CONSOLIDATED CREDIT®
When debt is the problem, we are the solution.

Financial preparation for life after divorce

1-800-210-3481

www.**ConsolidatedCredit**.org

Letter from the President

Congratulations on taking this important step to a brighter financial future. Consolidated Credit has been helping Americans across the country solve their credit and debt problems ***for over 30 years.***

Our Educational Team has created over forty publications to help you improve your personal finances; and many available in Spanish. By logging on to ***www.ConsolidatedCredit.org*** *you can access all of our publications free of charge. We have the tools to help you become debt free, use your money wisely, plan for the future, and build wealth. The topics Consolidated Credit addresses range from identity theft and building a better credit rating to how to buy a home and pay for college. On our web site you will also find interactive courses, calculators, video education, and much more.*

We are dedicated to personal financial literacy and providing a debt-free life for Americans. If you are overburdened by high interest rate credit card debt, then I invite you to ***speak with one of our certified counselors free of charge*** ***by calling 1-800-210-3481*** *for free professional advice. We also have partnership programs available where groups, businesses and communities can hold financial workshops and received money management guides and workbooks like the one you are reading now.* ***Please call 1-800-210-3481*** *if you would like to discuss pursuing a personal financial literacy program.*

Sincerely,

Gary S. Herman
President
Consolidated Credit

Divorce is one of life's most emotional transitions — and one of the most financially disruptive.

Even in the most amicable split, your money, credit, and financial security can quickly become vulnerable if you're not prepared.

That's why financial planning is just as important as legal planning. While lawyers focus on dividing assets and drafting legal agreements, you need to focus on how to protect your future. Decisions made during a divorce can affect your credit score, savings, retirement, and ability to cover everyday expenses — not just now, but for years to come.

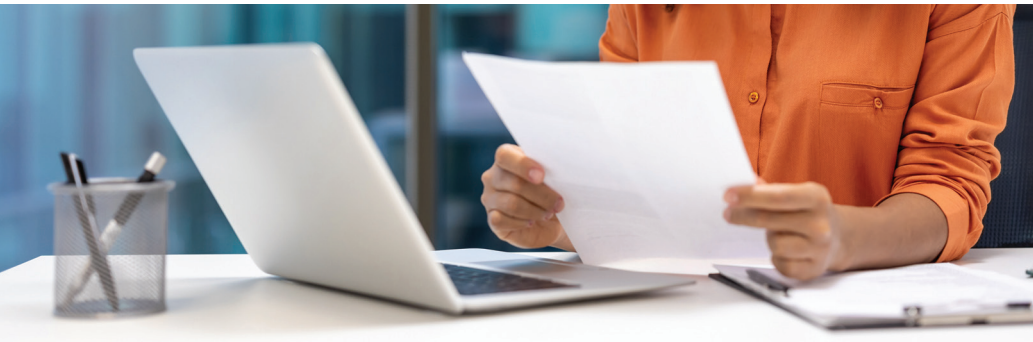
It's normal to feel overwhelmed, but try to separate financial decisions from emotional reactions. Giving up too much just to "get it over with" may leave you with regrets later, especially if your credit or long-term financial health takes a hit.

The more informed and organized you are, the better protected you'll be. That means gathering documents, understanding your legal rights, and knowing where your money is coming from — and where it's going. You don't need to figure it all out overnight, and you don't have to do it alone.

This booklet is here to help. Whether you're considering divorce, going through one, or adjusting to life after, the information inside will walk you through every financial step — from protecting your credit and dividing property to rebuilding your financial future with confidence.

Know where you stand: Taking inventory

Before you can move forward financially, you need a clear picture of what you own, what you owe, and what belongs to whom. That means taking a detailed inventory of your assets and liabilities, both joint and individual.



Start by listing everything you and your spouse own, both jointly and separately. **This includes:**

- Bank accounts
- Investment and retirement accounts
- Real estate
- Vehicles
- Business interests
- Valuable personal property (like jewelry, artwork, or collectibles)

You'll also need to list debts:

- Mortgages and home equity loans
- Credit cards
- Student loans
- Car loans
- Medical bills
- Personal loans

Understanding which property is marital and which is separate is key. In general, marital property includes anything acquired during the marriage, regardless of whose name is on the account or title. Separate property usually refers to assets owned before the marriage, inherited individually, or received as a personal gift, though laws vary by state. Next, begin gathering documentation for all the items you've listed. You'll want copies of:

- Tax returns (last 2–3 years)
- Pay stubs
- Bank and credit card statements
- Property deeds and vehicle titles
- Insurance policies
- Loan agreements
- Retirement account summaries
- Estate documents (wills, trusts)

Create digital and paper copies, and store them in a secure location — ideally outside the home. If you're still living together, consider using a locked folder on a personal device or storing documents with a trusted friend or attorney.

The more complete your inventory, the easier it will be to make fair financial decisions — and protect yourself if anything is contested.

