



faith . discipline . patience

Divorcing is one of the hardest things many of us have to go through. Emotions are by definition running high, there may be children involved, and a home is on the line.

On top of that, the finances of the couple is also set to change and typically not for the better. Paying for two households likely will require more money than paying for one. Chances are both will have to do with less.

When it comes to assets the house called home often causes lots of agony.

“Holding on to the house at all cost is probably the most common mistake,” says Michael Kaminski, a Certified Divorce Financial Analyst® (CDFA®) professional and president with the SKV Group.

One in the couple may be so intent on keeping the house that he’s willing to forego other assets. This can get very expensive. Sure, alimony may help but with less assets and possibly lower earnings it’s not unusual to see the person with the home strapped for cash.

Another common mistake is to treat all assets as equal. Remember that tax deferred accounts like 401(k)s or traditional IRAs will be reduced for taxes upon withdrawal while after-tax accounts like brokerage and savings accounts typically incur lower, if any, taxes. If both type of accounts hold the same amount they should not be treated as equal.

Also, if there’s a higher income earner it may make sense to have a life insurance policy on him or her so the other will not be left stranded if the payer of the alimony suddenly dies. If so, some experts suggest that the beneficiary also own the policy to ensure the beneficiary designation cannot be changed.

When deciding on alimony you should be aware that the tax rules recently changed. Currently, alimony is no longer deductible for the person paying.

These are just a few of the many moving parts a divorcing couple should keep in mind.

Beyond all the technical aspects of divorce Kaminski feels that in assisting people his job often comes down to helping them to think financially, not emotionally.

If you or someone you know is going through a divorce make sure not to go it alone. You’re likely struggling emotionally which hardly makes it easier to think straight, and bad decisions can lead to long lasting financial problems. Please consider seeking professional help.

Good luck.

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