

# INVICTUS

## WEALTH MANAGEMENT

WELLS FARGO ADVISORS FINANCIAL NETWORK

# DIVORCE TIPS

## FINANCIAL CONSIDERATIONS



If a divorce is in your future, you have a lot on your mind — the household, mixed emotions, perhaps children. But now is not the time to overlook your finances. Each case is different, and there's no pat answer. To help reduce the likelihood that a divorce will disrupt your tax and investment strategies, you need to understand a few fundamentals.

The rules governing divorce are complicated and also vary by state. The following is intended to provide only an overview of the issues involved. Always consult your attorney and tax advisor about your specific situation.

## FINANCIAL CONSIDERATIONS

Identify and form your own professional team. Whether you are continuing to work with your current team of tax, legal, and financial advisors or electing to work with new professionals, be sure you apprise your team of your current situation and involve them appropriately.

### GATHER KEY TAX, INVESTMENT, AND FINANCIAL DOCUMENTS

Be sure you have your own copies and easy access to all important records. Key documents include:

- Tax returns
- Bank and brokerage account statements
- Employer stock benefit plan document/statements
- Pension/retirement account [401(k), etc.] balances/statements
- Loan documents/balances
- Prenuptial agreement
- Social Security statements



**Beth Zucker, CFP®, CDFA®**  
Partner

*As a Certified Divorce Financial Analyst (CDFA®), 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® designation, I've completed an intensive training program to become skilled in analyzing and providing knowledge regarding the financial issues of divorce.*

“ *Only I can change my life.  
No one can do it for me.*  
— *Carol Burnett*

## KNOW ALL YOUR ASSETS' COST BASES

As you gather your financial information, it will be important to know all your assets' cost bases, as well as fair market value, so you can calculate the assets' after-tax values.

## CHECK YOUR CREDIT RATING

Request a copy of your credit report, which you can get free of charge at [annualcreditreport.com](http://annualcreditreport.com). Review it for accuracy and work to correct any errors.

## ESTIMATE YOUR POST-DIVORCE BUDGET

Create an individual budget (including projected income and expenses) along with a net worth statement (personal balance sheet). Factor in new expenses such as extra transportation for shuttling children between parents or extended day-care costs. Your financial advisor can provide you a worksheet to assist in compiling your budget.

## DEVELOP A PLAN FOR HEALTH CARE BENEFITS

If you are currently covered on your spouse's health care plan, you'll need to arrange for your individual coverage. Consider extending current coverage via COBRA to give you a time cushion. Don't overlook coverage for children or other dependants, and be sure to incorporate those additional costs in your individual budget.

## REVIEW INSURANCE COVERAGE

Be sure you and your assets will be adequately protected after the divorce is completed. If you will receive alimony, consider purchasing a life insurance policy on your ex-spouse in case of his or her death. Consider purchasing disability and long-term care insurance for yourself.

## REVIEW AND UPDATE ESTATE PLANNING DOCUMENTS AND STRATEGIES.

- Remove your ex-spouse as beneficiary, executor/personal representative, successor trustee, or agent under healthcare and property powers of attorney (as appropriate).
- If you have minor children, consider leaving any assets in a trust for the children; you will likely want to name someone other than your ex-spouse as trustee.
- Thoroughly review both primary and contingent beneficiary designations; don't overlook bank accounts, brokerage accounts, company benefits, and life insurance.



*I have not ceased being fearful, but I have  
ceased to let fear control me.*

*—Erica Jong*

## YOU CAN COUNT ON US

Divorce is hard enough without having to worry about how it will affect the financial security you've worked so hard to build. Make sure you understand the issues pertaining to your situation. Although this information is not comprehensive, a review of it combined with a discussion with your financial advisor, tax advisor, and attorney can help you understand your situation and options.

Your financial advisor will work closely with your attorney and tax advisor throughout the proceedings to help ensure your rights and investments are protected. Your financial advisor may assist with transferring assets and retirement plans, or providing asset values and cost basis information. These conversations also could uncover additional concerns or lead to opportunities to help you achieve your long-term financial and life goals.

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