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Onward™ Guides:

Preparing for Divorce

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Where to start?

Preparing for a divorce can be complex and emotional, touching on the most intimate aspects of one's life and future. It's essential to understand the legal and financial implications of divorce while also considering the well-being of everyone involved, particularly when children are affected.

While divorce marks the end of one chapter, it also signifies the beginning of another. The journey ahead, with its inevitable trials, can still be navigated with compassion for yourself and others.

For many, this period of preparation can be supported by a combination of friends, family, professional counselors, and **Onward** as you navigate the emotional and practical landscape of ending a marriage.

Key Divorce Considerations

The following will help you understand what to consider when preparing for divorce, so you can approach the process with greater clarity and confidence

The Legal Process

Begin to understand the legal aspects of divorce in your state, including the potential for litigation, mediation, or collaborative divorce, and potentially seek advice from a family law attorney.

Impact on Children

Think about how your children might be affected by the divorce and how to handle co-parenting, custody arrangements, and their well-being.

Financial Stability

Evaluate the financial implications, such as dividing assets, spousal support, child support, and your ability to maintain economic independence after the divorce.

Support System

Make sure you have a strong support system in place, such as friends, family, or a therapist, to help you through the journey ahead.

Living Arrangements

Plan for housing after the divorce, whether one spouse will stay in the family home or both parties will move into separate residences.

Emotional Readiness

Get prepared for the challenges of divorce, including the impact on your mental and emotional state.

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Financial

Understanding Your Financial Picture

You don’t need to have decided to divorce to start understanding your finances. Getting a clearer picture of what you own, owe, earn, and spend can help you understand what divorce could mean for you financially, and give you better questions to ask before making any big decisions.

You don’t need all the answers yet.

This isn't your financial affidavit, income and expense declaration, schedule of assets and debts, or marital balance sheet. It’s simply a first look at your financial picture so you can understand where you stand and what you may want to learn more about.

Understanding your finances gives you information, not an obligation to make a decision about divorce.

START WITH THE BIG PICTURE

What do you own?

Make a list of your major assets: bank and investment accounts, retirement accounts, real estate, vehicles, business interests, and other valuable property. At this stage, you don’t need every detail. Start by understanding what exists and whose name is on it.

What do you owe?

Identify major debts, including mortgages, home equity loans, credit cards, student loans, personal loans, and other amounts either of you owes.

Where does your money from?

Understand both your and your spouse’s income, including salary, bonuses, commissions, investment income, business income, equity compensation, and other sources.

Where does your money go?

Get a clear picture of your household expenses, including everyday spending, recurring bills, and occasional costs. Understanding where your money goes today can help you better prepare for potential changes ahead.

How might your finances change?

Think beyond dividing assets and debts. Changes to housing, health insurance, taxes, childcare, education, retirement, and potential support payments can all affect your financial picture after divorce.

Getting divorced can have a significant impact on your finances. To finalize a divorce or end a civil partnership, you'll need to untangle your income, assets, debts, and expenses. If you and your spouse can reach an agreement on dividing money, property, and costs, you can potentially avoid expensive and time-consuming court proceedings.

You'll need to consider the division of savings, pensions, property, and responsibility for debts while also keeping in mind your future earning potential and the needs of any children.

Educating yourself about how to handle investment or property sales, pensions, and inheritance can help prevent unexpected tax liabilities.

