

HANDLING A DIVORCE

GETTING THINGS IN ORDER

PLANNING FOR LIFE

Regardless of the circumstances, parting ways with a spouse is challenging, both emotionally and financially. And, navigating the process successfully requires careful planning to answer questions like: What happens to your assets? Where will you live? How will this affect your children? Will your post-divorce income be enough? How will the divorce impact your financial future?

Preparing for life on your own can seem overwhelming at times, but with informed guidance and preparation, you can better navigate the legal, financial and emotional issues to come. Taking the time to outline your situation, including expenses, assets and liabilities can help you get started. Consider this list a starting point for handling the practical matters of your situation, from gathering the right documents to getting the proper support.

We're available to work with you and your team of professional advisors to help you protect your interests before, during and after the divorce. And know we'll also be here to help you plan for your future.



PLANNING AHEAD

PREPARING YOURSELF

PURSUING YOUR FUTURE

▶ PLANNING AHEAD

Regardless of your situation, careful preparation not only helps with the financial and emotional stress now but also for the long term.

TAKE STOCK

Learn your rights. Research how your province addresses issues such as fault in the dissolution of a marriage, property rights and child and spousal support.

Prioritize your safety. If you can't predict the behavior of your soon-to-be-ex spouse, find a safe place for you and your children to live. Make this a priority.

Assemble important documents. Start with bank statements, tax returns, and any papers related to marital debt, assets and property valuations.

Tally your assets, debts, income and expenses. Review the titling of your accounts to sort out what can be classified as joint or separate property. You'll also want to know the estimated value of assets, keeping in mind tax consequences when transferring or selling.

Document joint and individually owned assets with video or photos. Make note of the value of these assets and collect receipts if available. Note, too, if the items are owned jointly or separately, and if they're something you want or would be willing to let your spouse have. If you have a valuable asset or own a lucrative business, hire a valuation expert for an accurate appraisal.

Review benefits. You have a right to information about your spouse's benefits. Reach out to your spouse's employer for information on retirement account assets or pension plans. Also, find out if your spouse's health insurance still covers you. If not, you'll need to join your employer's plan or purchase an individual plan.

DOCUMENTS YOU WILL NEED

Gather copies of important documents and organize so information is easily accessible throughout the process. This could include:

- ▶ Birth certificates, Social Insurance Numbers and passports of spouse and children
- ▶ Marriage certificate and prenuptial agreement
- ▶ Estate plan documents
- ▶ Bank, brokerage and retirement account statements
- ▶ Business financial statements
- ▶ Monthly bank statements
- ▶ Life, health and disability insurance policies
- ▶ Auto, homeowners and renters insurance policies
- ▶ Tax returns for the past five years
- ▶ Mortgage or home equity loan documents
- ▶ Outstanding bills or obligations
- ▶ Real property deeds
- ▶ Motor vehicle titles

SEEK COUNSEL

Hire a divorce lawyer you trust. Get references from your peers, then listen to your gut and go with a professional who provides level-headed advice and whose goal is to achieve a fair settlement. Depending on the circumstances, it may be possible to get your spouse to advance funds for your legal costs via court order.

TIP

In cases where both parties are on the same page, you might be able to save money by hiring a divorce mediator instead of a lawyer.

Consult your financial advisor. Aside from helping you avoid rash decisions and costly mistakes, a financial advisor can help you get organized financially, estimate spousal and child support needs and sort out the future value of pensions and retirement assets. It's a good idea to talk with your advisor to determine how to handle any conflicts of interest that may crop up.

Find a shoulder to lean on. Divorce involves loss, uncertainty and upheaval. It's best to have someone you trust to talk things out, whether it's a close friend, a family member or a therapist.



GET A FINANCIAL EDUCATION

You are at a big disadvantage in a divorce if you are in the dark about your family's financial matters. Remedy this by getting your hands on as much information as you can about joint assets and income. We can discuss this information and offer perspective on your situation.

MONEY MATTERS

Create cash flow. Liquidity can be essential as you think about hiring a lawyer, moving out, etc. Make sure you'll have enough cash to cover these and other expenses throughout the process.

Develop a budget. It's important to work out whether you can support yourself and your family when you're on your own. List your current income and expenses, then work with your financial advisor to develop a spending plan until the divorce is final and get an estimate of what your post-divorce income may look like.

Be vigilant about your credit. If you don't already have one, open a credit card in your own name and use it wisely. Keep tabs on your credit score, too. Your credit report is an important tool in preventing fraud, so make sure to check it regularly. Your free credit report is called a "credit file disclosure" by Equifax Canada and a "consumer disclosure" by TransUnion Canada. It does not include your credit score. Check your credit report at least once a year. Review it carefully for errors and signs of identity theft.

Avoid making big changes without consulting people you trust. That includes making large purchases, giving away assets or signing financial and legal documents. If you treat your divorce as a business arrangement, you're more likely to make better decisions.

▶ PREPARING YOURSELF

During negotiations, compromise and civility are key; however, don't agree to anything without first considering the long-term impact it could have. It's important that you protect yourself, your future and that of your family during this process.

