Relationship Advice: How to Get Financially Stable After Divorce

By Jeff Landers for GalTime.com

As a divorcing woman, you are no doubt looking forward to having the whole divorce process over with, so you can move ahead to your new life. If you're like most women, you probably think the past few months (or years!) have been filled with enough emotional upheaval, not to mention legal and financial hassle, for a lifetime, and you'll be very glad to have it all behind you . . . at last.

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So how do you make sure you set your best foot forward?

Of course, life as a single woman will bring new responsibilities, including all the issues surrounding your personal finances. Even today, it is surprisingly common for wives to remain uninvolved in family finances. If that was the dynamic in your marriage, then it may now seem quite intimidating to face all the budgeting and bill paying, in addition to managing investments and debt, and saving for education, retirement and other long-term goals.

However, there is a bright side.

Throughout the divorce process, it's likely you've become intimately familiar with your marital financial situation. Now, as your divorce settlement agreement is finalized, you can take that know-how forward as you plan for a secure financial future.

Here are a few important practical steps to help you get on the road to financial stability after your divorce:

Do the financial housekeeping.

If you changed your name after the divorce, you'll need a new Social Security Card, driver's license, passport and credit cards. You'll also need to notify your bank, utilities, insurance companies, credit card companies, the motor vehicle department, your children's school(s), etc., about any name or address changes. Titles on all houses and vehicles will have to be modified and recorded with lending institutions, and you will also need to update beneficiaries on your life insurance, 401k, pensions and IRA accounts.

To keep all these details straight, follow this checklist of financial tasks that need prompt attention post-divorce:

1. Obtain a copy of your certified divorce decree, and make extra copies so that you're able to provide them promptly when needed.

2. Close joint credit accounts.

3. Remove your husband's name, and/or change your name/address, on all remaining accounts, including:

- Bank, brokerage and investment accounts
- Credit cards
- Driver's license, automobile title, registration and insurance policies
- Employer's records
- IRS records
- Life, health, homeowner's and disability insurance policies
- Post office (Remember to have your mail forwarded, too.)
- Professional licenses
- Social security card
- Title to real property
- Utility bills

4. Research your health insurance options and apply for COBRA, if necessary.

5. If your divorce decree requires a Qualified Domestic Relations Order (QDRO): Provide the QDRO to appropriate banks, brokerages, pension plan advisor, 401k administrators, etc. (Even better, have this step completed before your divorce is finalized!), a quitclaim or warranty deed: Make certain the appropriate documents are executed and recorded. Also, the transfer of title to property (automobiles, boats, etc.): Sign and deliver the necessary documents to complete the transfer.

6. Open a new bank account. Consider establishing direct deposit or income withholding for child support, spousal support and/or alimony payments.

7. Open a new credit card account and request a copy of your credit report.

8. Disinherit your husband. Write and execute a new will, trusts, medical directives and/or living wills and powers of attorney. Don't forget to change the beneficiaries on your life insurance, 401k, pension and IRA accounts.

9. Establish a system to keep track of all child support made/received, alimony payments made/received, medical expenses, etc.

Establish good credit in your own name.

Good credit is the foundation of your financial future. Without it, it can be very difficult to get a bank loan, and even hard to manage regular household expenses. Get a copy of your credit report (AnnualCreditReport.com offers them free of charge), and address any inaccuracies it contains. Then, if you are employed and/or already have credit cards in your name, building your credit is relatively straightforward: use your cards regularly, pay off the balance in full and on time each month, and watch your score rise!

However, if you're not employed and don't already have a credit history, the process may not be as simple. A few years ago, new federal regulations made it difficult for women with little or no income to establish credit on their own. The Credit Card Accountability, Responsibility and Disclosure (CARD) Act of 2009 was designed to protect consumers from getting into financial trouble by running up credit card debt they can't afford to pay, but unfortunately, this legislation also makes it difficult for "at-home" spouses without paid work to obtain credit on their own.

After a public outcry, the Consumer Financial Protection Bureau recently proposed changes to rectify these unintended consequences. When enacted, the modifications will allow non-working spouses to apply for credit in their own name based upon shared household income.

So, be prepared. Securing credit may require more than simply filling out an application or making a single phone call.

Develop a comprehensive financial plan for the future.

If you had a Lifestyle Analysis prepared during your divorce, you should now have a very clear understanding of what funds came into the marriage (income) and what funds went out (expenses). Use this as a basis for developing a budget going forward. You’ll need to address both short-term (day-to-day expenses, monthly utilities, mortgage, car payments, etc.) and long-term (college tuition, retirement, travel) financial needs.

If your divorce settlement includes any lump sum payments (i.e., for alimony, pension rollovers, sale of a vacation home), you’ll also need to develop a sound strategy for managing those assets. Establishing –and then sticking to – a financial plan is essential, both for financial stability and peace of mind.

Seek help from an experienced financial advisor.

All the fundamental components of a sound financial plan – creating a budget, investing, retirement planning, outlining your goals and aspirations, saving for college, choosing life insurance, etc. – should be completed under the guidance of a financial advisor.

Be sure to find a financial professional with expertise and experience helping divorced women, specifically. The financial needs of divorced women are very different from those of a married couple, and you should have an advisor who completely understands those differences and knows how to properly manage their money and invest on their behalf.

In addition to an experienced financial planner, I believe most post-divorce women can benefit from the assistance of:

- An estate-planning attorney to work with your financial advisor to help with your estate planning needs and the legal issues concerning your will, medical directives, trusts, charitable giving, etc.
- A therapist or counselor to help you cope with the emotional challenges of starting your life as a single woman.
- A vocational counselor to help you re-enter the job market, or even start your own business.

Enjoy your new life!

With your divorce in the rear-view mirror, and these important steps completed, you’ll be well-positioned for a secure financial future. It’s likely you will find, as most women do, that it’s empowering to make financial decisions on your own, and to be the one who’s in control of your financial portfolio. Rest assured: The road ahead belongs to you!