

INVICTUS

WEALTH MANAGEMENT

WELLS FARGO ADVISORS FINANCIAL NETWORK

# DIVORCE TIPS



## SELLING A HOUSE DURING DIVORCE

Dealing with a divorce can be a challenging situation. One of the most stressful parts of divorce is deciding on how to split up the marital assets including whether to keep or sell the family home. The divorce specialists at Invictus Wealth Management provide advice, resources and tips to help you through the entire journey.

## CONSIDER COSTS OF KEEPING A HOME

Even if you feel that keeping the home would be ideal for any kids involved, think about the costs that come with home ownership. Along with your mortgage payment, you must pay for any repairs and maintenance. You also have utilities, insurance, and other costs involved. With one less income and one less person living in the house, it may be more than you want or need.

## REMOVE YOUR EMOTIONS FROM DECISION-MAKING

You may be at the stage of trying to decide if you want to sell or keep the property. Since you won't both be living there, both parties must agree to the final decision of what to do with the home. If one person would be living there with the children, keeping the house may be the preferred arrangement. However, it may end up being too costly for them to maintain with the reduced income. Look at the situation as objectively as possible to make a decision that is best for all parties involved.



**Beth Zucker, CFP<sup>®</sup>, CDFA<sup>®</sup>**  
Partner

*As a Certified Divorce Financial Analyst (CDFA<sup>®</sup>), I provide financial guidance to individuals facing divorce, and their attorney, through all stages of the divorce process. In addition to my investment planning background and CFP<sup>®</sup> designation, I've completed an intensive training program to become skilled in analyzing and providing knowledge regarding the financial issues of divorce.*

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## CONSIDER WHO OWNS THE PROPERTY

Selling a house during a divorce isn't always simple. You must first consider who owns the property. If both names are on the property, both parties must agree to the sale. If only one person owns the property or if it was purchased by one person before you got married, that person may have sole authority to make the decision about what to do with it. The laws regarding property ownership in marriage vary by state, which is why it is important to know how it works. Since this is a complicated legal issue, it is best to speak with your attorney on your rights to the home.

## CONSIDER THE FINANCIAL AND TAX IMPLICATIONS

One of the critical financial aspects that should be considered is the capital gains tax implications. Current Federal tax law says that if you are married and selling a home, you may be able to exclude up to \$500,000 in long-term capital gain.

Couples can apply for this tax break if they file a joint tax return or if they file separately. When filing separately, each partner may be able to claim up to \$250,000 on their tax return, provided that they each meet the two-out-of-five-years residence qualification. Exceptions may apply and clients should consult their tax advisor.

If you have owned your property for a significant amount of time, and there has been a substantial equity growth, this can amount to substantial tax savings. If one party chooses to remain in the home but plans on selling sometime in the future, there could be quite a difference in tax savings. This makes selling a home while getting divorced, something that needs to be planned carefully.

## CONSIDER HOW A CASH HOUSE BUYER CAN HELP

The fastest and easiest way to sell your house in a divorce is to a cash buyer. Cash buyers don't need to go through lenders for financing, which can cut down the time it takes to close. They aren't intimidated by challenging situations, lawyers, and court cases. They offer a fair cash price and will even take care of most of the paperwork to get you out of the house and moving forward with the divorce quickly.

Invictus Wealth Management | 2003 South Easton Road, Suite 208 | Doylestown, PA 18901  
(267) 507-9771 | [beth@invictuswm.com](mailto:beth@invictuswm.com) | [www.invictuswealthmanagement.com](http://www.invictuswealthmanagement.com)

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