial mistakes you can make during a divorce.

1. You don't know where the assets are or you lack an understanding of the household finances.

Dividing assets can be "simple math," as alimony and child support are dictated in most states by a formula, says Michael Rosenberg, managing director of wealth management firm Diversified Investment Strategies.

"By financial professionals, divorce is viewed purely as an economic divide," he says.

But when one spouse doesn't have an understanding of the household or business assets, they often don't know the basis for the concessions they might be called to make, says Derek Gabrielsen, a wealth advisor at financial management firm Strategic Wealth Partners.

"Things can get pretty crazy when you're in the negotiating room," he explains. "You have to have a game plan going in as to what you want, and the only way to know what to negotiate for is to have an understanding of what's there."

The first step is simply asking your spouse to allow you more involvement in the family finances or just looking at all the accounts to get a better handle on things, he says. If that's not possible, it may be time to hire a forensic accountant.

"They can dig through everything, including any 401(k)s or IRAs as well as other accounts that may exist," he says. "They can go back through your tax history and ask questions and make assumptions. If they find holes then they will investigate further, just like what a private detective would do, but for finance."

2. You don't have a good financial advisor or legal team.

Everyone going through a divorce should have a team who can answer their financial and legal questions, Gabrielsen says.

"You should have someone who can help you dig deeper into your household finances if you need it. You need professionals who can explain everything to you," he says.

With the average divorce, you don't need a huge law firm, but when there are assets at stake you do need a firm with a three- to four-person team who can makes sure everything gets done properly, he says.

Having a trusted financial advisor before and after the divorce is also important. If you and your spouse use the same advisor, it's OK for you both to continue a relationship with him or her. There are no conflict of interest concerns as with an attorney. "The financial advisor is legally able to give both spouses advice all the way through," he says. "They won't have a role in the divorce proceedings, but before and after they're going to work to make sure all the assets are explained and to get both spouses settled into a new financial plan, with asset allocation based on their new situation."

3. You agree to things or expect things that aren't written in the divorce decree.

"So many times people say, 'Well, I conceded to this because I thought you were going to do this for me,' but that wasn't in writing, so it ended up never happening," Gabrielsen says.

With the emotions that so often surround divorce, you can't count on the other person always acting rationally, he says. That's why everything needs to be in writing.