

# A Path To Financial Recovery After Divorce

*Avoid Pitfalls That Snag Divorcees  
& Navigate Your Way to Financial  
Independence*

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A Path To Financial Recovery After Divorce: Avoid Pitfalls That Snag Divorcees  
& Navigate Your Way to Financial Independence

Published by Gatekeeper Press  
2167 Stringtown Rd, Suite 109  
Columbus, OH 43123-2989  
[www.GatekeeperPress.com](http://www.GatekeeperPress.com)

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ISBN (paperback): 9781662906442  
eISBN: 9781662906459

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# INTRODUCTION



**A**s a divorce lawyer and financial coach, I witness on a daily basis the devastating impact that divorce has on people's finances. Unfortunately, I have found that most divorcees have no plan to achieve any sort of financial recovery as they enter the next chapter of their lives. Instead, it seems that most are (understandably) focused on making it through the day, week, and month immediately before them. They spend their energy managing their emotions and the logistical issues in their post-divorce lives but neglect their financial recovery. The divorce process leaves most physically, psychologically, and often financially exhausted. This, in turn, causes divorcees to be susceptible to making the same financial mistakes made by innumerable divorcees before them.

When it comes to characterizing what lies in front of any divorcee regarding their finances, I believe that "journey" and "recovery" are appropriate descriptors. It does not matter if the divorce was finalized ten days or ten years ago; a divorce can have lasting financial consequences long after it is finalized. While the financial devastation can be the most troubling aftereffect of divorce, I believe it is the most treatable.

For years, I have searched for a book that teaches divorcees how to avoid making common financial mistakes as they move beyond the divorce and provides them with a plan to recover

financially. Since I have never been able to find that book, I wrote this one. It is filled with advice and recommendations that I have long wished to bestow on all divorcees.

If you are reading this, I can only assume that you are either recovering from your divorce, or you want to help someone close to you recover from their divorce. This book is intended for both audiences.



**IF YOU ARE A DIVORCEE**, I know the heartbreak, sadness, loneliness, fear, and anxiety you feel because I see it in my clients' faces and hear it in their voices every day. The overwhelming majority of my clients must cope with the harsh reality of a lower household income and lingering debt obligations post-divorce. The inevitable change in lifestyle and financial hit from losing a chunk of their net worth, retirement, and possessions only adds to their uneasiness. My guess is that you can relate to some or all of this.

My goal is for you to achieve a level of prosperity that you had previously thought to be impossible, given the financial setback you have endured. This is a guidebook that is meant to help you develop and follow a plan so you can avoid making the same financial mistakes repeated by all-too-many divorcees.

Dwelling on the past and circumstances that led you here will get you nowhere. Our focus will be on the steps you need to take to gain control of your finances, eliminate the debts in your life, build up your retirement, and be in a significantly better financial position than you were the day your divorce was finalized. To take control of your finances, you have to create a budget and stick to it with a level of discipline not necessarily required of you while you were still married. Living on a budget is challenging under the best of circumstances; adhering to one

while dealing with disruptions in almost all other aspects of your life makes it exponentially more difficult.

*You can't go back and make a new start, but you can start right now and make a brand-new ending.*

**– James R. Sherman**

Your starting point doesn't matter; you might be flush with cash or up to your eyeballs in debt, but either way, you need a plan. This book will help you formulate that plan both in your mind and on paper, and you will walk away knowing the steps you need to take to get back on the road to financial prosperity.



**IF YOU ARE A “SUPPORT NETWORK” MEMBER**, you are likely reading this book because you want to equip yourself to help your friend, family member, coworker, or loved one on their journey. All too often, I see the friends and family members of divorcees sit idly on the sidelines, unable to stop their loved ones from making poor financial decisions. Their inaction is frequently caused by feeling untrained or ill-equipped to have difficult conversations about finances, budgeting, debt, and the necessary lifestyle adjustments that must be made after a divorce. I have devoted a significant portion of this book (Part III) to help you, as a member of your loved one's support network, accompany them as they travel the path toward a financial recovery.



This book is divided into three parts, all of which are relevant to you regardless of whether you are a divorcee or a support network member.

**PART I** is devoted to exposing and dissecting the most common, destructive, and avoidable financial mistakes that divorcees consistently make and stall their recovery. I have observed these slip-ups so frequently that my initial inspiration for writing this book was to help stop my own clients from making these blunders over and over and over again. Each mistake is not only avoidable but also has the potential to set you back financially for years, if not a decade or longer. The difficulty is that all of these missteps are easy to make, and some can be made in the blink of an eye due to a moment of weakness. I will teach you to identify and avoid these damaging financial traps.

