Marriage, Divorce, and Financial Planning: Building and Protecting Your Financial Future

FINANCIAL PLANNING

Marriage is not just a union of hearts. It is also a merger of finances, responsibilities, and legal commitments. When that union ends, whether amicably or not, the financial consequences can be significant. Preparing for these transitions with a clear financial strategy is one of the most empowering steps you can take.

Key Takeaway:

- Working with a financial advisor before, during, and after major life events provides insight, objectivity, and personalized planning. This support can help you stay on track and avoid costly missteps.

Before the Wedding: The Power of a Prenup

A prenuptial agreement is not a sign of mistrust. Instead, it is a tool for transparency and protection. For couples entering marriage with substantial assets, inheritances, or business interests, a prenup, guided by sound financial advice, can set the foundation for a secure future.

Prenups are increasingly common, especially among millennials. They are no longer reserved for the ultra-wealthy. These agreements clarify financial expectations, protect premarital assets, and reduce the likelihood of disputes. To ensure enforceability:

- **Start early.** Begin discussions well in advance to avoid pressure close to the wedding.
- **Use separate legal counsel.** Each partner should have independent representation to ensure fairness.
- **Be transparent.** Disclose all financial information. Hidden assets can invalidate the agreement.

- **Protect business or intellectual property.** Define what is separate and what is shared, including future appreciation or earnings.

A financial advisor can support these discussions by clarifying how shared goals, cash flow, and long-term plans can be coordinated, with or without a formal prenup.

When Divorce Becomes Reality: Financial Groundwork

Divorce is emotionally and financially complex. Working with a financial advisor or a Certified Divorce Financial Analyst (CDFA®) can help you make level-headed decisions and preserve your long-term financial well-being.

1. Rebuild Your Budget

Divorce often brings a new financial reality. Whether you are managing on a single income or dividing expenses for the first time, your financial plan should be restructured accordingly:

- Reevaluate housing costs
- Identify fixed versus discretionary spending
- Create an updated savings plan for emergencies, retirement, and lifestyle needs

An advisor can help you build a sustainable post-divorce cash flow strategy that aligns with your new priorities.

2. Divide Assets

Thoughtfully An equal division does not always mean an equitable one. Major assets to consider include:

- Bank and investment accounts
- Retirement plans (including QDROs)
- Real estate
- Business interests and stock options

Understanding the value, tax implications, and liquidity of these assets is crucial. A financial advisor can assess both short-term trade-offs and long-term outcomes to make sure your share supports your future goals.

3. Minimize Tax Surprises

The way assets are divided can trigger taxes and penalties. Consider the following:

- Capital gains from selling a home
- Penalties for early retirement account withdrawals
- Embedded tax liabilities in investments

Your advisor can help structure the division with tax efficiency in mind and assist in planning for any potential liabilities.

4. Evaluate the Family Home Carefully

While emotionally important, keeping the family home may not always be financially wise. A financial advisor can help you:

- Analyze the full cost of staying, including the mortgage, taxes, and maintenance
- Evaluate trade-offs against other assets or savings needs
- Explore downsizing or refinancing if necessary

5. Plan for Your Children's Future

Supporting your children's education and well-being remains a shared responsibility. Your financial plan should be updated to include:

- College savings accounts such as 529 plans
- Clear agreements for educational and extracurricular expenses
- Updated life and health insurance coverage

An advisor can coordinate these efforts and structure a plan that protects your children's future and supports your financial stability.

6. Clarify Support Obligations

- Child support and alimony are long-term financial commitments. Be sure to outline:
- What expenses are covered by child support
- Duration and conditions of alimony or spousal maintenance
- Provisions for adjusting payments as costs increase

Your advisor can model various scenarios to help you understand how these obligations affect your financial picture.

After Divorce: Rebuilding and Looking Ahead

Once the legal process ends, it is time to focus on rebuilding with intention. A financial advisor can help you:

- Reassess retirement goals and timelines
- Adjust investment strategies based on new income and risk tolerance
- Update estate documents and beneficiaries
- Create a financial plan that reflects your new lifestyle and long-term vision

This is your opportunity to redefine your future. Whatever your goals—financial independence, travel, a career pivot, or legacy planning— the right financial plan will support you every step of the way.

Whether you are preparing for marriage, navigating divorce, or adjusting to life afterward, proactive financial planning offers clarity and peace of mind. By working with a financial advisor, you gain more than just strategies. You gain a trusted partner who can help you make informed decisions and protect what matters most.

Working With Janney

Depending on your financial needs and personal preferences, you may opt to engage in a brokerage relationship, an advisory relationship or a combination of both. Each time you open an account, we will make recommendations on which type of relationship is in your best interest based on the information you provide when you complete or update your client profile.

If you engage in a brokerage relationship, you will buy and sell securities on a transaction basis and pay a commission for these services. Our recommendations for the purchase and sale of securities will be based on what is in your best interest and reflect reasonably available alternatives at that time.

If you engage in an advisory relationship, you will pay an asset-based fee, which encompasses, among other things, a defined investment strategy, ongoing monitoring, and performance reporting. Your Financial Advisor will serve in a fiduciary capacity for your advisory relationships.

For more information about Janney, please see Janney's Relationship Summary (Form CRS) on www.janney.com/crs which details all material facts about the scope and terms of our relationship with you and any potential conflicts of interest.

By establishing a relationship with us, we can build a tailored financial plan and make recommendations about solutions that are aligned with your best interest and unique needs, goals, and preferences.

Contact us today to discuss how we can put a plan in place designed to help you reach your financial goals.

Ref #: 1952800