



# Protecting Assets and Financial Empowerment in Divorce

September 7, 2023 / [Personal Finance](#) / By [Megan Schwab](#) and [Rhonda Ducote](#)

Tags: [Estate Planning & Asset Protection](#), [Family Dynamics](#), [Financial Literacy](#), [Personal Finance/Investing](#),

No one plans for a divorce. Whether stemming from infidelity, financial problems, excess conflict, or a myriad of other things, it is often an unwelcome guest in a marriage. Since the year 2000, the divorce rate has been on a steady decline with approximately 2.5 per 1,000 population ending in divorce as of 2021, according to the [CDC](#). For couples who go through this transition, splitting assets in divorce, and protecting those assets in subsequent marriages, can be as difficult as the emotional impact of the divorce itself.

Each divorce is different. Some marriages take years to dissolve while others seem to go through the judicial system without a hitch. You may remain single for years after a divorce, or you may date and quickly find another spouse. Your family reactions to these decisions also exist on a spectrum which can impact your decisions during and after the divorce has taken place.

Often, divorcees forget to consider the long-term financial implications of these life choices.

- » How does a divorce (or another marriage) [impact your finances](#) and estate plan?
- » How will these choices financially impact your family and children now and when you are gone?
- » Does this impact your retirement? Do you need to go back to work or retire at an older age?
- » Especially for women (who can sometimes be left out of the family finances), how do you empower yourself during a divorce and maintain that power during remarriage?

## Protecting Your Assets in Divorce and Seeking the Help of Finance Professionals

The decision to get a divorce comes with varying degrees of complication and necessary paperwork. Once you decide to separate from your spouse, you face an array of often unpleasant tasks, filings, legal proceedings and the like. Not to mention the immediate costs of filing for the divorce itself.

Your finances are no different. As you schedule meetings and tackle the long to-do list, be sure that a meeting with your [financial advisor](#) is scheduled. Things to consider updating and discussing include:

1. Your bank accounts
2. Your estate plan
3. Any insurance policies that have your spouse as the beneficiary
4. Your current lifestyle and if the expenses associated are viable for your financial plan. Do any changes need to be made?

This may be your first foray into personal financial management. Be sure to take an active part in joining the conversation and building a relationship with your advisor. The more details your advisor knows about your financial and personal goals, retirement, and wishes after you pass, the better equipped they are to provide appropriate advice that is truly tailored to your new financial situation.

emarrying after a divorce can be a wonderful experience full of love, joy, and new beginnings. A new marriage also requires a financial update, just like the one you went through with your advisor during the divorce.

People can be hesitant to [tie themselves financially to a spouse](#) after their initial divorce. Some jump right back into a financial union. Others may want to share some finances with their new spouse but keep a portion in their name only.

Whatever the case, updating financial documentation and protecting assets in divorce and remarriage is of the utmost importance. Be sure to use precise language when doing the following:

- » Updating your estate plan
- » Dividing your assets (liquid and non-liquid)
- » Appropriately listing out all personal property
- » Identifying to whom you wish to leave it to in your estate plan

For advisors, it is important that we approach these situations delicately. We need to ensure our clients feel educated and empowered to tackle this financial transition with confidence and security.

## Inheritance after Divorce and Remarriage

Divorce and remarriage are sensitive topics, and updating financial documents can cause strain within a family. Women need to be aware of these potential sensitivities. Often, this strain appears after the death of the head of the household, who either divorced or remarried.

Certainly, the following issues commonly arise:

- » Children feeling resentful toward a new spouse upon whom the husband bequeathed assets. The children may believe these assets to be a rightful part of their own inheritance.
  
- » Children being partially or fully disinherited [in favor of siblings](#) or the new spouse.

The best way to mitigate financial strife in a family dealing with divorce and remarriage? Be as detailed and thorough as possible. To avoid causing post-mortem divides in your family, use precise language in your estate plan. Talk with your financial advisor about why you want to divide your assets this way and, if you feel it is appropriate, bring your children into these conversations. This may help to ensure consistency between the wishes you are sharing with your advisor and what the children are being told at home.

Advisors, be sure to:

1. Ask the important questions
  
2. Get to the root reason why your client made these changes
  
3. Ensure the language in a trust reflects the client's desired outcomes
  
4. If your client permits, establish a relationship with your client's adult children; this is so that they know who to go to and what the plan is in the case of your client's passing.

