



# LAUREL WEALTH P L A N N I N G

## Creating a Budget During or After Divorce

*During your divorce, your attorney may recommend that you create a budget. Or, after your divorce, you may want to plan your spending to help achieve your goals. For purposes of “real life” budgeting, our belief is that a “draconian” budget never works. And, that every budget must contain some pleasure and the elements that make you most deeply happy.*

### Three Steps to a Budget

1. Analyze at least one year of historical spending. This is critically important to capturing your likely spending needs going forward.
  - a. If you can, choose a fairly representative year.
  - b. If you were married and will now be single, divide up the expenses based on your best judgement. Keep a list of your assumptions.
  - c. Review check registers (or bank statements) and credit card summaries (or credit card statements).

To track data, you can use an application (Quicken, for example), a spreadsheet, or just pen and paper. ***If budgeting looks daunting, invite a friend to help you over a glass of wine. We’ve seen this help time and again.***

2. Adjust your budget for changes to your situation, either spending that will no longer be needed, or new spending that is needed. Some examples:
  - a. Health insurance, or Medicare & supplemental coverage.
  - b. New home mortgage or rental cost.
  - c. Home utilities and maintenance.
3. Include irregular large expenses, i.e., expenses that do not recur every year.
  - a. Some examples: Next car cost; home improvements, remodels, furniture, travel, etc.
  - b. To help avoid missing items, do your best to remember (and research, if possible) spending on irregular large items over the last ten years. Then average this *out*. Note that for a budget used during divorce, your attorney may recommend that you include these items, or may not. During divorce, always consult your attorney on budget matters.

***Budgeting is important work. It should help, not hurt! We highly encourage you to ask for the help you need from family, friends or professionals.***

*This is brought to you courtesy of Laurel Wealth Planning. We have worked with many divorcing and divorced people to help their financial journeys. This checklist can be found at [laurelwealthplanning.com](http://laurelwealthplanning.com)*

(Please consult your attorney and CPA for legal and tax advice.)