

Tax law change could impact your divorce agreement this year

By Trey Yates

Have you or your spouse been dragging your feet in finalizing your divorce? Well, you both may have a good reason to sign on the dotted line by year's end.

A significant change to federal income tax law surrounding alimony or spousal maintenance will go into effect next year. This new rule will wipe out a 75-year-old tax deduction dealing with alimony payments, starting Jan. 1, 2019.



You would be wise to discuss this new rule immediately with your divorce attorney, because it may require that you and your spouse be *officially* divorced by the end of 2018, before the tax law goes into effect.

It all depends on the specifics of your case and how changes in that law might affect you.

Starting in 2019, the change in the tax law shifts the tax burden to the higher earner. Under the “new tax rule,” the spouse paying alimony or spousal maintenance will no longer be able to deduct the support from his or her gross income. For the alimony recipient, the payments will be tax-free.

Many experts such as myself forecast this change will likely have far-reaching and unexpected ramifications. I anticipate this will make settlement negotiations harder because the spouse with the alimony obligation or option will be motivated to pay less to offset the new, increased tax burden.

The bottom line here is a divorce with an alimony component will be easier to resolve this year than in years to come, because the outgoing tax law leaves more money to go around.

This change is another reminder that when it comes to divorce, what you don't know can hurt you! And if you aren't familiar with divorce law, and other areas of law relevant to your case, your family could be impacted financially and otherwise for the rest of your lives!

I recommend securing the assistance of an experienced divorce lawyer who is Board Certified by the Texas Board of Legal Specialization in Family Law. Attorneys with this certification offer relevant, proven experience, and have been thoroughly tested for

special competence in a specific field of law. Join us at [our next seminar](#) on July 28, 2018, at the Houstonian Hotel in Houston. We will be discussing this issue and many others with regard to the divorce process, the law of divorce in Texas, divorce financial planning and more.

Preparing financially for divorce will help avoid costly pitfalls

By Patricia Barrett, CFP, CDFA

Doing your financial homework before you file for divorce will help you ward off an array of potentially costly pitfalls. Learn all you can about the divorce laws in your state and consider engaging a team of experts to get you through. The timing your divorce may also play a role in the financial outcome of your divorce.



Meeting with a Certified Divorce Financial Analyst, such as myself, also can provide you with a deeper understanding of especially complex divorce finances and how to better approach your unique situation. Even meeting with an experienced divorce attorney for a consultation can be invaluable before you start the process. Ask lots of questions of these experts and start developing your divorce strategy and long term goals.

It is very important to gather and make copies of all your marital financial documents including bank statements, investment and retirement accounts, credit reports on yourself and your spouse, mortgage statements, receipts for large purchases, income tax returns for the last 3-5 years, etc. Other documents to copy include loan applications, wills, trusts, brokerage statements, credit card statements, deeds to real property, car registrations, insurance inventories, and insurance policies.

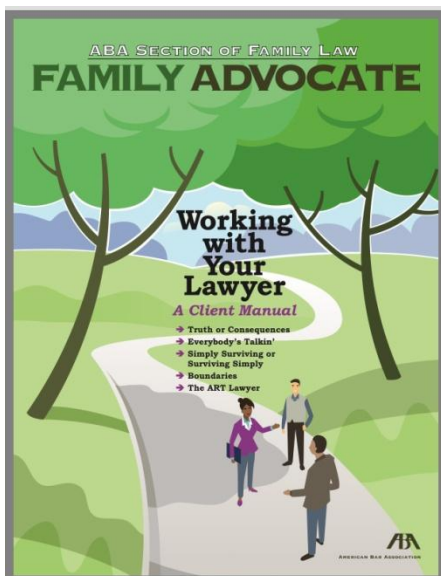
Also, copy records of your separate property, such as any items you have inherited or gifts from your family. These assets will remain yours as long as you can document where they came from. Copies of your spouse's business records also can show where hidden assets may be hiding.

Photograph everything in safe deposit boxes and home safes, as well as expensive household items and collections in your home. Get appraisals if appropriate. Remember you own half of everything purchased during the marriage -- even if something is "in his name." If you don't ultimately want an asset, your attorney can use its value to secure possession of something you do want in the settlement.

You may also want to repair your car and get new tires, get medical procedures done for yourself or your children, purchase some new clothes, get training or take some college classes if you'll be looking for a job during or after the divorce.

One significant shift will likely occur once you file for divorce. The income you've been living on for one household must now support two. This will put a demand on resources immediately. Start early to save what cash you can to get you through the process. If you and your spouse have a jointly held savings account, consider withdrawing a percentage of the cash and putting it into a new separate account in your name only before you file. (You will still be accountable for it, but you are making sure it's safe and available to you if you need it.)

Legal fees are typically considered community debt, so putting them on a credit card may also help you retain cash reserves. For answers to questions about divorce finances, please join me at the next Guide to Good Divorce seminar on July 28 in Houston. www.GuideToGoodDivorce.com



Working with your lawyer

This free manual published by the American Bar Association's Family Law Section is designed to provide additional support as you go through the process of divorce. (click on image)

We want to help you better understand what you will encounter and how to make informed decisions for yourself and your family.

For additional free information on navigating divorce, visit GuidetoGoodDivorce.com.

Divorce Happens.

The Guide to Good Divorce Seminar

Saturday, July 28, 2018
8:30 a.m. - 2 p.m.
The Houstonian Hotel, Club & Spa
111 N. Post Oak Lane, Houston, TX 77024

Join other women and discover the keys to unlocking your next best life! For details on seminars, upcoming workshops and other events, visit www.GuideToGoodDivorce.com or call 713-932-7177.

The Guide to
GOOD DIVORCE
Unlock the door to your next best life.