Build your financial team

Divorce involves more than just legal paperwork — it's a major financial turning point. To protect your interests, you need a team of professionals who understand the legal, tax, and financial impacts of ending a marriage.

Your attorney is a critical first step. Even in an uncontested divorce, a lawyer can help ensure your rights are protected and your agreements are legally sound. But for more complex financial matters, you'll likely need additional support.

A Certified Divorce Financial Analyst (CDFA) is a financial professional specializing in the economic aspects of divorce. They can help you understand the long-term effects of proposed settlements, especially when it comes to taxes, retirement accounts, and property division. A CDFA can also work with your lawyer or mediator to develop a strategy that reflects your financial needs, not just now, but years down the road.

An accountant or tax advisor can help you understand how divorce will affect your tax filings, especially if you'll be paying or receiving spousal or child support, selling property, or changing your filing status.

Finally, consider whether you want to resolve your divorce through

mediation or litigation. Mediation is often less expensive and gives both parties more control over the outcome. Litigation may be necessary for high-conflict situations but can be more costly and time-consuming. Either way, having trusted financial professionals on your side can help you make informed choices and avoid costly mistakes.

Budgeting through transition

Divorce often brings a major shift in income, expenses, and living arrangements. Creating a new budget is essential to navigate this transition with stability and clarity.

Start by outlining your new income, including your job, any support payments, and other reliable sources like Social Security or investment income. Then list your monthly expenses. Some may stay the same, like car insurance or student loan payments. Others may change, like rent or childcare.

If you're still living with your spouse or sharing expenses temporarily, clarify who's responsible for what. Inconsistent contributions or unclear agreements can lead to missed bills, overdraft fees, or mounting credit card debt. Document these arrangements in writing if possible.

Don't forget to budget for new expenses that may arise:

- Legal or mediation fees
- Deposits on a new apartment or utility accounts
- Health insurance premiums or COBRA coverage
- Childcare or after-school costs
- Moving or storage costs

You may also have to adjust your lifestyle in the short term. That might mean dining out less, pausing vacations, or reducing discretionary spending while you rebuild your financial foundation.

Use a budgeting worksheet or online tool to track your spending and see where you may need to cut back. Even small adjustments can free up cash to cover your essentials or begin rebuilding savings.

Divorce can be unpredictable, but your finances don't have to be. A solid, realistic budget will help you stay in control during a time when so much else feels uncertain.

Protecting your credit and accounts

Your credit is one of your most valuable financial tools — and one of the easiest to damage during a divorce. Joint accounts, missed payments, and unauthorized charges can all hurt your credit score, even if you're not the one responsible.

Start by checking your credit reports from all three major bureaus (Equifax, Experian, and TransUnion). You can request free copies at AnnualCreditReport.com. Look for joint accounts, authorized user accounts, and any debts that still list both you and your spouse.

Next, work to separate your finances:

- **Close or freeze joint credit cards.** You'll need to pay off or transfer the balances first, or ask the creditor to convert the account to an individual one.

- **Remove your ex as an authorized user on your accounts.** Likewise, ask to be removed from any accounts where you're just an authorized user.

- **Open new accounts in your own name** to begin establishing or rebuilding independent credit history.

- **Update your passwords and account access** for online banking, credit cards, and financial apps.

If you suspect your spouse may open accounts in your name or access your credit without consent, consider placing a fraud alert or credit freeze on your file. These are free services that can help prevent identity theft during times of vulnerability.

Lastly, make sure all bills — especially joint debts — are paid on time throughout the divorce process. Late payments can damage both of your credit scores and make it harder to qualify for loans, housing, or new credit in the future.

Dividing property, debt & retirement accounts

Dividing assets and debts is often one of the most complicated — and contested — parts of divorce. The rules vary by state, but understanding the basic principles can help you prepare and advocate for a fair outcome.

There are two main approaches to property division:

- **Equitable distribution:** Most states use this method, which divides marital property fairly, though not always equally.

- **Community property:** In a few states, assets and debts acquired during the marriage are typically split 50/50.

Marital property generally includes all assets earned or acquired during the marriage, while separate property refers to assets owned prior to marriage, as well as personal gifts and inheritances. Be aware that separate property can become marital property if it was mixed or "commingled" with joint assets.

You'll also need to divide debts, including:

- Mortgages and car loans
- Joint credit cards

- Medical bills
- Business loans

Even if your divorce decree assigns a debt to one spouse, creditors may still hold both of you legally responsible. Whenever possible, pay off or refinance joint debts so they're no longer in both names.

Retirement accounts — like 401(k)s, pensions, or IRAs — are also subject to division. A court order called a Qualified Domestic Relations Order (QDRO) is often required to split these accounts without penalties or taxes. Talk to your attorney or financial advisor before agreeing to any division of retirement funds.

Fair division takes planning, negotiation, and sometimes legal enforcement. The clearer you are about what's on the table — and how it's valued — the better equipped you'll be to protect your financial future.

Spousal and child support considerations

Support payments can play a big role in your financial outlook after divorce, whether you're receiving them or paying them. Understanding how they work is essential to building a realistic post-divorce budget.

