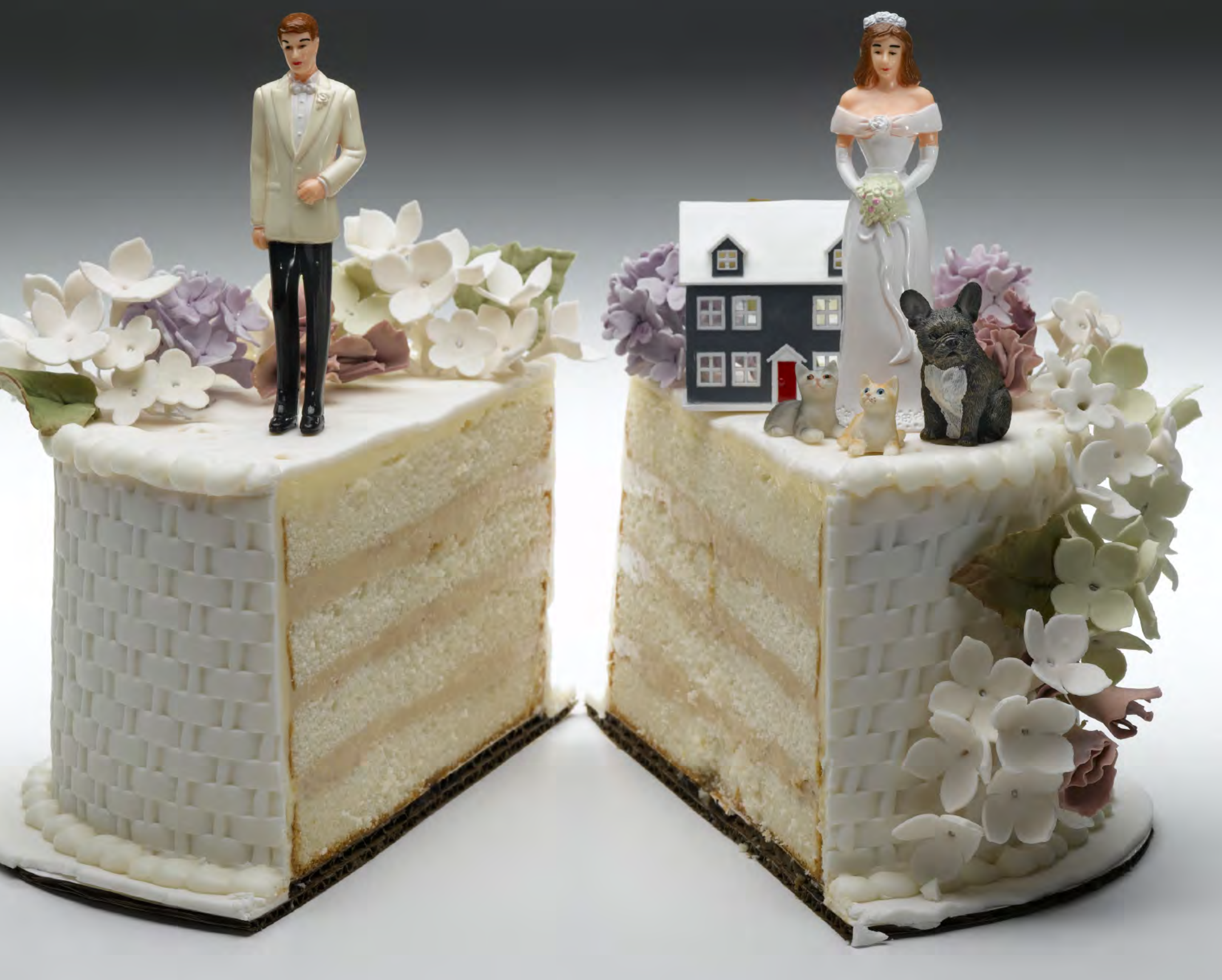
FINANCIAL E-BOOK

SMART FINANCIAL MOVES AFTER A DIVORCE



Smart Financial Moves After A Divorce

Divorce is one of those life events that may be one of the most difficult transitions any person has to make. Some of the divorces end up amicably, while others end up with such irreconcilable differences that the two parties never speak again. While lawyers usually end up in the middle of the finances when a couple gets divorced, here are five things I would recommend you consider reviewing after a divorce.

1. Check Your Credit Report

When people are married, it isn't always discussed on who is the owner of a particular credit card or loan obligation. Reviewing all of your credit cards and loan obligations to make sure you are not joint on any of those items after the divorce, and ensuring your credit report is in good standing is an important step to take.

2. Review Your Beneficiary Designations

Remember that items such as your 401(k), IRA's, and insurance policies have a named beneficiary. Despite what your will may say, these beneficiary designations are an operation of law. Consequently, you may have had your spouse as the primary beneficiary, and your kids or other family members as contingent beneficiaries. Unless the courts or divorce decree notes otherwise, you can name whomever you like as your beneficiary. This one is often overlooked when we meet with divorcees.

3. Close All Joint Accounts

If you have accumulated a bunch of accounts over the course of your marriage, I would recommend considering closing all and any joint accounts that you have. Any joint account would also be an operation of law, and go directly to the other joint owner in the event of your death. This includes bank, brokerage, and real estate accounts.

4. Set Up A Budget For The First 6 Months

So you have no idea now how much money your 'true' expenses will be on a monthly basis. You may be paying or receiving child support or alimony, and have a whole new set of monthly living expenses. It is a good idea to get settled into a new pattern of spending and saving, and there is no better way than to sit down and look at your monthly expenditures as your live evolves into Chapter Two.

5. Do A New Financial Plan

Now that you may be on to stage two of your life, it is likely a good time to review your overall goals and financial plan. You will have your own assets from the divorce, and it is important to establish what your goals will be for the future. Will you still be able to retire comfortably? Will your kids still be able to have a head start for their college education? What will your tax situation look like when you file? Getting a quality plan in place will help you answer these questions and more.

There are many other issues around real estate, health insurance coverage, and retirement plans, but these are the key ones you should keep in mind.