



Securing Your Financial Future Post-Divorce

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As we leave behind the holiday season and enter a fresh year of resolutions, we often see a surge in divorce filings.

If you are in the beginning stages of divorce, know that you are not alone during this emotional period. You may be experiencing a multitude of feelings – anger, sadness, confusion and even fear. It is common to feel a lack of control and perhaps a strong fear of the unknown. Most likely, unexpected changes to your circumstances have left you wondering, “*Will I be okay?*”

The newfound responsibility of managing your money can create a significant amount of stress, particularly if you may not have been actively involved throughout your marriage. We stress that everyone, whether single, married, widowed or divorced, should become active participants in managing their own finances. If you were not in control of your money prior to divorce, take this as an opportunity to gain knowledge and take charge of your financial future!

Yes, this may seem daunting – but your newfound ownership over your finances will provide you with the peace of mind to enjoy your new life.

We’ve provided a few key tips to ensure you are on the path to financial security, post-divorce:

Organize your financial affairs. Choose an organized system that you understand, to track your income and expenses. Consolidate and sort your financial documents so you can access them quickly. These preparations will help you make the right financial decisions when the unexpected happens.

Close all joint accounts. If you haven’t already, close all joint accounts and remove your former spouse’s name from any remaining accounts immediately. This includes bank accounts, investment accounts and joint credit cards. Note that you can be held accountable for future liabilities on a joint account, so this step is imperative.

Furthermore, your professional partners need to know that your marital status has changed (as well as any name changes) to ensure they continue to serve you effectively.

Open new accounts in your name only. You'll need to establish new bank and investment accounts (and perhaps, begin to build your credit history.) A strong credit score will help you in the future, particularly if you may be interested in securing any loans. Request a copy of your current credit score to determine your starting point, and continue to build your credit by using your credit card and paying your bills on time.

Update your beneficiaries and executors. Review and update the beneficiaries on registered plans (RRSP, RRIF, and TFSA) as well as pensions and insurance policies. Put in place a new will, with updated beneficiaries, executors and power of attorneys. This is a critical step following divorce, to ensure that your revised wishes are carried out.

Create an emergency reserve. An emergency cash reserve can provide you with a safety net, should anything go wrong. We recommend setting aside three to six months of living expenses.

Work with a qualified financial advisor. There are advisors who specialize in working with individuals throughout the divorce process, and they have been trained on your unique financial needs. Your financial circumstances have likely changed – if you were to review your goals, risk tolerance, retirement plan and philanthropic wishes, would they remain the same post-marriage?

Developing an all-encompassing wealth strategy with a qualified advisor will help you rest easy, knowing your financial future is being looked after.

Put in place a comprehensive financial and investment plan. The process of developing a thorough financial plan includes not only a detailed discovery of all assets, liabilities, income and expenses, but also a thought-provoking discussion of your life goals and objectives. What is it exactly that you want your wealth to do for you in the future? Do you have the steps in place to ensure you can meet those goals?

The financial planning process is invaluable in helping bring to light any changes you can make, in order to remain on track for your dreams and goals.

Securing your financial future will give you confidence as you transition into your next chapter, and help you regain your sense of control. These steps will provide you with a solid foundation to build from.

Financial confidence can take time, patience and a willingness to learn. However, once you've worked through the tips above, you'll find that your newfound financial empowerment is worth it.

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