



Surviving Divorce and Starting Over Financially

When “I do” turns into “I don’t,” there’s much more involved than just the emotional separation. Texas CPAs offer six tips for resolving financial issues during and after a divorce.

1. Determine how assets will be divided.

Community property states like Texas split property acquired during marriage equally.

2. Freeze joint bank accounts requiring both signatures for withdrawals.

Split the balances in your joint bank accounts and open an individual account with your share. Advise your stockbroker in writing to require the written approval of both parties for all transactions.

3. Protect your credit rating.

Immediately notify your credit card issuer in writing of your impending divorce.

4. Create a new budget reflecting all income and expenses.

Figure out how much money you have to live on each month, list all your expenses, and decide which categories you expect will increase and where you might be able to cut back.

5. Change the beneficiary on your life insurance policies and retirement accounts.

Revise your will, too.

6. Consult with a CPA to avoid common tax traps.

Child support payments are tax-free to the recipient and non-deductible to the person who pays them. However, alimony must be reported as taxable income, while the person paying can deduct the amounts.

Visit www.ValueYourMoney.org for more personal finance advice.
Brought to you by the Texas Society of Certified Public Accountants.