



## Financial Tips for Women

# Financial checklist guide for women transitioning through divorce

Ending a marriage can be a complicated and emotional time. Further complicating matters is the fact that, on average, a woman's standard of living goes down 27% after a divorce.<sup>1</sup> If you are going through a separation from your spouse, you can take steps to take control and help protect your future.

- Don't go it alone. Consult professionals for help getting your affairs in order. There are professional designations, such as a Certified Divorce Financial Analyst (CDFA), that receive specific training. Make sure your financial and tax professionals review your proposed settlement before finalizing, as they may have suggestions that positively impact your financial situation that your attorney may not know about. Make sure your lawyer, financial professional, and tax professional are connected to ensure that everyone is on the same page.
  - Your lawyer can help you create an equitable division of property, negotiate custody agreements, and navigate any tricky separation challenges. They can also help you remove your former spouse's name or add your name to personal assets based on the terms of the divorce decree.
  - Your financial professional can help you compile all financial paperwork, including the updates to ownership on all your accounts and beneficiaries, and offer guidance during the divorce process.
  - Your tax professional can help you determine the best course of action regarding divisions of retirement and investment accounts, especially being mindful of taxable investments, as well as any claim you may have to your spouse's Social Security benefits.
- **First, create a budget.** Evaluate your new financial situation, reviewing any changes in your income and expenses (including alimony) and develop a budget and savings strategy. Create a strategy for where you would like to be three or five years from now, and identify steps to help you get there.
- Build up an emergency fund of three to six months of monthly expenses to help you weather the unexpected and give you confidence to make the decisions that are right for you in the future.
- Consult with your attorney to determine when you can establish your financial independence by opening bank accounts, credit cards, and investment accounts in your own name, where you have control.
- Review and update all your estate planning documents, including your will, beneficiary information, and life insurance policies. Also update any legal documents, such as powers of attorney or health care directives to reflect your wishes.

Better understand the short- and long-term impacts of the division of your marital assets:

### 1. Keeping your house vs. retirement accounts

Your financial professional can help you understand the impact to your short-term cash flow and long-term retirement plans.

### 2. Taxable vs. tax-deferred

When dividing assets, work with your tax advisor to understand the differences and implications to your short- and long-term financial picture.

### 3. Don't miss out on potential benefits

- Consider including health care expenses as part of your divorce settlement.
- If you were married for more than 10 years, you may be entitled to Social Security benefits based on your ex-spouse's earnings.

<sup>1</sup> The Divorce Revolution: The Unexpected Social and Economic Consequences for Women and Children in America.

- Divorce can be overwhelming and financially stressful, so seek out help. Whether that is a support group of other women going through divorce, family members, a therapist, or a divorce coach, there are resources to help you navigate this extraordinarily stressful time. And they can also help you navigate the emotional side of a separation, if you need it.
- Be sure to leverage our **Financial Checklist for Women Transitioning Through Divorce** to jot down your answers and help you stay organized along the way. Share your completed checklist with your financial professional.

---

## Moving forward: Steps toward financial independence

After your divorce, you may be considering changing jobs or reentering the workforce. It is important to understand the unique challenges that women face. Women continue to face a wage gap—earning less than men, on average. Women are also more likely to pause work to act as a caregiver to a child or family member. And women generally live longer than men. This combination of factors means that you may need to take proactive steps to control your finances and stay on a path toward achieving your long-term goals. The more you are involved in and learn about your finances, the greater your ability to overcome the unique financial challenges women face.

- If you are negotiating your salary, know your worth and negotiate accordingly. You should value your work equally to that of your male counterparts.
- Prepare for a long retirement by saving early and trying to maximize your retirement savings rate without negatively impacting your lifestyle today.
  - If you have access to a workplace retirement plan, aim to save at least 15% of your salary.
  - If 15% is too challenging, consider starting at 6% and increasing your contribution a little each year until you reach your goal.
  - If you don't have a workplace retirement plan, consider investing in a Traditional or Roth individual retirement account.
- Get educated, ask questions, and continue learning to improve your financial acumen. You don't have to know everything to get involved in your financial decisions. Get involved now. Explore resources such as books, podcasts, or financial blogs.
- If you have to take time out of the workforce to care for a family member, try to stay connected—by working part time, contracting, or consulting or by continuing your education—to help keep future hiring prospects brighter.

---

## Take care of your health and well-being

Make sure you're taking steps to manage your health and well-being alongside your finances. Consider waiting a year before making any major decisions, financial or otherwise. Give yourself the attention you deserve—particularly if you're addressing the mental challenges associated with a divorce. This means making financial decisions that help you live the life you want as well as provide for yourself and your family. And take steps to get the support you need, so you have peace of mind about your finances.

### **YOUR FINANCIAL PROFESSIONAL CAN HELP.**

A conversation with your financial professional can help you take the right steps to manage the challenge of a divorce while staying on track toward your goals.

This material is provided for general and educational purposes only and is not intended to provide legal, tax, or investment advice. This material does not provide recommendations concerning investments, investment strategies, or account types; it is not individualized to the needs of any specific investor and is not intended to suggest that any particular investment action is appropriate for you, nor is it intended to serve as the primary basis for investment decision-making.

All investments involve risk, including possible loss of principal.

T. Rowe Price Investment Services, Inc.

© 2023 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.