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A Financial Checklist for Divorce

Contents

Introduction	01
Determining what is most valuable to you	02
Understanding value and obligations of shared assets	03
Recognizing the limits of separate bank accounts	04
How a separate bank account can still benefit you	05
Building a stable financial base	06

Introduction

Divorces can be an especially complex and difficult event. That is true from both a financial and emotional perspective. Divorce can mean substantial changes in terms of income, investment assets, living situation and more.

For couples with long histories and many combined and shared assets, this process can become even more involved. Dividing property, splitting up savings and other steps necessary for divorce can extend negotiations, mediations and court proceedings before reaching a final resolution.

Understanding some common mistakes related to finances in a divorce can stop this event from becoming more stressful than it has to be. Keep reading for practical guidance about these pitfalls, and what you can do to keep your path toward divorce as clear and straightforward as possible.

A black and white photograph of a woman with long dark hair and glasses, wearing a dark blazer over a light-colored button-down shirt. She is sitting at a desk, looking down at a document she is holding with both hands. Her right hand is holding a pen. On the desk in front of her are several books, a white mug, and a computer mouse. The background is slightly blurred, showing what appears to be an office setting.

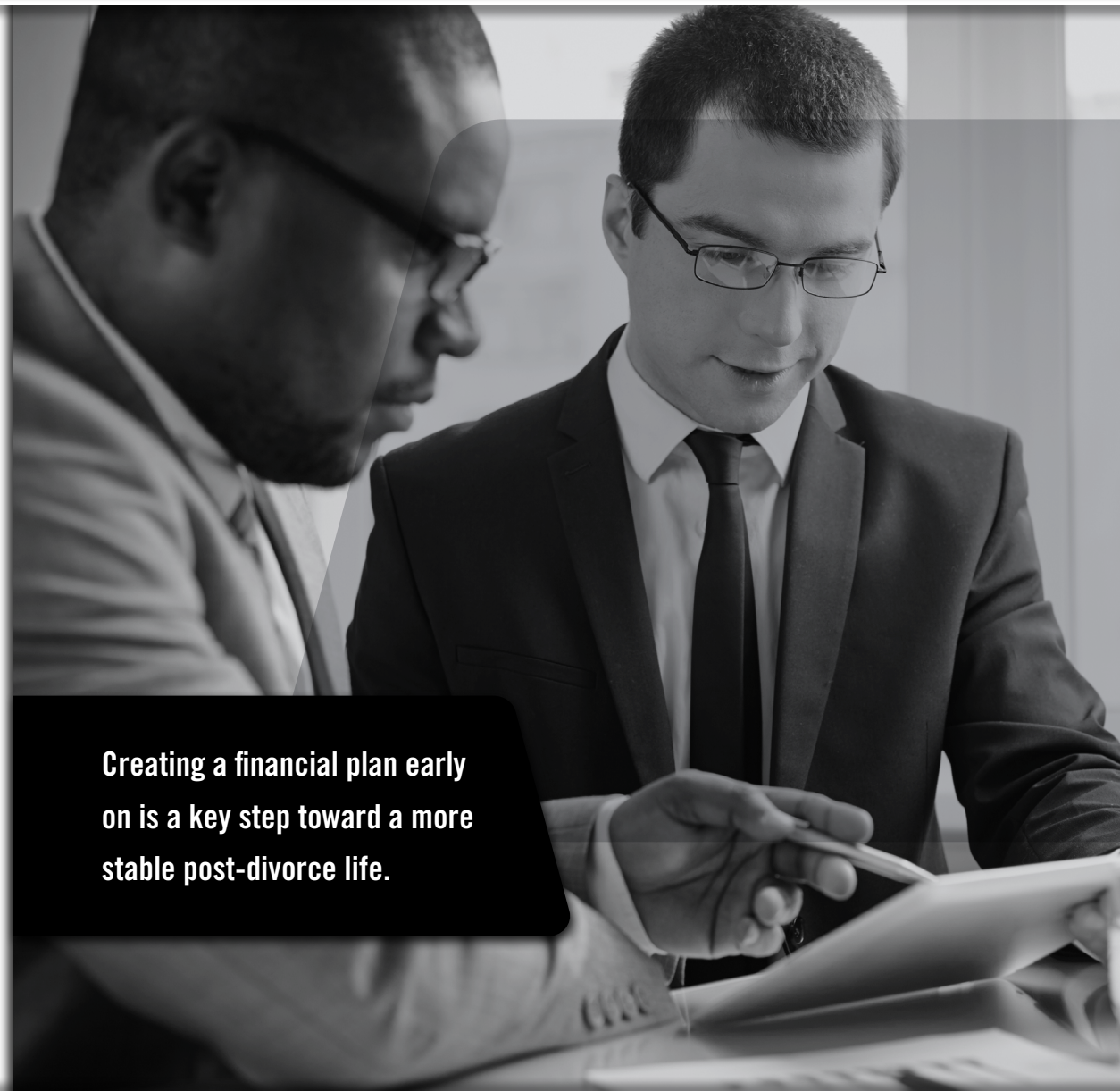
Divorce can mean substantial changes in terms of income, investment assets, living situation and more.

