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How to get your finances in order before a divorce

From monitoring your credit score to updating your bank account, we've got a checklist for this difficult time.

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4 min read



A divorce can be costly -- not just emotionally and psychologically, but financially. Most couples' finances become intertwined during a marriage and separating all of the accounts and agreements can be

painful, complicated and exhausting. And to make matters worse, money itself may be a major factor in the split; after all, it's one of the [top reasons couples separate](#).

Before you officially end your marriage -- and before you even file for divorce -- you'll want to make sure your finances are protected. Here are some of the most important things to consider before you get divorced.

Read more: [The best budgeting apps in 2021](#)

1. Track your spending and document everything

Leslie H. Tayne, Esq., founder of [Tayne Law Group, P.C.](#), says organization is key.

"Be realistic. It takes time to get a new budget established before, during, and after divorce -- since finances change a lot at each stage," she says.

[Creating a budget](#) will help you see more clearly how much you'll have to spend as you begin to make major changes. Ask yourself a few questions:

- Will you be staying in the home or moving out?
- Do you need to cover a car payment and insurance?
- Do you need to shop for health care?
- Can you afford child care or related expenses?

"You'll need to know your budget to know how much income is required to support the household -- and you'll need to disclose expenses, so getting your finances together is super important," Tayne says. "Start thinking about how you'll financially plan for the costs of the divorce."

If possible, track your expenses for a few months prior to your divorce. Make copies of important documents related to your home, children, [investment accounts](#) and other assets. If things get messy, having a solid paper trail will help.

2. Monitor your credit

If you have joint accounts, your spouse's spending [impacts your credit](#) (and your spending affects theirs). That means that any missteps they make could impact your credit standing.

"Don't sabotage your spouse's finances by spending on credit cards or not paying bills on purpose," Tayne says. "If you can't trust your spouse financially, then separate your funds quickly and have your own account that only you manage."

Start by requesting your free credit report at [AnnualCreditReport.com](https://www.annualcreditreport.com). The three credit bureaus will let you [pull free weekly reports](#) through April 2021 in a nod to help people financially protect themselves during the [COVID-19 crisis](#). You can also check your credit report for free through your credit card issuer, bank, [Mint](#) or [Credit Karma](#).

It's a good idea to know where your credit stands before divorce proceedings start. That way you can account for any changes made by your spouse once you've filed.

Read more: [Lost your job? Here's what to do with your 401\(k\)](#)

3. Hire an attorney

Before you take any legal action, it's a good idea to hire a divorce lawyer. (Important: Make sure the attorney isn't also representing your partner.) Tap your friends and loved ones for recommendations and meet with a few before deciding on one. Remember: Divorce is a legal proceeding, so you want to find one who has your best interests in mind.

If you own a home or have children, you're going to need legal advice. If you have a simpler estate, you might explore an alternative, like a [divorce analyst](#). A divorce analyst can help you determine a fair way to split up property and assets, retirement accounts and help you plan out your finances for life after divorce. They can help you organize your money pre- and post-divorce. But you'll still want an attorney to help walk you through and finalize divorce proceedings.

4. Save your passwords and update accounts

Your financial information, including account numbers, passwords and money may be at risk. If you don't already have one, [get a password manager](#) and save all your passwords, account numbers and login information.

In addition to your financial details, you'll want to update your profile and passwords -- email, bank accounts, investment and retirement accounts, utilities, cell phone, mortgage and car insurance. A password manager can help you create safe and secure passwords.

You'll also want to update important financial and [estate planning](#) documents. You may consider removing your spouse as a beneficiary on [your will](#), trust, [life insurance](#) and any property you own.

"You'll want to change your will for sure, but your divorce could dictate that certain assets are left a certain way," Tayne says. "You may want to ensure the other spouse cannot elect certain assets or receive death benefits."

5. Close or modify joint accounts

If you and your spouse have joint accounts, like a bank account, savings or investment accounts or credit cards, adjust them. It may be simplest to open a new account and start from scratch if it's too complicated to remove your partner.

If your partner uses -- or misuses -- a joint account, the implications can be severe. Once your credit report shows late or unpaid bills and revolving balances, it can be difficult to repair your credit -- even if you weren't the party responsible.

Read more: [Financial therapy: What it is and how it can help you](#)

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