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# Getting a divorce: 5 steps to help protect your finances

JESSICA SILLERS MAY 1, 2019

There's no magic solution to make divorce easy or painless, but taking charge of your financial situation helps you in multiple ways.



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Corrie LoGiudice's marriage ended shortly after her baby was born. A breadwinning mom supporting her husband and child, LoGiudice realized that the pressures of stay-at-home parenting were aggravating her husband's addiction issues, turning their home into an unhealthy environment for the whole family.

Getting a divorce the next year, she experienced shocking credit card statements and the emotional pain of becoming a single mother, with an unemployed ex (who accused her of leaving him destitute).

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Divorce is a total life upheaval: emotionally, financially and logistically. It can be hard to know where to start rebuilding your life, so we've outlined steps to help you create a solid foundation for you and your kids.

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## 1. (Re-)Learning Financial Independence After Getting a Divorce

Whether you and your spouse earned equally or one of you was the primary breadwinner, divorce means financial adjustment and a learning curve for everyone.

Suzy Brown, founder of [Midlife Divorce Recovery](#), says, "When I divorced, I had been married 33 years. I went straight from my parents' home to college and got married in college. I had never lived in an apartment or supported myself."

[Median age at the time of a first marriage](#) has increased over time, so couples who married in the last 20 years may have had more time to live as independent adults before marriage. Still, you may find yourself out of practice with things like navigating an insurance policy, apartment hunting or setting up financial accounts solo.

It can feel uncomfortable or embarrassing to re-learn core money management skills that seem more like young adult milestones than midlife, but there's no reason to judge yourself harshly. Sharing tasks in a marriage, and then having to handle all responsibilities alone, virtually guarantees that both parties will have to learn new skills.

Your local community center, library or other local facilities may offer cheap or free programs to catch you up on financial tasks to master, Brown says. Your bank or workplace may offer financial education or retirement planning resources for free. Another great place to start researching financial literacy courses for all ages is the [Center for Consumer Financial Education \(CCFE\)](#).

## 2. What Comes After 'I Want a Divorce': Smart Money Habits

Checking your income and expenses is the first step toward financial stability during and after divorce, especially because dividing large assets can take years.

Brette Sember, lawyer and author of [Rebuild Your Financial Life After Divorce](#), suggests, "The first thing to do is make sure you have enough cash to pay your immediate bills. This might mean withdrawing half of the joint savings account so you can set it aside to pay your rent."

When LoGiudice split from her husband of seven years, [credit was at the top of her mind](#). Her ex-husband's addiction problems led to towering bills, and LoGiudice had a 5-month-old to support.

"The very first thing I had to do was shut down the credit card. My ex didn't have a job, so he stayed in the apartment we shared. A wakeup call was that the first month after I moved out, he spent \$1,000 on takeout." Her ex was calling her to accuse her of leaving him out on the street when she cut off his financial access. Working with a therapist helped remind LoGiudice that she had to let go of the responsibility to take care of him.

In her case, even being the sole breadwinner in her family didn't protect her from financial blows in the divorce.

"We had a shared account that was wedding money that we'd received as gifts. Because I was supporting him, I didn't have any other savings," she says. Her ex, knowing that legal fees would exceed their savings in a court battle, told their mediator he wanted the entire account. "He left me penniless with a 5-month-old."

Living with her parents for a year and saving aggressively got LoGiudice back on her feet, although she had to move to a less expensive area than where she lived before.

When getting a divorce, consider [closing or separating joint accounts](#) when possible and continue to make at least the minimum payment every month on bills (including mortgage and car loans) to prevent damage to your credit.

## 3. What About Spousal Support? Planning for Retirement

If your spouse was the higher earner (or retirement saver), you may worry that you're in major trouble now that you won't spend your retirement years together. You may be entitled to spousal support in the form of a portion of your ex's retirement savings, even if your name isn't on the account.

Generally, you're entitled to half the [value of the retirement savings](#) you put away as a couple during your marriage. Many divorcing couples negotiate a separate agreement from the divorce decree, known as a QDRO.

"A QDRO is a court order that gives one spouse ownership or partial ownership of another spouse's retirement account," Sember says. You'll need an attorney and financial advisor to work out the details of this technical document.

In the meantime, check your own retirement accounts and update the beneficiary if you don't want your ex inheriting your retirement money if you were to pass away.

## 4. Protecting Your Kids If You're Getting a Divorce

Your custody agreement with your ex will be decided by the court. What you can do now is go through paperwork to update your wishes for how to provide for your children if something happens to you.

First, dig up insurance. Update beneficiaries in any life insurance policies you hold and set up trusts for your kids if they're under 18. Double-check addresses, too. If you move out of the family home, make sure statements reach you so your policies don't lapse.

When it comes to guardianship, Sember says courts almost always award full custody to the surviving parent if one parent passes away.

"Parents are almost always preferred over anyone else. You cannot name someone for partial guardianship. Stepparents are unlikely to be named guardians if there is a living parent." Even if you have shared custody, you likely won't be able to designate a guardian to step into your court-agreed custody schedule if you pass away.

If you and your ex both die, the court will review your wills or other documents to learn who your preferred guardians were. If you and your ex were able to agree on a preferred guardian, the court will probably give that suggestion serious consideration.

Courts aren't obligated to follow instructions in a will, though, and they most likely will not default to a shared custody arrangement (e.g. between both sets of grandparents). The court's goal is to find a guardian arrangement that is in the best interest of the child.

In certain cases, such as if you are [diagnosed with a terminal disease](#), or your child has [special needs that will require ongoing care](#), your state may have legislation in place regarding appointing a co-guardian. Your attorney is the best person to ask for advice if you believe you have reason to require a joint guardianship arrangement.

## 5. Taking Care of Yourself, Too

That moment in which you acknowledge to yourself, "I want a divorce," can be huge, and it can be a form of self-care because you're taking steps toward your own happiness. But the process of actually getting a divorce can be grueling, so Brown points out that taking time for your own emotional well-being is a significant piece of recovering from divorce.

"Most people who have not been through a divorce don't realize how debilitating it can be, even for the most stable people," she says. "The best scenario is you have good resources for the emotional recovery to help you get through the day," she says.

She says it's important to rally friends and family to check in on you, provide a listening ear or pitch in with errands or childcare. If you have room in your budget, therapy sessions or even occasional spa visits to de-stress can be useful forms of self-care.

There's no magic solution to make divorce easy or painless, but taking charge of your financial situation helps you in multiple ways. Your attorney can advocate for you better when you can share a well-informed perspective on your assets. Meanwhile, you're acting as a confident role model for your kids, showing them that they can trust you to help them weather difficult times and come through on the other side.

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