Determining what is most valuable to you

When a couple divorces, long-term plans and everyday routines can easily be thrown out of balance — and understandably so. Shared goals held with a partner quickly become irrelevant.

Creating a financial plan early on is a key step toward a more stable post-divorce life. You should consider your current income and debts, career priorities, personal interests and potential risks involved. Are you willing to use your partial ownership of shared investments as a bargaining chip to secure other assets? Or is the prospect of continuing returns worth the possibility of taking a loss?

Considering all of your shared assets can be a complex undertaking. This is one of many areas in a divorce where consultation with your attorney or a trusted financial advisor can help to make things clearer.



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Understanding value and obligations of shared assets

Divorce frequently involves dividing up assets shared between two partners for a long period of time. Certain items, like your home, may offer significant emotional value, and that benefit cannot be totally ignored. However, you need to consider the financial implications as well.

For example, your home might still be under a mortgage. There is no doubt it offers some emotional value, along with providing a place to live: a key practical need. Yet, if the mortgage payments greatly exceed what you have allotted for housing in your post-divorce budget, taking on sole ownership is not a financially sound choice.

Be sure to take a similar approach to all major assets: Consider not only the return they provide — whether emotional, financial or both — but the costs involved in maintaining them as well.

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Recognizing the limits of separate bank accounts

Separate bank accounts can be valuable for married couples by allowing them to easily address individual expenses. However, there is a common misconception around separate bank accounts: They are an easy way to secure individual assets should a divorce occur.

Separate bank accounts frequently do not provide the type of blanket protection that is sometimes envisioned. If an account was owned by one partner previous to the marriage and it was never used to address shared expenses or accept shared funds, it can provide some protection. If the account was used to pay for a product or service used jointly, however, it can easily be included in the asset division process.

Despite this limitation, it is often in both partners' best interests to maintain separate accounts before and during a divorce.

