



A Financial Guide to Divorce in the Lone Star State

Financial Considerations When Divorcing in Texas

No one expects to find themselves navigating a divorce. Yet, about 10% of married Texans get divorced each year, and it costs them between \$15,000-\$25,000 on average (not counting the ongoing tax and financial impact across subsequent years). Divorce is widely regarded as the second most-stressful life event a person can experience, and it can wreak havoc on many aspects of both spouses' lives.

During this emotionally charged time, both parties will make key decisions that have long-term, potentially financially disruptive consequences. Having the space and knowledge to make the right choices can feel impossible. Fortunately, there are qualified financial experts well equipped to ensure you protect yourself and your family throughout this tumultuous time.



Even before filing for divorce, it's a good idea to consult a financial advisor. More specifically, divorce financial planning is best handled by a team that includes a Certified Divorce Financial Analyst (CDFA®). Timely, qualified advice can be extremely beneficial in both the short and long-term, helping you understand how to:

- **Equitably split finances, including investments and assets**
- **Provide for children's education and medical needs**
- **Navigate tax considerations**
- **Avoid negative financial situations in the event of a paying ex-spouse's death or illness**

The earlier you engage an advisor, the more prepared you can be for making big decisions about your family's future.

Divorce financial planning is more nuanced than traditional financial planning – so even if you already have a financial advisor, you may need to look elsewhere for the right expertise. A CDFA® specifically focuses on developing personal and business financial strategies that can help an individual achieve a thorough assessment of various divorce settlements for their unique situation. While one may find non-specific advice on the internet, the only way to truly protect your wealth and your family, and create optimal outcomes, is through a dedicated financial advisor who can work with you directly.

Taking steps towards finalizing your divorce may mean accessing a suite of specialists to support you on your way. For example, a family law attorney will focus on legal issues, licensed family therapists can help you with emotional wellness resources, and your CDFA® will help you access the effects of your potential decisions. Their extensive knowledge can be a source of comfort and strength as you carefully unwind your legal marriage.



The goal of divorce financial planning is to make you fully aware of your options. The process will highlight the true value of your assets and how any current or future decisions stemming from this divorce will impact your finances.

Our on-staff Certified Divorce Financial Analyst (CDFA®) put together a step-by-step guide to help you organize and prepare for a divorce.

1. CHOOSE YOUR TEAM.

These professionals should be well-versed in your local laws, as well as work with clients similar to you in complexity. This will ensure your team can effectively navigate critical divorce concepts relating to children, your current life stage, unwinding multiple investment accounts, business ownership, and other issues specific to your situation.

The experts who comprise your team may look different for everyone. You may seek out a divorce attorney, a mediator, a certified divorce financial analyst, an estate planning attorney, or a mental health counselor. Set aside the appropriate funds to secure the team you need – and know that your needs may evolve throughout the process. Keep your back-up list and always interview a few experts to ensure that you've got the right team in place for you.

2. REVIEW YOUR SPENDING.

Review the amounts you and your spouse are spending on utilities and other living essentials like groceries, gas, as well as payments to the mortgage, childcare, vehicles, memberships, travel, eating out, and lifestyle expenses each month. Many monthly expenses go right onto credit cards or out of checking accounts, so it's possible you'll discover payments you've forgotten about.

Pretty soon certain expenses may be doubled, and you will likely be discussing responsibility of certain payments with your spouse. In those moments, you'll appreciate having already considered all the greater expenses and be able to negotiate appropriate terms that feel closer-to-fair in the long run.

3. CHECK YOUR CREDIT SCORE.

You may not have checked your credit for some time – especially if your finances are mostly in your spouse’s name. Your score may currently reflect an unequal amount of revolving debt or even lack recent credit history altogether. Taking steps now to improve your score may help down the line if you need to rent a new residence, start a new car loan, or take other necessary steps to finalize your divorce.

4. GATHER IMPORTANT DOCUMENTS.

Tracking down paperwork and accounts can take a bit of time, and it’s normal to feel overwhelmed.

Below is a list of documents you may want to locate:

- Tax returns from the last three years
- Wills and trusts
- Statements from banking, investment, and retirement accounts
- Proof of value, payments, and any documentation of inheritance for real estate assets
- List of any separately owned assets (prior to the marriage)
- Retirement benefits package
- Record of any investments purchased during the marriage
- Insurance policies
- Documentation of business interests
- Mineral rights
- A list of any money owed to or by your spouse
- Student loans or other debts that benefited both spouses in some way during the marriage

5. CONSULT WITH YOUR LEGAL AND FINANCIAL TEAM.

An introductory and planning conversation is important before you file for divorce. This grants you insights into where and how your current actions and documentation can affect your outcome. Knowledge is power in this scenario, so ensure you have the right team of experts on your side.

In order to protect yourself and your family, we recommend meeting with a team that includes a CDFA®. While it’s possible that you and your spouse have a current financial advisor, you may want to use someone different from that person for this purpose. Think of it this way: you and your spouse wouldn’t use the same divorce lawyer, so you may benefit from having your own financial advisor.

When you’re ready to have a conversation about your separation or divorce, our team is here to help. Our Certified Divorce Financial Analyst will bring her extensive knowledge of divorce planning to help you achieve your best financial outcome. Backed by an expert team of financial advisors, our firm can be your biggest ally, working to uncover optimal financial solutions for every key decision.

When you’re ready, [contact us today](#).

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