Managing these financial issues requires careful planning, research, and sometimes professional advice to ensure a fair outcome for both parties. **At Onward, we understand how overwhelming this process can be and are here to help.**

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Financial Preparation

- [ ] **Gather Financial Documents:** Collect all financial records, such as tax returns, bank statements, investment accounts, retirement accounts, mortgages, debts, and an inventory of assets and property.
- [ ] **Open Individual Accounts:** Establish your own checking, savings, and credit card accounts to achieve financial independence.
- [ ] **Monitor Credit:** Keep track of your independent credit accounts to maintain a healthy credit score.
- [ ] **Manage Expenses:** Be frugal during the divorce process in anticipation of potential high divorce-related fees and expenses.
- [ ] **Examine Prenuptial Agreements:** Understand the terms of any prenuptial agreement and its impact on asset distribution.
- [ ] **Assess and Divide Property and Debt:** Differentiate between marital or community property and separate property and decide on the division of assets and debts.
- [ ] **Understand State Laws:** Learn how your state handles property division, whether it follows equitable distribution or community property laws.
- [ ] **Research Alimony and Child Support:** Understand how alimony and child support are calculated in your state and consider their impact on your financial planning.
- [ ] **Study Tax Implications:** Understand the tax consequences of divorce, including alimony payments, child support, and asset division. Consider consulting a tax professional.
- [ ] **Create a Budget:** Develop a new budget based on post-divorce income and expenses, including support payments.
- [ ] **Review Financial Goals:** Update your financial goals for the future, considering retirement savings, home buying, and education funding.
- [ ] **Seek Professional Advice:** Consider hiring a financial advisor experienced in divorce and consult a lawyer for legal guidance tailored to your situation.

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Preparing for Divorce

Legal

On the legal front, important elements include residency requirements, grounds for divorce, property division, child custody, and support. Seeking legal advice and considering alternative dispute resolution options can significantly assist in navigating the process.

The first legal considerations are residency requirements, as you must ensure you meet the criteria in your state or county to file for divorce. Additionally, it's essential to understand your state's allowable options for the reasons for your divorce. You should know if you can cite "irreconcilable differences" between you and your spouse ("no-fault") or if you are permitted to cite reasons like adultery or abandonment ("fault-based").

Many legal aspects are closely tied to financial ones. When it comes to property division, it's vital to know the difference between community and separate property and whether your state follows equitable distribution or community property laws. You should also understand the role of prenuptial or post-nuptial agreements in property division. Another legal/financial consideration is the expense of legal fees and court costs.

Child custody and support are, of course, crucial. You and your spouse will determine legal and physical custody arrangements, and make decisions on child support guidelines based on legal guidelines, income, and custody arrangements.

Legal Preparation

- [ ] **Understand Your State's Divorce Laws:** Research residency requirements for filing for divorce in your state, determine whether the state follows community property or equitable distribution rules, and learn about grounds for divorce (no-fault vs. fault-based).
- [ ] **Address Child Custody and Parenting Plans:** Create an outline of a parenting plan for visitation and decision-making, and understand the child support guidelines in your state.
- [ ] **Consider Consulting with a Divorce Attorney:** Research and seek out a reputable divorce attorney. If you determine that's right for you, during the initial consultation, discuss your legal rights and strategy and ask about alternative dispute resolution (ADR) methods like mediation.
- [ ] **Mediation or Negotiation:** Determine if mediation is required where you live. If you and your spouse want to settle disputes outside of court, consider hiring a divorce mediator.
- [ ] **Secure Important Documents:** Collect and securely store copies of important documents such as marriage certificates, birth certificates for children, social security cards, passports, property deeds, and loan agreements.
- [ ] **Protect Your Privacy:** Update the passwords for your email, social media, and online financial accounts. Consider creating a new email address for sensitive communications during the divorce.

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This guide just scratches the surface of the tasks and paperwork needed to get through your divorce – not to mention the mental and emotional care that is an equally important part of the process. A few things to consider as next steps:

- **Seek out a support group** or online community of people in the same situation or state of divorce.
- **Research divorce coaches or attorneys** that specialize in the needs of your specific situation.
- **Try Onward. We make it easier to prepare your finances for divorce. We guide users through gathering, understanding, organizing, and documenting your financial information, helping you complete the financial disclosures required during divorce.**

Signing up is easy and we'll break down the process into manageable tasks. Not ready to get started yet? Sign up for email updates as we continue to publish our **Guide to Divorce** series.

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