

Thinking of untying the knot? Document your expenses!



By Molly Ward
CFP®, CDFA®

How much money do you spend per month? How much money do you spend per year? How much of these expenses are you spending on yourself and how much are spent on your kids? How much does your house cost you?

Are you starting to shallow breathe right now thinking about this?

If you are contemplating a divorce or are in the middle of it, you must be able to tally the total expenses of your household. Your expense number is important for your divorce outcome and for your future.

Rounding up your expenses is easy, but you might be struggling because you may have some mental blocks here. These could be roadblocks from your spending habits or a fear of the future when you no longer have your spouse's income and you don't know how you are going to pay for your current lifestyle.

I encourage you to turn this roadblock into the opportunity to move forward into your new life.

Here are some ways to help you figure out what your current expenses are:

- Download your credit card spending reports. Most credit card companies summarize your spending into different categories for you.
- Download your bank spending reports. Like the credit card companies, they may also categorize for you. If not, they usually will let you download a spreadsheet of your expenses and you can sort them.
- Cash payments --document these as well. They will show up on the bank report.
- Use an app to help you track your expenses.

Now, break the expenses down further. Figure out how much you would be spending on yourself and your children without your spouse's expenses. You may need to add in some new expenses, like additional childcare, extra tutoring, or a new family hobby.

Once you have your annual spending number, see how that aligns with your income. If your own income isn't going to cover your expenses, address this with courage. Your ability to earn income is a superpower.

If you are going to need to scale back on your expenses, work on it. Trim the fat. How many magazine subscriptions do you have? They add up annually and do you really need them? Try to avoid shopping on websites that make it too easy to buy things and don't save your credit card information on file. These are small things that add up.

Is there still a gap between income and expenses? When the marriage ends, you will most likely have to come to an agreement to split up the marital money. This is where strategy plays a critical role. We suggest you work with a Financial Advisor to come up with a plan for what money to use and to forecast how long that money will last. Do you need to go back to work? If you're already working, how much of your income should you be putting away for retirement, paying off any debt or keeping liquid for spending?

A woman who controls her finances controls her future. Arming yourself with knowledge about your financial picture will help give you the courage to move forward into your new life.

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