Spousal support, also known as alimony, may be awarded to help one spouse maintain financial stability after the marriage ends. Courts typically consider factors like the length of the marriage, the income and earning potential of each spouse, and contributions made to the household, such as raising children or supporting the other's career.

Child support is typically calculated using a state formula that takes into account each parent's income, custody arrangements, and the child's needs. These payments are intended to cover the child's basic living expenses, education, and healthcare.

Support payments can be adjusted over time if there's a major change in income, employment, or custody. Keep records of all payments — whether you're sending or receiving them — in case of disputes.

It's also important to understand the tax implications:

- Child support is not taxable income to the recipient, nor is it deductible for the payer.

- Alimony may or may not be taxable, depending on when your divorce was finalized. For divorces finalized after 2018, alimony is no longer deductible or taxable under federal law, but state laws may differ.

If you're counting on support to cover basic expenses, build your budget carefully and have a backup plan in place. Delayed or missed payments can lead to financial stress and impact your ability to keep up with bills and debt.

Insurance and estate planning updates

Divorce doesn't just affect your finances — it also changes who's legally entitled to your benefits, your property, and even decisions about your health care. Updating your insurance and estate plans is a critical part of protecting yourself and your loved ones.

Start with beneficiaries. Many financial accounts — including life insurance, retirement plans, and investment accounts — bypass your will and go directly to the named beneficiary. If your ex-spouse is still listed, they may receive those funds, even if your divorce decree says otherwise. Review and update your beneficiary designations as soon as possible.

Health insurance is another major concern. If you were on your spouse's plan, you may be eligible for COBRA coverage for up to 36 months. However, COBRA can be expensive, so it's important to compare options through your own employer or the Health Insurance Marketplace.

Next, revisit your estate planning documents. That includes:

- Wills and living trusts
- Powers of attorney for finances
- Health care proxies or advance directives

If your ex is still listed in any of these documents, they could retain decision-making authority — or inherit assets — unless you make formal changes.

You may also need to revise your homeowners, auto, and life insurance policies to reflect new ownership or responsibilities. Talk to your insurer about making these updates and ensuring your coverage meets your new needs.

Taking these steps may feel tedious, but they're essential to creating a clean financial break — and making sure the right people are protected moving forward.

Building your new financial future

Divorce marks the end of one chapter, but it also gives you a chance to start fresh. Once the dust settles, you can begin focusing on your long-term goals and building financial confidence on your own terms.

Start by setting a few short-term goals, like building an emergency fund, paying off high-interest debt, or improving your credit score. These small wins can help you feel more in control and provide a cushion against future setbacks.

Next, think about your long-term goals:

- Do you want to buy a home on your own?
- Will you need to return to school or change careers?
- Are you saving enough for retirement?

Now is a good time to revisit your financial priorities. You may be managing expenses with a single income or adjusting to new support payments. Be realistic but proactive — even saving a small amount each month can add up over time.

You might also benefit from financial education or counseling. A nonprofit credit counselor can help you review your budget, create a debt payoff plan, or build a stronger credit profile. Some counselors also offer free or low-cost workshops on saving, investing, and financial goal-setting.

Divorce can be financially overwhelming, but it doesn't have to define your future. With the right mindset and support, you can use this transition as a turning point toward greater independence, security, and peace of mind.

Resources and worksheets

Taking control of your finances during a divorce starts with staying organized. These simple tools can help you gather the right information, create a workable budget, and make informed decisions during a difficult time.

Asset and liability inventory worksheet

Use this worksheet to list everything you own and owe. Be sure to include both jointly held and individually owned items. Common entries include:

Assets

- Checking and savings accounts
- Retirement accounts (401(k), IRA, pension)
- Real estate and vehicles
- Valuable personal property (jewelry, art, collectibles)
- Business interests

Liabilities

- Mortgages and home equity loans
- Credit cards
- Student and personal loans

- Medical debt
- Auto loans

Include account numbers, balances, and the name(s) on each account. This will help your legal and financial team advocate for a fair division.

Monthly budget planner

Track your current income and expenses using a monthly budget worksheet. Include essentials like rent, utilities, insurance, and groceries, as well as new expenses such as legal fees or child support. Comparing your estimated budget to actual spending each month can help you stay on track and adjust as needed.

Financial document checklist

Gather and copy key financial records, including:

- Tax returns
- Pay stubs
- Loan documents
- Insurance policies
- Titles and deeds
- Retirement account statements

Keep these documents in a secure place, and consider sharing copies with your attorney or financial advisor.

Staying organized gives you power — and peace of mind — during this major life change.

CONSOLIDATED CREDIT®
When debt is the problem, we are the solution.

Financial Knowledge ***is Financial Power***

- *Learn how to manage debt, credit, and money with confidence.*
- *Gain tools that support smarter decisions at every life stage.*
- *Protect yourself from scams, setbacks, and costly mistakes.*

Call **1-800-210-3481**

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