

Surviving Divorce and Starting Over Financially



When “I do” turns into “I don’t,” there’s much more involved than just the emotional separation. Virginia CPAs offer six tips for resolving financial issues during and after a divorce.

1. Determine how assets will be divided.

While it may be difficult to determine how to best split assets, it’s necessary to ensure a solid financial division. Consulting with divorce attorneys may be useful.

2. Freeze joint bank accounts requiring both signatures for withdrawals.

Split the balances in your joint bank accounts and open an individual account with your share. Advise your stockbroker in writing to require the written approval of both parties for all transactions.

3. Protect your credit rating.

Immediately notify your credit card issuer in writing of your impending divorce.

4. Create a new budget reflecting all income and expenses.

Figure out how much money you have to live on each month, list all your expenses and decide which categories you expect will increase and where you might be able to cut back.

5. Change the beneficiary on your life insurance policies and retirement accounts.

Revise your will, too.

6. Consult with a CPA to avoid common tax traps.

Child support payments are tax-free to the recipient and non-deductible to the person who pays them. However, alimony must be reported as taxable income, while the person paying can deduct the amounts.

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