**PART II** lays out a roadmap for you to follow to get out of debt, build up your emergency fund, and save for retirement. You will be able to find peace when it comes to your finances when you develop and stick to a plan to achieve these goals. All of this is certainly possible for you, so long as you follow the steps spelled out in this section of the book and avoid the financial mistakes discussed in Part I. This portion of the book will also answer the ultimate question: *Where do I go from here?* It will provide you with direction and guidance for the next steps you should take in your post-divorce financial journey.

**PART III** is dedicated to educating and guiding those in the divorcee's support network on how to help their loved one. If you are reading this because you want to help someone near and dear to your heart, bless you. I am your biggest supporter. I have nothing but respect for anyone who volunteers to walk alongside a loved one who has been rattled by the divorce process. You have an incredibly difficult role to play because of the many different hats you will need to wear. Sometimes you will be the shoulder to cry on; other times, you will have to be the voice of reason, speaking hard truths contrary to what your loved one wants to hear. Your role requires a delicate balance, and its challenges are many. This book will guide you through the

difficulties of serving in this role and empower you to be the adept wingman your loved one needs. After reading Part I, you will be able to spot the financial pitfalls that ensnare so many divorcees and help yours to avoid them. You will also be able to act as an “accountability partner” to your loved one (covered in Part II) to assist them with budgeting, spending, saving, and debt elimination. Finally, Part III of this book speaks specifically to you as the confidant and provides you with guidance, tips, and advice while serving in this vital and delicate role.<sup>1</sup>



**There are five essential tenets for you to bear in mind as we venture ahead.**

First and foremost, how you arrived at your current position is of little concern. Instead, your success going forward will be determined by what you do from this point onward. When it comes to your recovery, I do not want you to get hung up on what brought you to your current financial situation. The past is the past, and there is nothing you or I can do to change it. Our focus, from here on out, is on the future. Just like any other aspect of your life, if mistakes were made, learn from them, and try not to repeat them. If you have regrets, join the club. Just know that the only thing you can change is your behavior today and every day hereafter.

*It isn't where you came from, it's where you're going  
that counts.*  
– *Ella Fitzgerald*

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1. From this point until Part III, I am going to use the word “you” to speak directly to divorcees.

Second, since this is a book about your finances, there will be virtually no discussion about your mental health. I am not a mental health expert, so it would be irresponsible for me to venture too deep into the emotional aspect of your post-divorce recovery.<sup>2</sup> That said, we cannot expect to make any progress with your financial recovery if you neglect your mental health. In other words, if you fail to address your emotional needs, you are hamstringing your ability to prosper financially. How do I know this? Because retail therapy is a real thing. An impulse purchase made under the guise of retail therapy can mean more debt, can sabotage your budget, and stifle your ability to pay down other debt. Phrases such as “*I deserve this*” and “*I really don’t need this, but it will make me happy*” are used every day by divorcees to justify bad financial decisions that deepen their debt and make their journey toward recovery that much more difficult. Therefore, if your sole focus is on your mental health—which includes buying things that you cannot afford so you feel temporarily happy—at the expense of your financial health, you will continue to be plagued by the stress, anxiety, and angst that comes with being broke. Conversely, when your finances are under control, you will find peace from having no debt and a stocked emergency fund.

Third, your financial recovery is not a sprint. It is instead a marathon that is going to require steady discipline over a significant length of time. Depending on your starting point, getting out of debt may take just a few months or take several years. Only when your debts are cleared will you be in

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2. There are many available resources that are specifically designed to aid in emotional recovery after separation and divorce, including professional counselors, books, articles, support groups, and online tools. I recommend looking into Divorce Care, which is a time-tested and highly respected 13-week program that is offered at churches and community centers across the country. (Visit *DivorceCare.com* for more information). Just as you are seeking guidance with your financial recovery, I strongly encourage you to do the same for your emotional recovery.



the position to build wealth and eventually achieve financial independence. That said, the concept of *recovery* means different things to different people. You may not feel *recovered* until you hit a certain balance in your bank account or eliminate every debt you owe. Or, quite possibly, a full financial recovery may be a feeling that eludes you for a decade or more. Your journey won't be like your divorce, which had a definitive ending when the court issued the final judgment decree legally terminating your marriage. Instead, your financial recovery will be a process that will take an undetermined amount of time. There are no shortcuts or quick fixes that I can offer. How long it takes for you to complete this undertaking depends on multiple factors, including your income relative to your debt, your ability to increase that income, your spending and lifestyle, your intensity when it comes to saving and investing, and your financial goals. If you follow the guidelines outlined herein, you will see fantastic results. It will not happen overnight, but it will eventually happen if you stick to your plan.

