

## **How uninformed financial choices at the time of divorce can impact your family**

Many people who stay in an unhappy marriage say they do it “for the family.” When staying together no longer works and divorce becomes inevitable, every single choice and decision going forward should also be “for the family.”

### **Decisions, Decisions, Decisions**

From the time you file for a divorce until the final decree is issued, there are so many decisions to make. During this stressful and emotional period, there is a tendency to rush through the process without weighing the possible consequences.

This emotional tendency to rush – to get it over with – often stems from being uninformed. And the effect of these uninformed choices can negatively impact your family in the years to come.

Jane Euell, a Denver based Certified Divorce Financial Analyst (CDFA), sees this happen time and again. “In working with divorcing couples I have discovered that about two years down the road they become financially devastated,” Euell states. “The best way to avoid this financial situation is to make informed choices during the process.”

### **Divorce takes a toll on nerves and pocketbook.**

If you are thinking about divorce, be informed and try to plan ahead:

- Set aside money for divorce expenses
- Consider the timing
- Pay off debts
- Have a discussion with your soon to be ex spouse about necessary expenses
- If possible, try to avoid divorce by going to marriage counseling and trying to resolve differences

### **Only one shot at asset division**

“Divorce is expensive,” states Euell, a partner in the Divorce Resource Centre of Colorado. “It is very hard, sometimes impossible, to change the financial settlement after the divorce is final; it has to go through the courts, so it’s best to get it right the first time.” While the ideal situation is to get financial counseling before the divorce, Euell offers the following tips to divorcing couples.

## **WHAT DIVORCING COUPLES NEED TO DO FOR THE SAKE OF THE FAMILY:**

### **Examine the budget, discuss how it will change and who will pay for what.**

Many couples focus only on the basics - such as child support items - without even considering the extras. Children living at home may be involved in extracurricular activities such as sports, music or dance, which can be a big part of a budget. The parent with primary custody, often the lower wage earner, gets stuck paying for these extras.

### **Arrive at a realistic maintenance figure.**

Divorcing couples often come up with an arbitrary figure unrelated to a realistic budget. Their budget, if they have one, is often not detailed enough. For example, they may know what they paid for utilities last month, but are unaware of the yearly average and fail to take into account any anticipated rate increases.

### **Learn to distinguish between needs and wants.**

These days pressure from living in an acquisitive society can lead to unwise purchases. According to CardWeb.com, the average American household with at least one credit card has nearly \$9,200 in credit card debt, not including mortgage and car payments.

The leading cause of marital money problems is the difference in attitudes that a couple may have about credit and/or debt. These money problems may have caused initiation of divorce proceedings, but need not have a negative effect on family members going forward.

### **Look at your filing status.**

How you file your taxes can make a difference and have a huge financial impact.

### **Be sensitive about how poor financial choices during divorce can affect your children.**

Your poor financial choices could dramatically affect your future and that of your children. The financial impact of maintaining two households instead of one could lead to bankruptcy, force you to sell your home and move, take a second job or more. All of these changes can make a child feel a sense of loss and sadness.

"Most of all," states Euell, "where children are concerned, take the high road and try not to verbalize anger, blame and frustration in front of them," she concludes.

*Considering the toll that divorce can take on your nerves, your finances and especially your family, isn't it wise to plan carefully and take your time when it comes to this life changing experience?*

About the author:

**Jane Euell** holds a Bachelor's degree in accounting and has been in the divorce financial planning field since 2004. She is a Certified Divorce Financial Analyst (CDFA), and is currently finalizing the qualifications for the Certified Financial Coach (CFC) designation. Ms. Euell is a managing partner of the Divorce Resource Centre of Colorado, LLC. [www.drcofcolorado.com](http://www.drcofcolorado.com).