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Navigating Divorce

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The Three Components of a Divorce

A dark blue folder icon with a white rounded rectangle inside containing the text "Emotional".

Emotional

A dark blue folder icon with a white rounded rectangle inside containing the text "Financial".

Financial

A dark blue folder icon with a white rounded rectangle inside containing the text "Family dynamics".

Family
dynamics





Emotional Component



Emotional Component

Every divorce is as unique as the individuals going through it

Yet every divorce has similarities

It is the second biggest life stressor, second only to death



Emotional Component

Be prepared to go through all the stages of the grief cycle

Whether this is something you wanted or not, be prepared for extra stress throughout the process and even into your first year being single

Plan more time than normal with friends, family or anyone that will give you support and unconditional love

Seek counseling if the split is particularly difficult and/or it was a surprise, and you are struggling to make sense of it all





Financial Component



Divorce Prep Checklist



Breathe... and know
you will get through
this



Make a list of all assets
and liabilities



Pull your credit report



Research local
attorneys or mediators



Gather all financial
documents



Common Financial Documents



Insurance policies – privately held and through work



Bank statements



Brokerage account, IRA, retirement plans, pensions, Social Security



Monthly bills, household expenses, childcare costs



Tax returns and current paystubs



Estate documents – Will, POA, Advance Health Directive

Dividing Assets



Most assets are easily divisible – like cash, or investment accounts



Some assets like 401K or pensions require a QDRO (Qualified Domestic Relations Order) to be prepared by an attorney or QDRO professional



Real estate is typically a large part of a couple's net worth, and is almost always not divisible, so the property either needs to be sold and the proceeds split, or one spouse may choose to maintain the marital home in exchange for lesser amounts of other assets



Division of Assets

Equal in value is not always equitable due to the income generation that an asset can provide and the tax liability an asset may have if used

If you are splitting a 401K with a QDRO, the receiving spouse is entitled to take a one-time distribution without penalty (but is taxed)

Source: [Type of Distribution Chart](#)





Family Dynamics



Custody, Support, and Visitation



Child and Spousal Support



Child support is formulated at the state level.

Some federal guidelines exist under the Child Support Enforcement Act.

Each state uses its own child support guidelines.

Because each state sets up its own child support system, there is considerable variation between states in how they calculate child support.

Source: [Child Support Enforcement: Program Basics](#)



The TCJA changed the taxability of spousal support effective 1/1/2019. These changes will not sunset 12/31/2025. They were permanent changes.

As a general rule of thumb, the length of maintenance is about 1/3 to 1/2 the length of the marriage.

Each state uses its own spousal support guidelines.

In some instances, courts may award maintenance for life.

Source: <https://www.irs.gov/taxtopics/tc452>

Custody

Legal Custody: One or both parents have the right to make important life decisions for a child

Physical Custody: Establishes where a child will live and involves the day-to-day care of the child

Sole Custody: Only one parent has both physical and legal custody of a child

Joint Custody: Both parents share physical and/or legal custody of a child



Visitation

Supervised Visitation: If a parent poses a potential risk to a child, they may be awarded only supervised visitation

Unsupervised Visitation: Provides more flexibility and allows the non-custodial parent to spend time with the child without supervision

Virtual Visitation: In some cases, custody arrangements require virtual visits to take place at set times





Other Considerations



Resources for Navigating a Divorce

Mediators – typically involved in a collaborative divorce that is mostly amicable

Certified Divorce Financial Analysts (CDFA) - can offer unbiased financial advice and financial planning

Attorneys – traditionally more expensive, can be used in both amicable and contentious divorces



Other Professionals May Be Involved

- Forensic accountants
- Private investigators
- Professional witnesses
- Social workers and/or psychologist
- Appraisers – real estate, collectibles, artwork



Summary

Divorce is not easy!

Divorce means a significant change in both financial and family dynamics

Divorce laws vary by state – know your state's guidelines

Don't go it alone – enlist professionals and rely on your support network



Thank you!

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