Fourth, you may notice that your support network may be absent during this stage of your journey. You may feel that you are traveling this road alone because those who were always by your side when your divorce first started have vanished over time. From what I have observed, this is quite common. It was first brought to my attention many years ago by a former client of mine named Kelly.<sup>3</sup>

I saw Kelly at the grocery store several years after her divorce. She was an avid runner and a hard-working registered nurse who was generally good with her money. When I asked her how things were going, Kelly revealed the struggles she had encountered. She described her experience as something akin

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3. To protect the privacy of my former clients, I have changed all the names in this book.

to running two marathons, back-to-back, with no break in-between and a sparse crowd of supporters to cheer her on during the second course. Kelly said:

*The day my divorce was over, it felt like I just got done running a marathon. It was hell, and I was glad to be done with it. I was emotionally exhausted and financially drained. I knew that our finances were in terrible shape and that I would be responsible for cleaning up much of the mess Ryan and I created. Yet while I was happy the legal part was over, it felt like I had to gear up for another 26.2 miles right away—but with ankle weights, a headwind, and a course that went straight uphill. Even worse, I felt like I had to do it all alone.*

Kelly told me that she leaned on her friends, sister, parents, coworkers, and pastor during the divorce. By the time her divorce concluded nearly a year later, however, she had found that most of her supporters had become, as she described it, “disinterested” in hearing about her struggles.

Kelly’s description of the collective fatigue exhibited by her support network reminded me of the phenomena that psychologists classify as compassion fatigue—something divorce lawyers are often warned about in trade publications and at continuing education seminars. Compassion fatigue is defined as “the cumulative physical, emotional, and psychological effect of exposure to traumatic stories or events when working in a helping capacity, combined with the strain and stress of everyday life.”<sup>4</sup> Doctors, nurses, caregivers, therapists, funeral directors, and countless other professionals—who regularly attend to individuals in physical and emotional distress—are warned to

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4. *Compassion Fatigue*, AM. BAR ASS’N, [https://www.americanbar.org/groups/lawyer\\_assistance/resources/compassion\\_fatigue](https://www.americanbar.org/groups/lawyer_assistance/resources/compassion_fatigue) (last visited October 4, 2020).



look out for signs of burnout, fatigue, and indifference because the repeated exposure to stress in their occupation, when combined with the non-work stressors in their own lives, can become overwhelming.

In other words, every one of us has a finite capacity for stress; we have to handle the stressors in our own lives and thus have a limited ability to take on others' stress. In the years since my conversation with Kelly, many of my former clients have recounted similar experiences of disinterested family members and friends at later stages in their journey when those supporters were most needed. So, be aware that your friends, family members, and coworkers may, at some point, become unavailable to you because they have their own issues and challenges that consume their time.

To someone who hasn't lived through a divorce, it might seem that the most urgent times a loved one needs help are: (1) at the outset of the divorce action when coming to grips with the fact that the marriage is over, which is incredibly difficult, and (2) at various times during the litigation of the divorce action, including the days leading up to the final hearing. Few recognize that the most challenging time might instead be after the dust of the legal process has settled.

In Kelly's case, her support network vanished when she entered the next chapter of her life, which involved a significant amount of debt, a substantially lower household income, and severe emotional distress. While Kelly was forever thankful to those in her life who got her through the end of the legal process, she discovered that the second part of her journey, which involved recovering emotionally and financially after the divorce, was much more complicated than the first part. Not having the same enthusiastic group of supporters in her corner made the latter part of her journey even harder.

*The truth will set you free, but first it will  
piss you off.*

**– Gloria Steinem**

Fifth, I must forewarn you that we will be covering topics *very* personal to you, including your spending, your house, your car, your lifestyle, your children, your ex-spouse, your goals, and that melodramatic five-year-old alter ego inside of you. The advice in this book is not meant to be insensitive to your situation. Far from it. We must cut through all your emotions and focus on finding solutions to the problems you face for this entire endeavor to work.

