# **Happily never after:** 5 steps to managing wealth through a divorce

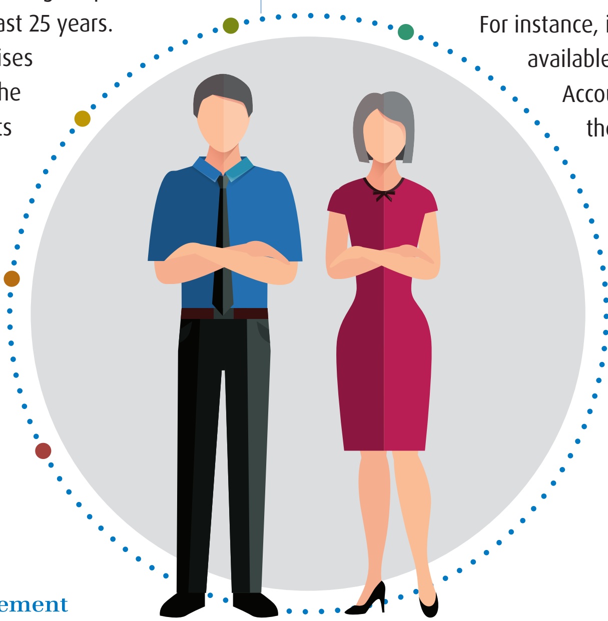
## Keep your financial future intact if your marital status changes.

Tying the knot is something many couples spend months or even years preparing for. They rarely, however, devote as much time to planning for what to do if their happily ever after is cut short.

Losing a spouse to divorce is not a pleasant thought but it's something married couples should be prepared for. When you consider the facts, the chances of having to go it alone at some point may be greater than you think.

For example, according to the Pew Research Center, the gray divorce rate (meaning divorce among couples aged 50 and older) doubled in the past 25 years. Getting divorced later in life often raises important questions with regard to the division of property, retirement assets and spousal support.

In light of those statistics, it's evident that married couples may want to give serious thought to their financial future. If you're worried about what could happen if you find yourself going from wedded bliss to single status, having the right strategy in place can help protect your wealth.



### 1. Analyze your financial picture

It's critical that couples understand where they're at financially, in terms of their assets and liabilities. This is especially important if you're preparing for divorce. Working with a financial advisor can help you create a more accurate reflection of your net worth.

Begin by tallying up all of your assets, including retirement accounts, taxable investment accounts, bonds, savings or money market accounts, real estate, interests in LLCs, partnerships and other businesses, vehicles, insurance policies, artwork, collectibles and jewelry. Distinguish between assets you own in your name, assets your spouse owns solely and those assets you own together.

Then, consider whether you have any liabilities. For example, if you're still paying the mortgage on your primary residence or you have a loan for a vacation home, those would go into the liability column. Again, you'd want to separate them based on who's responsible for repaying those obligations. Knowing who owns what can make transitioning your finances after divorce easier to navigate.

### 2. Organize your financial documents

Even if divorce isn't on the horizon, you or your spouse could be left in a bind if something were to happen to one of you and your financial information isn't easily accessible. Keeping certain key documents together in one place means one less source of stress when gathering to review your assets.

For instance, if you've drawn up a will or established a trust, you should have that documentation readily available. If you've named beneficiaries for assets outside your will, such as an Individual Retirement Account or a life insurance policy, you will need to have these handy in the event you need to update the beneficiary information.

Lastly, consider drafting a list of account numbers for things like retirement accounts, investment accounts and bank accounts. If you manage these accounts online, be sure to include the website name, as well as your login details for each one so you have all the necessary information.

### 3. Check your insurance coverage

Insurance can be a lifesaver when divorce becomes part of your financial reality. Disability insurance, for example, can help you to maintain a similar lifestyle if an injury or illness prevents you from working and you don't have a spouse's income to rely on.

A life insurance policy could cover burial costs, eliminate any remaining mortgage debt or aid with your child's tuition after a divorce so you don't have to tap your assets for those expenses. It's important to review which policies you have and where there may be gaps in your coverage to ensure you are protected.

## 4. Consider your credit

A good credit rating can be important when a marriage comes to an end. If you're planning to apply for a mortgage to buy a home after a divorce, for example, you'll need a solid credit score to qualify for the best interest rates.

Credit can be a potential stumbling block for divorcees when the majority of credit lines belonged to their spouse. When you don't have loans or credit cards in your name, it's much more difficult to establish your credit history. Your credit history is what shapes your credit score.

Equally problematic is having joint accounts when you're going through a divorce. As long as your name remains on a credit card or loan, you're legally responsible for any associated debt. While your divorce decree may stipulate that your former spouse assumes the task of repaying the balances, those accounts will continue to show up on your credit report.

Removing yourself from a joint credit card typically involves closing the account altogether. With something like a mortgage or another type of loan, you'd likely have to get your spouse to refinance the loan to have your name removed. The process can be tedious but it's necessary if you're concerned about safeguarding your credit rating.

## 5. Don't be afraid to ask for help

A professional advisor can be an invaluable source of financial advice for divorcees. For example, your advisor can run a cash flow analysis to help you determine whether your current spending habits are sustainable. He or she can also work with you to review your investments to help ensure your asset allocation and risk tolerance fits with your investing goals moving forward. Finally, your advisor can help you update your will or trust if necessary.

Talking financial matters over with your spouse before divorce becomes an issue is a wise move but it's not always possible. To help you prepare for the unexpected, or if sudden life changes have thrown your plans off-course, contact your financial advisor.



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