



***Important Legal Disclaimer:** We are not a law firm and are not qualified to render legal advice of any kind. Moreover, family law is a specialty area that requires a legal expert to advise on the particulars of a given situation, and each state has its own laws.*



This **Pre-Divorce Preparedness Checklist** covers a wide range of issues for anyone approaching or considering a divorce. Designed to be an organizing resource that offers support during a confusing and emotional time, it is a companion to our overarching **Financial Uncertainty Preparedness Checklist**.

There are two major financial planning challenges specific to the divorce process:

- **Changing marital status.** All documents, legal agreements and accounts that previously pertained to both individuals must be changed to reflect the new marital status. This challenge is exacerbated when one spouse has little or no familiarity with financial matters. In many cases, one spouse handles most financial responsibilities, so it's common for that person to be much more familiar with the couple's financial situation.
- **Spousal resistance.** Acquiring the necessary documents and records may be complicated by resistance from a spouse. It's always in each party's best interests to have physical or electronic copies of all relevant documents. As soon as possible, you should acquire all the information included in this checklist, especially any documents kept in a home-office filing system or safe deposit box. Once you have obtained these records, you should safeguard them. If you cannot access all the information, consult your attorney as to how best to proceed.

1. Asset Map

- Create a complete inventory of all financial assets and liabilities, including all insurance policies, real property and businesses.
- Indicate whether items are owned individually or jointly.

2. Divorce Settlement Analysis

- Create a list of financial goals you want to achieve post-divorce.
- With the assistance of a qualified expert, analyze the assets to be divided to determine how to deliver the best financial return over time after the divorce is settled.
- Using financial planning software, perform a Divorce Settlement Analysis to determine the likelihood of achieving your financial goals at a defined point in the future. This is useful for long-term planning but not for determining an optimum divorce settlement strategy.

3. Homes

- Distinguish and separate the emotional attachment to a marital home from the financial implications. In particular, factor in the monthly expense of any mortgage, as well as property taxes, insurance and any homeowner association dues.
- Run what-if scenarios to analyze the differences between taking a house in a settlement (complete with an unpaid mortgage) compared to taking a large portion of the settlement in cash and liquid investments.

4. Portfolio Review

- Review all outstanding debts and liabilities.
 - Refine your asset management model based on the pending change in your marital status.
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5. Cash Flow and Income Plan

- Calculate how expected cash flows and income are likely to be generated.
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6. Insurance Review

- Perform a comprehensive review of all policies to identify any gaps in coverage that may exist after the divorce is final and any beneficiaries that need to be changed.
 - Determine which policies need to be updated, canceled or acquired.
 - Determine what coverages need to be changed.
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7. Legal Document Review

- Review any pre- or postnuptial agreements.
 - Review and update all relevant wills and trust agreements. (These may include your own as well as those of your parents or other family members.)
 - Review and update all powers of attorney and advance medical directives.
 - Determine the implications of legal judgments involving either spouse, including judgments and settlement information from other legal actions.
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8. Financial Relationships Review

- Review all loans and contractual agreements (both obligations and benefits).
 - Acquire at least three years of income tax returns (federal, state and local), bank and investment account statements, and credit card statements.
 - Review and update survivorship and beneficiaries for all bank, brokerage, health savings and retirement accounts, pension plans, and children's financial accounts.
 - Review deferred compensation agreements, stock option plans and account balances, including survivorship.
 - Review business ownership/partnership agreements, including survivorship.
 - Review titles of all real property (such as real estate, jewelry and investment-grade art) and determine if retitling or a change in survivorship benefit is needed.
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9. Health Information Review

- Make arrangements for health insurance after the divorce is final.
 - Review accumulated assets in health savings accounts and change documentation (including beneficiaries).
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10. Maintain Files

- Use a digital password aggregator to keep track of log-in information for online accounts, and keep the password with your wills.
- Collect records of all accounts, important computer files, photos of valuable personal property, receipts of major purchases during marriage, inventory of vehicles, and confirmation of financing and ownership.