WELLSPRING
DIVORCE
ADVISORS

Top 35 Divorce Financial Planning Mistakes

Following are some of the most common and sometimes devastating financial mistakes made during divorce. Wellspring Divorce Advisors' knowledge, experience and proven Divorce Financial Planning system provides the creative options, financial analysis and strategies necessary to ensure our clients avoid these pitfalls and obtain the most financially advantageous settlement possible.

1. Retaining an attorney before considering all options.
2. Failing to consider Alternative Dispute Resolution such as Collaborative Divorce and Mediation
3. Not understanding if you both choose, your settlement can be different than what a judge would order.
4. Choosing a divorce process based on the estimated cost.
5. Not understanding the roles of different professionals and resources available in divorce today.
6. Making emotional decisions rather than thinking strategically.
7. Deciding financial issues piecemeal instead of understanding the big picture.
8. Agreeing to a settlement without understanding the financial impact.
9. Failing to understand the difference between marital and separate property.
10. Allowing your former spouse to use financial data as a weapon against you.
11. Not understanding that in property division equal is not always equitable.
12. Keeping a residence you will not be able to afford.
13. Failing to include the full value of a pension among marital assets.
14. Disregarding the impact of taxes on assets in a divorce settlement.
15. Hiring a mediator or attorney who doesn't understand complicated business and financial transactions.
16. Failing to include future transaction costs when evaluating settlements.
17. Not understanding the financial consequences of spousal support (alimony) and child support.
18. Failure to ensure child and spousal support payments.
19. Assuming that your attorney is skilled in resolving disputes not just creating and escalating them.
20. Not producing current and future budgets that are detailed and accurate.
21. Disregarding the long term impact of inflation, investment returns, and taxes.
22. Failing to use rule 72 (t) – hardship clause to assist with cash flow needs.
23. Failure to develop a post-divorce financial plan.
24. Forgetting to amend your estate plan post-divorce.
25. Failing to recognize when the law of diminishing returns should dictate your decision.
26. Allowing your former spouse to make you feel as if you do not deserve your fair share.
27. Failing to investigate your concerns and turn over every stone.
28. Believing a judge will get it right after they hear your side of the story.
29. Not understanding the value of tax planning on future cash flows.
30. Using the word fair to describe what you want from a financial settlement.
31. Failure to properly analyze the risk versus reward trade off when off-setting assets in division.
32. Not understanding the Windfall Elimination Provision and Government Pension Offset Provision and how they might affect the value of pension plans and Social Security.
33. Being too generous for the sake of "getting it done".
34. Hiring a divorce mill for a one-time fee and no legal advice.
35. Waiting years to complete asset transfers because you "needed a break"

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