PROTECT YOUR INTERESTS

Approach negotiations with the right frame of mind. Seeking a fair and equitable settlement is the best policy for everyone involved. We can help you determine which assets are the most valuable to you based on your short- and long-term goals and help you avoid settling for less than you deserve.

Get the bills sorted. Come to an agreement about who will pay the mortgage and other ongoing bills until proceedings are final. Stay current on all bills to keep from damaging your credit.

Separate your finances. Set up a bank account in your name only and work toward an agreement with your spouse about closing joint accounts. If you're not able to reach a deal, get legal advice on whether you can close or freeze joint cash accounts until a settlement is reached.

TIP

If you want to leave the property you shared to your ex-spouse in a settlement, urge him or her to refinance and take your name off the mortgage to avoid the credit risk.

Know your retirement options. Retirement benefits can be considered marital property – meaning you may have a right to a portion of your spouse's pension benefits, retirement assets, company stock options and other types of deferred compensation.



FUTURE EXPENSES

If you have children, think about who will pay for large upcoming expenses – things such as buying your teen a vehicle or college tuition – to avoid going back to court for these decisions.



DEALING WITH DEBT

If your ex defaults on a loan or runs up high credit card bills and your name is still on the documents, lenders can come after you for the money – even after the divorce is final – which could hurt your credit score for up to 10 years. So if you have credit cards with balances, make it a priority to pay them off and close the accounts. If that's not possible, a repayment schedule should be part of the divorce settlement.



SMART DECISIONS ABOUT HOUSING

Experts caution against automatically choosing the house over other assets – without considering all of the factors. You could keep the home, sell it or decide on a future sale. We can discuss these options to determine what's best for you.



HAVE YOU THOUGHT ABOUT...

It's easy to believe the home is the best asset you could gain during a divorce, especially if you have children. When making this decision, determine whether you can afford its current and future maintenance costs, outstanding loans, property taxes, insurances and other associated expenses on your own.

Read up on Social Security. You're eligible to split pension credits earned during the relationship if you and your spouse or common law partner cohabitated for at least 12 months. Visit the ServiceCanada website for details.

Don't forget the tax man. It's in your best interest to work with your financial advisor and tax professional to minimize your tax liabilities, as both spouses could be accountable. Depending on when the divorce is final, you may need to decide whether to file jointly or not. And don't forget to change your marital status when you file your tax return..

Keep copies of all correspondence. And be careful about what you put in writing – that includes posts and photos on social media sites such as Facebook, Twitter or Instagram. Be wary of anything that could be used as evidence or used against you in rulings on custody.

The American Academy of Matrimonial Lawyers said

Social media, specifically pictures and posts on Facebook, are now being routinely raised in the course of divorce proceedings.

TIP

It may be best to take a break from social media if it is becoming a source of stress – these sites can become a forum where friends and family take sides.



LET'S TALK ABOUT IT

A divorce late in life may have more of an impact on your plans for retirement than at any other time in life. We can assess your options and help with issues including:

- Investing your share of the pension plan
- Determining the value of assets
- Sorting out tax implications
- Getting retirement savings back on track after a divorce is final



SPLITTING THE BUSINESS

A jointly owned small business can be a sticking point in a divorce. Will the business have to be sold, or can the spouses continue to work together? If they can't, will one partner buy the other out?

If there is a buy/sell agreement in place, it makes matters simpler. This agreement protects everyone's interests during a transition, setting the price and terms for a buyout. Work with your team of professional advisors to determine the solution that will best suit you.

 PURSUING YOUR FUTURE

Taking the time to plan for your new life can help make the transition much smoother and ensure that divorce does not derail your financial plan. It's the best way to start your new life in the right direction.

FUTURE WELL-BEING

Get a handle on your finances. When the dust settles after a divorce, the cost of splitting one household into two can be a shock. This is also the time when you'll want to reassess your investments and your financial plan to ensure it's aligned with your short- and long-term goals. We can help with budgeting, establishing cash flow, prioritizing financial goals and making the most of a divorce settlement.

Immediately update your will, estate plan documents and beneficiaries. Is your ex-spouse in charge of handling your assets after your death? If you don't update your will and you live in a province that doesn't automatically remove your ex-spouse as fiduciary and beneficiary, that might become a reality. That means everything you fought so hard to separate may end up back under your ex's control, leaving out your current spouse and possibly your children as well. The same holds true for durable power of attorney and advanced healthcare directives – change them as soon as possible or face having your ex in charge of your medical decisions and finances. It's a good idea to update the beneficiary information on your insurance policies and retirement plans, too.

Establish your new identity. If you submitted a name change request with your divorce petition, make it official. Once complete, don't forget to notify your employer, CPP, Ministry of Transportation, etc., of the change.


STANDING ON YOUR OWN

It can be difficult to picture what life will be like after a divorce, but we can help you see the possibilities more clearly and arm you with knowledge about what the future may bring. While the financial realities of being newly single will be different for everyone, making a plan can make what will undoubtedly be a painful time a little easier. And as always, we'll be here to help you along the way.

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