

Financial Bookkeeping During Divorce

Many people have their finances in order – they pay their bills on-time, keep information organized for income tax filing, and maintain financial records from several years back. Then their world is rocked in the form of a divorce, and suddenly past record keeping is completely inadequate.

Divorce courts in many states require the completion of a financial affidavit that summarizes all household expenses large and small for all family members. Few people maintain this information with enough detail on such items as: cell phone bills; medical expenses for the husband, wife, and children, including doctor fees, laboratory charges, and prescription and over-the-counter medications; automobile expenses, including gasoline, service, insurance, mileage, tolls, and parking; clothing purchases for and by each family member; charitable donations in the form of cash, clothing, furniture, and other goods and services; payment for household services like cleaning, maintenance, repairs, and painting; child-related expenses for daycare, preschool, after-school programs, classes, music lessons, tutoring, camps, and sports; gifts for family members, friends, and colleagues; all types of entertainment; and all family, business and personal travel. Furthermore, the court often requires information dating back several years.

Your divorce financial planner, attorney, or mediator may suggest that you work with a bookkeeper or financial organizer who specializes in gathering and organizing information for the financial affidavit. Don't be surprised if the bookkeeper gives you "homework" before your first meeting:

- Gather and organize all your financial records for the past three years, including bank statements, checkbook, tax returns, credit card statements, utility bills, and as many receipts as you have for goods and services.
- Track down bills and receipts that you misplaced or discarded.
- Locate state and federal tax returns for all family members for the past three years.
- Fill out a pre-meeting questionnaire so that your first meeting can move forward more quickly and efficiently.

The bookkeeper's primary objective at your meeting is to work with you through the necessary steps for completing the financial affidavit accurately:

- Review all statements and invoices to fill in expenses. For example, you may need to try to categorize all the line items on a big box, home improvement, or clothing store receipt.
- Estimate expenses for which you do not have receipts.
- Retrieve information on-line from utilities, cable, credit card, and telephone companies.
- Use a program like Quicken to create expense and income categories, and reconstruct financial records for the past three years.
- Learn how to use Quicken going forward for maintaining detailed expense records, or turning over bookkeeping and bill paying to a professional financial organizer.

It is important to maintain meticulous records not just during the divorce proceedings but also after. In the event that your situation changes – you lose your job, a family member develops medical problems, your ex loses his or her job, or you need more money than you originally anticipated – you may have to complete another financial affidavit, with equally stringent reporting requirements.

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