



NORTH FLORIDA  
WEALTH ADVISORS

CERTIFIED FINANCIAL PLANNER™ PROFESSIONALS

## How to Manage the Life Change of Divorce

Going through a divorce can be a challenging period in a person's life. Knowing where to start and which information to gather can help you maintain financial stability during this transitional period and serve as the foundation for a brighter financial future.

### Steps to Consider:

#### Estate Planning

After a divorce, an estate plan, wills, trust, Life insurance, power of attorney and medical directives will all need updates.

#### Beneficiary designations

Updating beneficiary designations is strongly recommended. Beneficiary designation is not necessarily handled in the divorce decree or qualified domestic relations order (QDRO).

#### Housing

A home is a substantial asset it is also illiquid and could be burdened with debt if the mortgage hasn't been paid off. What time and expense it takes to maintain a home, from replacing the roof to mowing the lawn is also a consideration. A separate mailing address in which to receive sensitive and confidential correspondence is strongly recommended.

## Social Security

The divorced spouse may be eligible for a divorced spouse benefit of up to 50 percent of the ex-spouse's primary Insurance Amount (PIA).

[www.socialsecurity.gov/retire2/divspouse.htm](http://www.socialsecurity.gov/retire2/divspouse.htm)

## Retirement Accounts

When dealing with the special tax treatment received by retirement accounts there are unique rules for splitting these accounts due to divorce or QDRO. Depending upon which retirement plan the receiving spouse has a number of choices which can be viewed at Retirement Plan information, from the Plan Sponsor Council of America's 401(k).org. [www.401k.org/401k-and-divorce.php](http://www.401k.org/401k-and-divorce.php)

## **A Checklist to use that will benefit you for years to come**

### Gather tax and income information for you and your spouse

- Federal, State, and local income tax returns for at least the last two years
- Proof of current and past income (pay stubs, W-2s, 1099s, K-1s)

### Gather statements and inventory assets/debt

- Account Statements (checking & savings, investments, certificates of deposit, money market, mutual funds, college savings)
- Personal property (car & recreational vehicle titles, jewelry, artwork, furnishings, televisions & computers)

- Retirement Plan Statements & Summary Plan Descriptions 401(k), 403(b), 457 plans, Profit Sharing or money purchase plans, IRAs, Defined benefit pension plans, deferred compensation plans)
- Insurance Policies (Homeowners, Health, Medical saving account statements, Automobile, Life)
- Real Estate - Joint & Separate (Deeds, Mortgage statements, tax bills, utility bills, phone, cable, internet)
- Financial Documents (Monthly budget, Documents pertaining to ownership in a business, Credit reports & bills, Loan documents, Social Security statements)

## Gather Legal Documents

- Legal Documents (Prior divorces, Pre & Post-nuptials, marital property agreements, employment contracts)
- Estate Planning Documents (Power of Attorney documents, Medical directives, Last Will & testaments, Trust documents, Beneficiary designation forms)

- Open new accounts & credit cards in your individual name only you can access
- Arrange an alternate residence and budget

Establish a mailing address PO Box that your spouse cannot access

Begin looking into getting health insurance if your coverage is from your spouse's plan

Estimate alimony payments or receipts; account for this in your budget

Determine ongoing care and child support

You may need help from professionals beyond your attorney, business valuation expert, forensic accountant, vocational expert

## When Divorce is Imminent

- Close or freeze joint accounts or credit cards
- Monitor your credit on an ongoing basis
- Change user names & passwords on financial accounts and social media

## After Divorce

## Split accounts, update account titles& change your name

Contact each company holding your financial accounts and retirement plans to determine their process for splitting accounts. They will likely require a QDRO or divorce decree.

- Bank accounts  IRAs (Traditional, Roth, SEP, SIMPLE)
- Brokerage accounts  Qualified plans (401(k), 403(b), 457, Defined benefit, etc.)

## If applicable, change your name on:

- Driver License  Employer records  Utility bills
- Social Security card  Credit cards  Titles to automobiles
- Automobile Insurance  Professional licenses  Deeds to real property
- Insurance Policies  Real property  Retirement & investment accounts

## Update beneficiary designations and estate plans

A divorce decree or QDRO does not remove your ex-spouse as beneficiary on your accounts with beneficiary designations. Be sure to review all beneficiary designation forms and estate planning documents and update them accordingly. Meet with your estate planning professional to update your estate planning documents, such as:

- Last will & testament  Beneficiary designations  Medical directives
- Revocable trusts  Power of Attorney  Living

Schedule an appointment with your Financial Advisor: 352.225.3132  
/chris@nfwealthadvisors.com

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## **Resources: Websites & Publications**

2727 NW 43rd Street, Suite 1 Gainesville, FL. 32601 352.225.3132  
nfwealthadvisors.com



An overview of the legal aspects of divorce and separation, from the Cornell University Law School: **[www.law.cornell.edu/wex/divorce](http://www.law.cornell.edu/wex/divorce)**

Managing the emotional challenges of divorce, from the American Psychological Association:  
**[www.apa.org/topics/divorce/index.aspx](http://www.apa.org/topics/divorce/index.aspx)**

IRS information on Qualified Domestic Relation Orders:  
**[www.tinyurl.com/IRS-QDRO](http://www.tinyurl.com/IRS-QDRO)**

Women's Institute for a Secure Retirement brochure for clients on divorce and retirement:  
**[www.wiserwoman.org/pdf\\_files/wiserBroDivorce.pdf](http://www.wiserwoman.org/pdf_files/wiserBroDivorce.pdf)**

IRS Publication 504- Divorced or Separated Individuals

IRS Publication 575 - Pension and Annuity Income

IRS Publication 590 – Individual Retirement Arrangements

Retirement Benefits Social Security

