



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

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