



The Importance of Knowing Your Financial Picture



WRITTEN BY:
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Do you know how much your mortgage payment is? Do you know what bank holds your mortgage? Are you aware of whether or not you and your spouse have life insurance and whether it has any cash value? Do you know who the beneficiaries are? Do you have any bank or retirement accounts? Do you know how much debt you have and how it was incurred?

There are an increasing number of women who cannot answer these questions, either because her husband handles the finances or because they do not have an interest in knowing about these things. There is nothing wrong with that until you end up in a divorce situation. Then that lack of knowledge becomes extremely important.

What people do not realize is that divorce is very similar to dissolving a business partnership. There are usually issues pertinent to the children but it is also important to determine what assets are available for distribu-

tion and how they will actually be distributed.

The value of assets subject to distribution in a divorce is typically determined as of the date the divorce complaint is filed (there are exceptions to that rule which your attorney will address as the need arises). In order to have a good working knowledge of your assets and debts, you should have access to the following information:

Real Property Information

Typical couples will only have the marital home but occasionally there may be vacation or investment properties, as well. For each property that you own you will need to obtain copies of the deed, recent appraisals, HUD-1 settlement statements if applicable, a current mortgage statement and the homeowner's insurance declaration page. Also, if you are renting out a property that you own, a copy of the most recent lease as well as the rent ledgers will be needed.

Bank Accounts

You will need three to five years of bank statements and cancelled checks for all bank accounts maintained by either you or your spouse. The number of years needed usually depends on the complexity of the issues in your case, but three to five years is typical.

Vehicle Information

For all vehicles you or your spouse may own (i.e. automobiles, motorcycles, RVs, watercraft, etc.) you will need to obtain the titles (that is if these are not held by a lender), a copy of the registrations, loan statements and insurance cards for each.

Tax returns

Tax returns can give your attorney important information regarding income, bank accounts, investments, business entities and additional sources of income. Typically, five years of tax returns are needed, including all accompanying schedules, W2 statements, and 1099 statements for each party. In addition, your attorney will want to see copies of your three most recent pay stubs and a copy of your most recent Social Security Statement (a copy of which can be requested at www.ssa.gov). These are important tools which can help determine income history and capacity to earn, which may be necessary to determine child support and alimony.

Credit Cards

In addition to assets being sub-

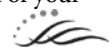
ject to distribution, marital debt is subject to distribution as well. It is helpful to have a working knowledge of all of the credit cards you and your spouse carry. Eventually, providing copies of the most recent statement for all cards with balances will be necessary. These statements assist in not only identifying debt subject to distribution but will also provide a picture of your marital lifestyle, to the extent credit was utilized to maintain that lifestyle. If you are unaware of the extent of credit in your name, you should obtain a recent copy of your credit report.

Retirement Accounts

Retirement accounts are subject to division as well. You will need to obtain date of complaint statements (and possibly later, more current statements) for all

401(k)s, pensions, IRAs, money market accounts, CDs, 529s or any other type of retirement or college savings account for either yourself, your spouse and your children. You should be able to identify what retirement plans your family has and the investment house or entity that holds these accounts.

This list is not intended to be an all-encompassing, but it does highlight the "big-ticket" items. It is important that you educate yourself, even if you are never confronted with divorce, as you will want to have a working knowledge of your family's finances in case of an unexpected tragedy, such as the death of your spouse. This is one of the best ways to protect yourself. There is no reason to remain in the dark about such an important aspect of your life.



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