

How To Financially Weather a Divorce in Midlife (or Later)

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Divorce is a challenge at any time in life, but during midlife or later in what is known as “gray divorces,” it poses entirely new problems related to finances, particularly if you’ve been saving for retirement or had your future financially planned. According to a study done by Ohio State University, in the long-term, divorce drops a family’s wealth by 77 percent. Since not everyone has the financial security of [big name divorcees like Bill and Melinda Gates](#), we’ll let the experts weigh in on how to survive your divorce financially and keep things as fair as possible.

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Maintain Emotional Equilibrium

It may not seem like a piece of financial advice, but according to Catherine Shanahan, CDFA, a certified divorce financial analyst and trained mediator, the calmer you can remain, the more reasoned your financial decisions will be.

“Divorce is a painful transition, and it catches people in the most vulnerable state. When I see my clients in this state, my main goal is to encourage them not to react to or make hasty decisions that negatively impact their divorce outcomes. Gray divorces can be especially challenging for spouses that have built a life together for many years.”

That said, she does point out that you have a right to know about any asset acquired during your marriage, so ask for full disclosure from your ex.

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You Don't Divorce Your Creditors

Before you think about what financial assets you have and have to share, it's important to remember that “you do not divorce your creditors,” says Todd Christensen, author of “Everyday Money for Everyday People” and an AFCPE accredited financial counselor. “If your name is on the account — mortgage, car, credit card, etc. — you are still responsible for the debt,” he says. So, particularly if you've agreed to be responsible for your own debts, make sure to get your name off of shared debt accounts.

Hire Strong Support

Trying to navigate a divorce alone might be a recipe for financial disaster, says Rajeh A. Saadeh, a licensed attorney focusing on high conflict divorce and family law. “A good lawyer will be able to advise on likely outcomes based on facts and circumstances and use skills and techniques to negotiate a more favorable resolution.” He says that divorce planning rarely works without such help. “As long as you operate reasonably and with your own best interest in mind, as opposed to malicious intentions for the other side, you will come out of the divorce as unscathed as possible, whether you and your spouse settle the matter or a judge decides it.”

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Know the Laws, Avoid Fees

While it is important to retain a lawyer initially to help you pick a direction and understand the laws, according to Scott Seidowitz, CEO of BlissDivorce, you have to weigh the cost of paying lawyers against what you think they can do for you, and consider saving paying those fees. “The reality is...the way things will be divided in divorce is largely proscribed by law. So you can spend tens of thousands fighting things out with attorneys, and in the end, the pie is split up about the same way.”

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Instead of spending this money on fighting it out with lawyers, he suggests you come to an agreement with your spouse and try to split everything as equally as possible. “You can hire the best divorce attorney in the world, and when you appear before a judge, she or he will award 50% to your spouse,” he says.

Update Estate Planning Documents

Estate planning is a frequently overlooked aspect of divorce, according to Mary Kate D'Souza, co-founder and chief legal officer of Gentreo.com, an online estate planning software. This includes financial and medical power of attorney and your will. "Also be sure to review all your beneficiary statements to make sure that your ex-spouse is no longer named as your beneficiary," D'Souza said.

Rethink Retirement

Different retirement accounts have different legal specifications — and financial penalties — for breaking them up or taking out money early. You will want to contact the manager of any funds or accounts, but expect that, if you go to court, you will be expected to divide your retirement funds by 50 percent. It may be easier to agree to a settlement with your spouse. "Something like a 401(k) or pension might go to just one spouse in exchange for the other spouse getting other assets," says Seidowitz. "Understand the law, reach an agreement that's within the law and move on."

Additionally, since your retirement nest egg may now be cut in half, you may have to rethink your retirement expenses or plans.

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See: [Here's Exactly How Much Savings You Need To Retire In Your State](#)

Sell Assets

If you're divorcing, there's no financially good reason to hang on to assets, according to L. Burke Files, CACM, DDP, president of Financial Examinations and Evaluations. "Sell as many of the assets as you can, especially the community's former home(s)." He says that it is tempting to hang onto a home due to the memories contained in it, but cautions, "The memories are an anchor in yesterday."

A midlife divorce will not be easy, but it will eventually be over. Files says, “Plan for that future the moment the divorce starts, not after it is finalized. It is a bit like learning to swim.”

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