



# FINANCIAL IMPLICATIONS OF DIVORCE

## MY CHECKLIST

NAVY FINANCIAL READINESS

### HANDOUTS

- ✓ Spending Plan Worksheet
- ✓ Major Purchases
- ✓ 5 Rules Of Buying A House
- ✓ TRICARE Overview
- ✓ Estate Planning
- ✓ Paying Off Student Loans

Studies at the National Institutes of Health (NIH) verify that money is a leading cause of stress in relationships. Even when a relationship ends in divorce, money often continues to be an issue. This checklist, supplemented with information and referrals from the Fleet And Family Support Center (FFSC) staff, can help you reorganize your finances efficiently as you work through the many dimensions of this difficult time.

Use this checklist as a solution-focused tool to help you set goals, establish priorities, and develop a personal action plan. Space is provided to add local resources and reminders about additional topics.



## ADMINISTRATIVE TASKS

- Obtain an official copy of your Marital Settlement Agreement (divorce decree).
- Bring the divorce decree to the nearest Defense Enrollment Eligibility Reporting System/Real-Time Automated Personnel Identification System (DEERS/RAPIDS) office. Make sure your marital status is updated, and get a new military ID if you are changing your name.
- Check your Leave and Earnings Statement (LES) for correct pay and allowances after DEERS updates.
- Get a new Social Security Card, driver's license, and passport if you are changing your name.

Additional notes: \_\_\_\_\_  
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## FINANCIAL PLANNING

- Make a spending plan for your new situation, or revise your current spending plan to account for current income, expenses, and indebtedness. Include spousal and child support, as applicable. As necessary, consider potential financial implications of divorcing in the state where the decree is issued, such as travel to that location, required classes, filing fees, and other legal fees.
- Create or restart your emergency reserve fund. Consider increasing your emergency savings to cover three to six months of living expenses, if not presently funded at that level. This is especially important if you are the sole source of income for yourself and your dependents.
- Where appropriate, close all joint credit card bank/credit union accounts and open new ones in your own name as soon as possible. Seek professional financial counseling and/or legal counsel before acting if you are unsure about taking this step.
- Clean out any joint safe-deposit box(es) and rent new one(s) in your name.

- Establish an effective bill-paying system to ensure that bills are paid on time.
- Get a credit report, including credit score. Plan and execute a strategy to establish and maintain good credit, as necessary. Monitor the progress of your strategy. Recheck credit reports six and 12 months after the divorce.
- If possible, settle all outstanding joint debts. Continue to pay and monitor outstanding joint debts, as these continue to be your legal responsibility until your name is removed from the account or the debt is paid off.
- Review retirement goals.
- Update beneficiaries of your Thrift Savings Plan (TSP) account, as appropriate.  
Work with your legal counsel and your brokers or other financial professionals to reshape your retirement funding, as necessary. Ensure you understand your ex-spouse's rights to your retirement funds and benefits, and ensure that Individual Retirement Account (IRA) and other investment accounts are in your name only or your interest in those accounts is legally protected to the fullest extent possible under the law.
- Speak to a Survivor Benefit Plan (SBP) counselor if you are close to retirement to discuss the impact of the divorce on SBP.
- Check out any education funding changes needed as result of the divorce. Is a new income based repayment plan needed for your student loans with your change in income? See your NMCRS PFM for more information.
- Review the "Paying Off Student Loans" handout.
- Use a written receipt system to document payment or receipt of alimony/maintenance funds.
- Seek out and take advantage of financial workshops that address the needs of divorced persons.

Additional Notes: \_\_\_\_\_  
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## HOUSING AND VEHICLES

- Analyze your housing and transportation needs and be sure to prepare your finances for any major purchases following your divorce. Review the handouts "Major Purchases" and "5 Rules Of Buying A House" for more information.
- Speak with legal counsel to discuss changes to property ownership per your divorce decree.
- Work with your base housing office for any housing needs.
- Update your mailing address with all creditors.
- Change utilities and other household accounts to your name.

- Update your car titles(s) and registration(s) as required.

Additional notes: \_\_\_\_\_  
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## INSURANCE

Review and update your current insurance policies.

### 1. Medical Insurance:

- If you are covered by TRICARE, change your TRICARE medical and dental enrollments, as necessary. If you are covered by any other health policies, adjust coverage to suit your current circumstances. Review the handout “TRICARE Overview” for more information and helpful links.

### 2. Property/Auto Insurance:

- Review and update your homeowners or renters property and liability insurance policies to ensure they are in your name and are adequate for your new situation.
- Update your auto insurance policies to reflect any changes.

### 3. Life Insurance:

- Update the beneficiaries of your Servicemembers’ Group Life Insurance (SGLI), as required.
- Evaluate your life insurance needs to ensure you have enough coverage, the right type of coverage, and correct beneficiaries. A simple method to calculate your life insurance needs is to use the acronym LIFE. Start by totaling all four categories listed below.

<b>L</b> liabilities	Debt you would like to pay off, like a mortgage, auto loan or credit card(s).	\$
<b>I</b> ncome to be replaced	Income you would like to replace. Multiply targeted annual income amount by the number of years to replace.	\$
<b>F</b> uneral and final expenses	The amount you would like to set aside for final expenses.	\$
<b>E</b> ducation and other goals	The amount you want to set aside to fund education and other goals for family, friends, or charitable organizations.	\$
	<b>Total life insurance needed</b>	<b>\$\$\$\$</b>

Then compare your life insurance needs with your current amount of coverage plus any assets available at death. If you find you need additional coverage, then consider supplementing Servicemembers’ Group Life Insurance (SGLI) with a commercial life insurance policy. Review the policy for any restrictions, such as a war clause. Common life insurance policies include:

- Term Insurance — provides a stated amount of coverage over specific period of time and is designed to provide a large amount of coverage for the least cost.
- Permanent insurance — provides coverage designed to last for your entire life and can build cash value.

There are several permanent life insurance options offered such as universal life, whole life, variable life and even variable universal life insurance. These policies have a surrender period and will be subject to fees and penalties if canceled during this time.

#### 4. Disability Insurance:

- If your ex-spouse pays alimony or child support, if it is possible and feasible, take out a life and/or disability insurance policy on him or her.
- See your base legal office (active duty) or other legal counsel (Reserve) to determine the proper course of action regarding powers of attorney (POA) of your ex-spouse, if POAs are in place.

Additional notes: \_\_\_\_\_  
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### ESTATE PLANNING

- See your base legal office (active duty) or other legal counsel (Reserve) to determine the proper course of action regarding powers of attorney (POA) of your ex-spouse, if POAs are in place.
- Review the "Estate Planning" handout and see your base legal office (or other legal counsel) to establish or update estate planning documents.

### TAXES

- Review your new tax situation and change federal and state withholding as needed. This can be done in MyPay. Reserve members will need to do it with their employers as well.
- Update personal property tax records in your city and/or county to reflect your new marital status.

Additional notes: \_\_\_\_\_  
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