A FINANCIAL PREPARATION GUIDE

Getting Your Finances in Order for Divorce

A step-by-step guide to organizing your financial life before and during divorce — so you can negotiate from clarity, not fear.

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Please read first

This guide is general information, not legal or financial advice, and does not create an attorney-client relationship. Divorce laws, tax rules, and financial circumstances vary and change. Consult a licensed attorney and, where noted, a qualified financial or tax professional about your specific situation.

1. Why This Matters — and Why Now

Divorce is a legal process, but at its core it is a financial one. The decisions made on issues such as how property is divided, what support is paid, who keeps what will shape your finances for years. The single biggest advantage you can give yourself is to walk in with a clear, organized, honest picture of your financial life.

Parents and spouses who understand their own numbers negotiate from a position of confidence. Those who don't often accept less than they should, or agree to things they later regret, simply because they couldn't see the whole board. This guide walks you through getting that picture in order.

A note on fairness and honesty

Getting organized is not about hiding assets or gaining an unfair edge. In Minnesota, both spouses must disclose their finances fully and honestly, and hiding assets can carry serious consequences. This guide is about understanding what you have so that you and your attorney can put your best case together.

2. Take a Financial Snapshot

Before anything else, capture where things stand today. Think of this as photographing your financial life at the moment the process begins. You'll want four categories: what you own, what you owe, what comes in, and what goes out.

Assets — what you own

- Bank accounts: checking, savings, money market
- Retirement accounts: 401(k), IRA, pensions, deferred comp
- Investment and brokerage accounts, stocks, bonds
- Real estate: the marital home and any other property
- Vehicles, boats, and other titled property
- Business interests or professional practices
- Life insurance with cash value
- Valuable personal property: jewelry, art, collections

Debts — what you owe

- Mortgage(s) and home equity lines
- Auto loans
- Credit card balances
- Student loans

- Personal, medical, or tax debt

Income — what comes in

- Salary and wages (both spouses)
- Bonuses, commissions, self-employment income
- Investment income, rental income, royalties
- Any other recurring income

Expenses — what goes out

This one takes the most work and matters the most. A realistic monthly budget becomes the backbone of any support discussion. Pull three to twelve months of statements and categorize.

> **Marital vs. non-marital property**
>
> Broadly, property acquired during the marriage is usually marital and subject to division, while property owned before the marriage or received by gift or inheritance may be non-marital, but the lines blur quickly, especially when non-marital property gets mixed with marital funds. Note anything you believe is separate, and its paper trail, but let your attorney make the legal determination.

3. The Document Checklist

Gathering documents early saves money (your attorney isn't chasing paper) and stress. Collect copies — never originals you can't replace — and store them somewhere private and secure. Aim for the last one to three years where applicable.

INCOME & EMPLOYMENT

- ☐ Pay stubs (last several months, both spouses if available)
- ☐ Tax returns, last 3 years, with all schedules and W-2s / 1099s
- ☐ Employment contracts, bonus or commission structures
- ☐ Documentation of any other income

ACCOUNTS & INVESTMENTS

- ☐ Bank statements, last 12 months, all accounts
- ☐ Retirement and pension statements
- ☐ Brokerage and investment account statements
- ☐ Records of stock options or equity compensation

PROPERTY & DEBT

- ☐ Mortgage statements and the deed
- ☐ Home purchase documents and any appraisals
- ☐ Vehicle titles and loan statements
- ☐ Credit card statements, all cards
- ☐ Statements for any other loans or debts

OTHER

- ☐ Life and other insurance policies
- ☐ Business records, if you own a business (returns, P&Ls, balance sheets)
- ☐ Prenuptial or postnuptial agreement, if any
- ☐ Records tracing any non-marital property
- ☐ A recent credit report for yourself

4. Establish Financial Independence

If your finances have been largely joint or handled by your spouse, begin building your own financial footing. Do this thoughtfully and, ideally, with your attorney's awareness, especially in the timing around separation.

Open accounts in your own name

A checking and savings account in your name alone, at a bank where your spouse doesn't have access, gives you a place to receive income and manage your own expenses as the process unfolds.

Establish credit in your own name

If most credit is in your spouse's name, consider opening a credit card in your own name to begin building an independent credit history. Pull your credit report so you know what's there.

Understand the joint accounts

Know what joint accounts and cards exist and how they work. Don't drain or close joint accounts unilaterally. In Minnesota, a **financial restraining provision** often takes effect when a divorce is filed, restricting big financial moves. Talk to your attorney before making major changes.

Do not do these without legal advice

- Emptying or hiding money from joint accounts
- Making large gifts or transfers to friends or family

- Running up debt or making major purchases out of spite
- Cancelling insurance that covers your spouse or children

These moves can backfire legally and financially. When in doubt, ask first.

5. Understand the Big Financial Pieces

You don't need to be an expert, but understanding these concepts helps you follow — and shape — the conversation.

Property division

Minnesota is an "equitable distribution" state, which means marital property is divided fairly, though not always exactly equally. Fair depends on many factors, and "who gets the house" is rarely as simple as it feels.

Spousal maintenance

Sometimes called alimony, spousal maintenance may be paid from one spouse to the other, depending on need, ability to pay, the length of the marriage, and the standard of living, among other factors. It can be temporary or longer-term.

Child support

If you have children, child support in Minnesota is calculated under state guidelines that consider both parents' incomes, the parenting-time split, and certain costs like childcare and health insurance.

The house

The marital home is often the most emotional and most complex asset. Keeping it feels comforting, but it must be affordable on one income once support and other costs are accounted for. Sometimes selling and dividing the proceeds is the healthier financial choice. Run the real numbers before deciding with your heart.

Tax angles worth flagging to a professional

- Retirement accounts often require a special order (a QDRO) to divide without penalty
- Selling the home can have capital-gains implications
- Who claims the children affects your tax filing
- Support payments have their own tax treatment — confirm the current rules

A CPA or financial professional can save you far more than they cost here.

6. Build Your Post-Divorce Budget

At some point the conversation shifts from "what we spent" to "what I will spend." Sketching a realistic one-income (or one-household) budget early helps you understand what settlement terms you actually need.

1. List your expected monthly income after divorce, including any support.
2. List your expected monthly expenses in your new arrangement.
3. Compare the two. A gap tells you what to prioritize in negotiation.
4. Revisit it as the picture becomes clearer.

7. Printable Worksheets

Print these and fill them in. They mirror the information your attorney will need anyway.

Assets & Debts Snapshot

Item / account	Owner (you / spouse / joint)	Approx. value or balance

Monthly Budget Worksheet

Category	Current (household)	Projected (your household)
Housing (rent/mortgage)		
Utilities		
Groceries & household		
Transportation		
Insurance (health/auto/life)		
Childcare / child expenses		
Debt payments		
Medical		
Personal / discretionary		
Savings		
TOTAL		

Financial Contacts

Attorney:

Accountant / CPA:

Financial advisor:

Bank(s):

A Word From Khoroosi Law Office

Getting your finances in order is the most empowering thing you can do at the start of a divorce. It turns a frightening unknown into a set of concrete, manageable steps and it puts you in a position to advocate for a fair outcome rather than simply accepting what's offered.

Our practice focuses on family law and complex financial matters in divorce here in Minnesota. If you'd like guidance tailored to your situation, we're here to help you see the whole picture.

[Schedule Your Consultation]

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