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Have You Created Your Post-Divorce Budget?

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Money is one of the most common reasons for divorce. It's also frequently one of the greatest concerns after the divorce has been finalized.

Depending on your situation, you may end your marriage with more or less in the bank than you had during the marriage. Perhaps you'll be the one receiving alimony and/or child support, or the person on the other end writing checks. Maybe you secured more marital property than your ex-spouse—or were forced to give up significant assets such as a house or vehicle.

Regardless of the details of your agreement, you're almost certainly not better off financially now than you were before. Hardly anyone walks away from divorce a "winner." To ensure your financial stability, you'll need to carefully create a post-divorce budget and stick to it.

This can be challenging for anyone, but especially people whose exes managed household expenses. Here are a few tips for getting started:

1. Calculate your monthly income and expenses. Determine how much money comes in each month. Then, figure out how much you spend on recurring expenses such as housing (e.g. rent or mortgage payments), bills (electricity, phone, water, etc.), groceries, car payments, gas, and so on.
2. Look for ways to save. If your expenses are higher than your income, you need to a) start saving and b) eliminate or reduce as many costs as possible. Transfer a percentage of your income into your savings account each month. Cut down on unnecessary shopping. Cancel subscriptions. Take fewer trips to the supermarket. Wait before making big purchases. There are hundreds of options when it comes to saving money, so pick the strategies that make the most sense to you and your family.
3. Prioritize paying off debt. If you have credit card debt, outstanding student loans, or another form of debt, try to pay back what you owe sooner rather than later. Financial liabilities only compound with time.
4. Track your progress. Once you've created a budget, you'll need to follow it—every day, week, and month. Keep an eye on your income and expenses, and regularly review your plan. If you're having trouble sticking with it, you may need to revise your budget or change your spending habits accordingly.

Finally, don't hesitate to ask for help. An experienced professional can assist you in developing your budget and keeping your expenses on track. An attorney like the ones at Offit Kurman can provide help or connect you with a financial advisor.