00:00:04:13 - 00:00:8:00

Speaker 1

Hello, everyone, and welcome back to another episode of Share the Wealth

00:00:08:00 - 00:00:27:12

Speaker 2

With Women Wealth and Wellness at the forefront of our mini-series, we will be discussing financial planning considerations for life stages that can be tough emotionally, but also financially for your wallet. Today's topic will be divorce and how to handle that. But before we dive in, let me read our disclaimer.

00:00:27:12 - 00:00:50:14

Speaker 2

This podcast is being recorded on August 8th, 2024. The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice. It is important to discuss your strategies with a professional as the strategies discussed may not be suitable for you specifically.

00:00:50:14 - 00:01:03:24

Speaker 1

While the emotional aspect of divorce can be overwhelming. Today our objective is to empower you with the necessary information and resources to serve as a roadmap for confident financial planning as you go through this difficult period.

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Speaker 2

Whether you're in the midst of divorce or already navigating those legal proceedings, having a solid financial plan is vital. As Leyah mentioned today, this podcast is to serve as a roadmap packed with various tips and practical strategies to secure your financial future post-divorce. So, Leyah, what is the financial impact of divorce?

00:01:25:20 - 00:01:44:07

Speaker 1

Well, when it comes to divorce, it goes much farther with financial repercussions than just the legal expenses and the dividing of the assets. It frequently leads to substantial changes in economic status for both of the parties, making financial planning essential for ensuring that future stability. So we're going to get into this a little bit more.

00:01:44:07 - 00:02:01:03

Speaker 2

To begin, one of the most significant financial aspects of divorce is the division of assets. This includes stocks, bank accounts, real estate, retirement accounts, and much more. It is crucial to have accurate valuation to ensure a fair settlement.

00:02:01:03 - 00:02:13:22

Speaker 1

Also, in some cases, one spouse might be entitled to receive alimony or spousal support from the other. It is crucial to take these payments into consideration because they can significantly impact both party’s financial stability.

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Speaker 2

Providing for children's needs post-divorce is also essential. Child support arrangements are often part of the financial settlement.

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Speaker 1

Also, as I mentioned before, don't forget those legal fees and expenses. The cost of divorce can be substantial, including legal fees, court costs and any mediation expenses that arise. Again, another topic is impact on the retirement savings that a divorce could ultimately have. Divorce can disrupt retirement plans and savings, splitting the assets affecting your long-term financial security.

00:02:46:03 - 00:03:02:03

Speaker 2

When it comes to financial impact, be sure to know your terminology. QDRO stands for Qualified Domestics Relations Order. This is a court degree that mandates how assets in a retirement plan or pension fund will be split in a divorce.

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Speaker 2

The QDRO may specify the amounts paid to a former spouse, child or other dependent for child support, alimony or marital property rights.

00:03:13:11 - 00:03:33:13

Speaker 1

Keep in mind that regardless of how most of the couple's assets are being divided, the QDRO defines how their retirement savings will be divided if the couple has assets in a qualified plan such as a 401K or 403B. A separate process called Transfer Incident To Divorce is used on the IRAs.

00:03:33:15 - 00:03:43:10

Speaker 1

There are some tax implications that you should consider as well when it comes to divorce. Understanding how divorce affects taxes is crucial for financial planning.

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Speaker 2

Be sure to look at housing and living costs, as separate residence and dual bills for utilities and insurance and other expenses can strain on your finances.

00:03:52:28 - 00:04:13:26

Speaker 1

Research indicates that women in particular experience a significant drop in the standard of living after a divorce occurs. It's essential to prepare, negotiate and protect your financial future during this challenging time. Let's talk on some higher level takeaways that can help set the foundation for financial independence and security during this challenging time.

00:04:13:26 - 00:04:20:28

Speaker 2

Be sure you understand and identify your assets to prevent any financial losses during the division process.

00:04:20:28 - 00:04:35:26

Speaker 1

Make sure you develop a plan for managing any joint debts to protect your credit score and your overall financial health. If your credit score was affected by the divorce, make sure you focus on rebuilding it by paying off some of those debts and reducing debt quicker.

00:04:35:29 - 00:04:42:19

Speaker 2

Include retirement savings strategies and your financial plan to ensure any future long-term stability.

00:04:42:19 - 00:04:56:01

Speaker 1

After the divorce occurs, make sure you review and update any beneficiaries to make sure that they align on your retirement accounts and your life insurance policies. That everything is up to date with a new structure that you now have in your life.

00:04:56:01 - 00:05:08:00

Speaker 2

On that note, with beneficiaries, make sure your advisor will, trust, power of attorney documents and any other estate planning documents to reflect your current wishes and your new family structure.

00:05:08:03 - 00:05:16:09

Speaker 1

Also, make time to consider major financial choices, avoiding any impulsive moves that could jeopardize your overall financial stability.

00:05:16:18 - 00:05:28:21

Speaker 1

Facing the financial aftermath of a divorce can be complex and varies greatly from one individual to another. Let's run through some questions that you should be asking yourself, your financial adviser or your attorney as you go throughout the process.

00:05:28:21 - 00:05:28:21

Speaker 2

How can I protect my assets and investments during the divorce?

00:05:33:03 - 00:05:34:27

Speaker 1

What do I really want?

00:05:34:27 - 00:05:36:19

Speaker 2

Do I have everything I need?

00:05:36:21 - 00:05:39:18

Speaker 1

What is still in my name and what is joint with my ex?

00:05:39:18 - 00:05:43:08

Speaker 2

How do I set myself up for success?

00:05:43:05 - 00:05:48:16

Speaker 2

While we know this episode was a lot to unpack, the key takeaway is, you got this!

00:05:43:05 - 00:05:58:05

Speaker 1

Understanding key financial considerations, the knowledge will empower you to make informed decisions and emerge from this transition feeling financially stable and confident.

00:05:58:05 - 00:06:02:15

Speaker 2

We hope you enjoy this episode of Share the Wealth and we hope you tune in for more.

00:06:02:15 - 00:06:04:08

Speaker 1

As always…

00:06:04:08 - 00:06:06:28

Speaker 1 and Speaker 2

Don't forget to Share the Wealth!