In the spirit of honesty, I am not going to sugarcoat anything. I believe it is in your best interest that the topics in this book be addressed truthfully and directly. Your financial success is our paramount goal, and that cannot be achieved without acknowledging cold, hard truths. I need you—and *you* need you—to be honest about your objectives and the level of hard work, dedication, and discipline you will need to attain those goals. Contrary to that voice in your head saying, “*I’m all out of gas*,” I can assure you that you have more left in your tank. I know this because you chose to pick up this book about getting your financial affairs in order. That is an act of a person who wants to make the next year of their life better than the one before. Regardless of your goals—breaking free of a paycheck to paycheck servitude; sleeping soundly at night without any worries about your finances; paying for your child’s college education; or saving enough money so you can retire with dignity—you are reading this because you want to improve your financial situation. You have come to the right place.

You can accomplish everything laid out in the pages ahead by avoiding the mistakes that regularly hamper other divorcees

and take the steps necessary to gain total control of your finances. Achieving success with your money is going to take hard work, sacrifice, and dedication. But you can do it. This book is going to show you how.

Let's get to work.



# PART I:

## FINANCIAL MISTAKES DIVORCEES COMMONLY MAKE AND HOW TO AVOID THEM



Since I encounter divorcees who have made the mistakes outlined in this section so frequently, I felt a need to write this book to help others save their money, sanity, and time. If you can learn from others' mistakes, you will be in the best position possible to succeed on your journey toward financial recovery.

*It's good to learn from your mistakes.  
It's better to learn from other people's mistakes.*

– Warren Buffett

### MISTAKE #1:

#### TRYING TO MAINTAIN THE SAME LIFESTYLE YOU LIVED DURING THE MARRIAGE



There is no escaping that your household income post-divorce is lower than when you were married. This means your lifestyle must change. Depending on the magnitude of the hit to your income, you may need to sell your house, downgrade to a less expensive car, skip vacations and restaurant visits until you

are debt-free, give up pricey memberships and subscriptions, change your cell phone plan, cut cable, alter your shopping habits, and forgo both big and small luxuries in your life. It also means that, more than ever before, you must get on a budget and stick to it.

**You cannot continue to live the same lifestyle you enjoyed during the marriage.**

You may find yourself deep in debt and owing money to everyone under the sun, including credit card companies, auto lenders, family members, friends, and even your divorce attorney. Even more infuriating is that you may be responsible for paying off debt that your ex-spouse incurred, despite your objections to them taking on that debt in the first place. It's also quite possible that you will be left holding the bag for a debt that you didn't even know existed until the divorce proceedings because your former partner hid it from you during the marriage. None of that changes the math.

To get out of debt, you must live below your means to have money available at the end of every month to pay extra on your debts until they are extinguished. Before your divorce, your household had a more considerable top-line income that gave you latitude in your spending. Even if your spouse stayed at home while you were the sole breadwinner, they still handled tasks like childcare, cooking, cleaning, laundry, ironing, and grocery shopping that will now cost you time and money to replace.

You may be thinking that "live below your means" is an obvious platitude and hardly profound advice. However, it is the mantra that has been practiced for generations by grandmas and millionaires alike—because it works. It is a mindset and way of living that you have no choice but to adopt. Going from two incomes down to one means all of your expenses—including the

modest, frequent, and non-essential purchases that chip away at the money in your wallet—are now subject to scrutiny.

At this point, you must reassess your spending and formulate a budget based upon your new household income. While budgeting will be discussed in-depth in Part II of this book, the reason I mention it here is that when you sit down to create your first budget, your lifestyle cannot be stuck in the past. Simply put, your goal cannot be to maintain the lifestyle you enjoyed during the marriage. The longer you try to live the way you used to, the longer it will take you to see any financial progress because you are living above your means. It is axiomatic that with a lower household income, your budget is going to be tighter. That means some, if not many, things in your life must change.

Start by categorizing your spending as *wants* and *needs*. For example, your housing is a *need*, whereas the newest iPhone is a *want*, despite convincing yourself that you simply *must* have it. Believe it or not, a sizable portion of your expenditures are on *wants* and not *needs*. Since you face a dramatic decrease in household income post-divorce, a close examination of your *wants* versus your *needs* is a necessary and eye-opening part of this process. You will probably be surprised by how much money you spend every month on *wants*, not *needs*, and how these *wants* can keep you in a financial hole.

Let's start small. Consider some of the everyday expenses that can act as ankle weights during your journey.

**Start by examining those small, almost-daily, recurring purchases.**

***1. Your daily “vice” can cost you serious coin.***