There are many ways to ensure that surviving family members understand your reasons for divvying your assets. One of the most effective? Leave a personal letter or video. Describe your reasons in your own words and be prudent in doing so; especially in blended families, where dynamics evolve and shift rapidly. This strategy can bring peace of mind and closure to your loved ones. It is important to remember that a letter or video is not a formal or legal document. Rather, it is a way to personally validate and explain the choices you made in your trust.

## Dealing with Divorce Finances

Just like any major life change, divorce and remarriage can be complicated and impact areas of your life unexpectedly. Don't neglect your finances during this time. Schedule reviews with your financial no less frequently than annually. Tackle these issues head-on and make your life more manageable. You may find that you are meeting with your advisor more frequently during this transition to ensure your portfolio can keep up with your changing lifestyle.

Family and financial matters can cause stress on their own. Mixing the two together is understandably overwhelming, especially during a time of personal transformation like divorce or remarriage.

The reality is: divorce happens. Remarriage happens. Families blend. Parents eventually pass on and leave their surviving family members. Always be aware of your financial situation so that you are not playing catch-up during major life changes. Find a financial advisor you trust to help guide you through each stage of your life. You can minimize family squabbles and ensure that you are protecting assets in divorce and distributing them as you intend.

We think you'll also like:

1. [4 Steps for Handling Your Finances in Divorce](#)
2. [Sibling Squabbles: Fair Estate Distributions to Multiple Beneficiaries](#)
3. [I'm Not Very Wealthy, Should I Still Make a Will?](#)

**[Editors' Note:** To learn more about this and related topics, you may want to attend the following on-demand webinars (which you can view at your leisure, and each includes a comprehensive customer PowerPoint about the topic):

1. [Estate Planning & Asset Protection-101](#)
2. [Personal Lines for the Business Owner/Executive](#)
3. [All About Asset Allocation](#)

This is an updated version of an article originally published on July 21, 2017 and previously revised on April 14, 2020.]

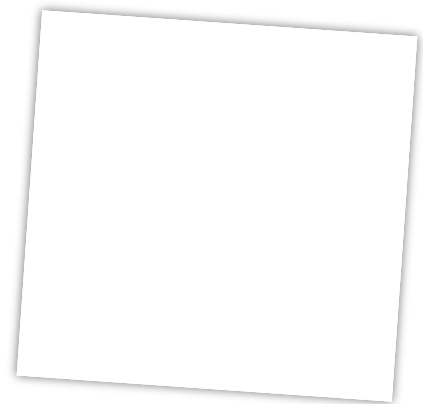
©2023. DailyDAC™, LLC d/b/a/ Financial Poise™. This article is subject to the disclaimers found [here](#).

**Share this article:**

## About Megan Schwab

Megan Schwab, CFP®, AIF® graduated from Biola University in 2018 with a degree in accounting. She is a Financial Planner for Apriem Advisors and now leads Apriem's Foundational Asset Management (FAM) which aims to help clients who are in the accumulation stage of their life. Share this article:

[Read Full Bio »](#) • [View all articles by Megan Schwab »](#)

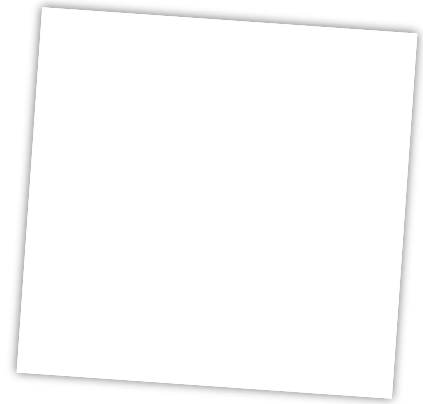


## About Rhonda Ducote

Rhonda Ducote is President/Principal at Apriem Advisors, a wealth management firm in Irvine, CA. Share this article:

[Read Full Bio »](#) • [View all articles by Rhonda Ducote »](#)

follow me on: 



## Like what you just read?

Sign up to receive our free newsletter, Financial Poise weekly. It's our take on the most relevant and topical business, financial and legal issues affecting investors and small business owners.

First Name 

Last Name

Email Address

**RECEIVE OUR NEWSLETTER** →

We respect your email inbox and will never spam!

## Article Comments

Article printed from [www.financialpoise.com](http://www.financialpoise.com).