

Recovering Financially After Divorce

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Along with the emotional upset and upheaval of a family's established life, there's often severe financial upset from ending a marriage. People often find themselves financially strained in the wake of divorce. This is typically due to the loss of the spouse's income, paying 100 percent of housing and other essential living expenses previously covered by two incomes, the need to replace assets lost in the property division, etc. Plus, of course, the legal process for severing the marital contract can be costly, even if the case doesn't go to trial. Additionally, the typical [finance problems after divorce](#) can be compounded by child support and/or alimony burdens.

6 Tips for Financial Recovery After Divorce

If you are starting over after divorce, use these tips to help you reduce the financial effect of divorce that causes people to have difficulty regaining control of their budgets. These basics can help you build the best possible financial future for your family after divorce.

Assess Your Monthly Budget Needs

Write down the total amount you receive on your paychecks each month after taxes, insurance, [401k savings](#), payroll withdrawals, etc., are all deducted. Then, write down all of your regular monthly living expenses and debt payments, including rent or mortgage, utilities (electricity, cable, internet, phone, etc.), loan payments, insurance, etc., plus alimony, child support, and other payments. Then estimate your cost of groceries, auto fuel, personal items, eating out, etc.

This list of expenses constitutes the information you need to create your monthly budget. It clearly shows how much money you need to generate to cover your cost of living.

Set a Budget and Find Ways to Make More And/or Save More

After evaluating your finances, you will have the information you need to form a workable budget. That will help you control your spending, stabilize your financial position, and begin saving. Scrutinize each of your expenses to determine whether it is possible to reduce them.

Finding ways to cut your budget may mean looking for a better mortgage or rent rate, canceling some cable channels temporarily, finding cheaper car insurance, or cutting your restaurant spending, etc. (Prioritize needs over wants.) To regain your financial footing after divorce, you will find that making and sticking to a realistic budget will help you get through even the most challenging months more securely.

Get Rid of Joint Accounts and Change Your Will

Money and divorce can be complicated to reconcile. Another sometimes overlooked process is necessary to protect yourself financially after a divorce is disentangling various accounts. Remove your direct deposits and payments from bank accounts shared with your ex. Switch these to your own account. Remove yourself from loan accounts and credit cards shared with your ex too. This helps eliminate the risk to your credit standing or having loans opened in your name.

If your spouse is listed as a beneficiary, update your will and your retirement accounts and insurance policies. Modify your Living Will, Medical Power of Attorney, and your Advance Directives document. Forgetting to change these can cause issues if you become hospitalized and unconscious, and decisions must be made for you with your doctors.

Save to Build an Emergency Fund

It may sound like suggesting the impossible to recommend that you start saving right away after divorce. After all, you may be struggling to cover basic expenses. However, if you are stricken with an emergency need for funds, having even a little savings can be the difference between making it through or absorbing a disastrous blow that may set you back much further and seriously jeopardize your ability to maintain your standard of living.

So, after the first few months, i.e., after you see that your budget is working, start saving a small amount each month in an emergency fund. Eventually, you should build up savings to cover six months of living expenses. The six-month financial buffer can protect you in case of sickness, job loss, unexpected home or car repair, etc.

You Need To Protect Yourself Financially in Divorce.

It is not uncommon for people to struggle financially for a while after a divorce. You need an experienced and highly effective divorce lawyer when you file for divorce or petition the court for a change to an existing divorce decree or court order. Your attorney will help you resolve the major matters of finances and divorce during the legal process.

Getting a Divorce in Utah – Attorney David Pedrazas

For over 20 years, Attorney David Pedrazas has helped people in Utah through the difficulties of divorce. He provides the full information and legal guidance that people need to make the best decisions for their happiest possible future after divorce.

For help to obtain the desired outcome in your divorce, call the Law Office of David Pedrazas, PLLC or contact us on our website to discuss the details of your legal case.
