

Advice for getting through a divorce

BY DEBBIE MARTINEZ



One of the major fears and concerns of everyone that walks into my office is the financial fallout of their divorce.

I asked Laura Steckler, financial planner with Raymond James, to compile a simple checklist for me to share with my readers. The following is her advice:

Assess your current financial situation -- Following a divorce, you'll need to get a handle on your finances and assess your current financial situation, taking into account the likely loss of your former spouse's income.

Establish a budget — A good place to start is to establish a budget that reflects your current monthly income and expenses. Be sure to include earned income and other types of income, such as dividends and interest. If you will be receiving alimony and/or child support, you'll want to include those payments as well. As for expenses, you'll want to focus on dividing them into two categories, fixed and discretionary. Fixed expenses include things like housing, food and transportation. Discretionary expenses include things like entertainment and vacations.

Reevaluate/reprioritize your financial goals — Your next step should be to reevaluate your financial goals. While you were married, you may have set certain financial goals with your spouse. Now that you are on your own, these goals may have changed. Start out by making a list of

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the things that you now would like to achieve.

Take control of your debt — While you're adjusting to your new budget, be sure that you take control of your debt and credit. Also, since divorce can have a negative impact on your credit rating, consider taking steps to try to protect your credit record and/or establish credit in your own name. Review your credit report and check for any inaccuracies. You're entitled to a free copy of your credit report once a year from the three major credit reporting agencies.

You can go to <www.annualcreditreport.com> for more information.

Review your insurance needs — Typically, insurance coverage for one or both spouses is negotiated as part of a divorce settlement. However, you may have additional insurance needs that go beyond that which you were able to obtain through your divorce settlement. When it comes to health insurance, make adequate coverage a priority. You'll also want to make sure that your disability and life insurances are in line with your goals/needs. Finally, make sure that your property insurance coverage is updated.

Change your beneficiary designations — After a divorce, you'll want to change the beneficiary designations

on any life insurance policies, retirement accounts and bank accounts you may have in place. This is also a good time to make a will or update your existing one to reflect your new status.

Consider tax implications — You'll also need to consider the tax implications of your divorce. Your sources of income, filing status and the credits and/or deductions for which you qualify may all be affected. Your tax filing status will also change. Filing status is determined as of the last day of the tax year (Dec. 31). This means that even if you were divorced on Dec. 31, you would, for tax purposes, be considered divorced for that entire year.

Consult a financial professional — You should consider consulting a financial professional. In addition to helping you assess your needs, a financial planner can work with you to develop a plan designed to help you address your financial goals, and monitor and adjust your plan as needed.

In addition to the emotional impact a divorce can have, it's important to be aware of how your financial position will be impacted. Now, more than ever, you need to make sure that your finances are on the right track. You will then be able to set in place the building blocks that can be the foundation for your new financial future.

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