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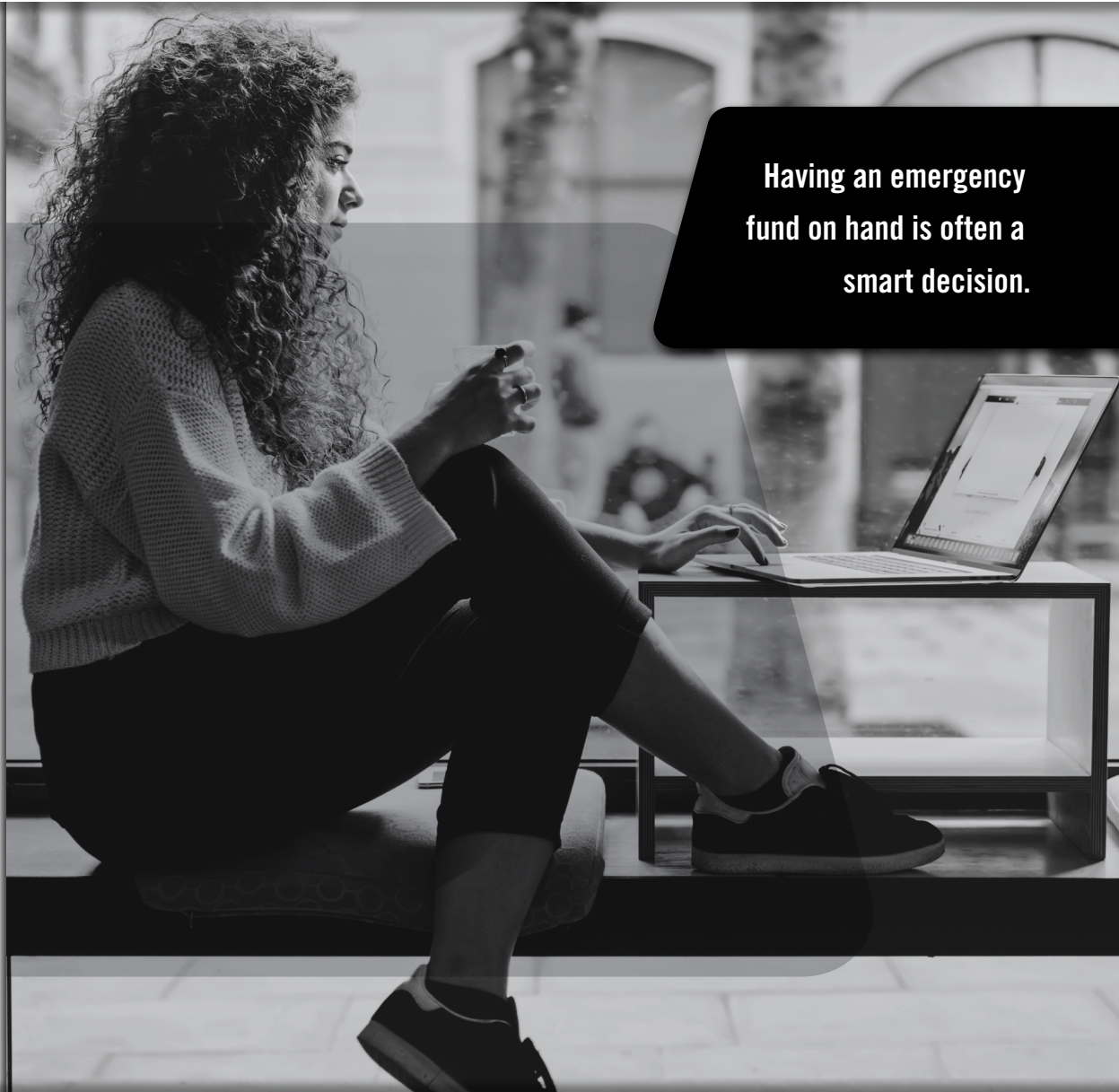


How a separate bank account can still benefit you

Unfortunately, divorces can become especially contentious. The dissolution of a family unit can put everyone involved under a lot of emotional stress and even encourage selfish or vindictive behavior.

To avoid potentially serious disruptions in your finances as you move through this process, consider maintaining an individual checking account as an emergency fund. If lines of communication break down and your partner removes your ability to access a joint account, your separate account can help you continue to pay your bills and make basic purchases.

The legal act of divorce will eventually address issues like one partner limiting the other's access to joint property. This can be of little help for making ends meet in the short term, however. Having an emergency fund on hand is often a smart decision.

A black and white photograph of a woman with long, curly hair sitting on a bench. She is looking down at a laptop that is open on a small table in front of her. She is holding a small object in her right hand. The background is blurred, showing what appears to be an outdoor setting with buildings.

Having an emergency fund on hand is often a smart decision.

Building a stable financial base

Difficult decisions are all too common during a divorce. Acknowledging that fact, and checking in with yourself about your feelings, are crucial considerations for a more manageable divorce.

In the same vein, making sure you are financially prepared can remove a major stressor from the process. The above advice can help you navigate the complexities of divorce and avoid added anxiety around access to funds, paying bills and your long-term plans for the future.

Comerica Bank offers the **Access Checking account**, a straightforward way to set up your emergency fund — and easily use it, if needed.

Advantages like Comerica Web Banking, no-fee Comerica Web Bill Pay® and a low \$50 minimum deposit can all work to your advantage.





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