Finances After Separation
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This handbook:

- Focuses on helping people make financial decisions as part of separation or divorce;

- Provides information to help build financial skills and increase awareness about options for dealing with the financial challenges of separation;

- Contains information for parents who are separating, the effect of conflict between separating parents on children, and how to keep children out of the middle of discussions about finances and support issues;

- Explores how to communicate about financial issues with your former partner when you separate; and

- Explains how to start, and where to turn for help, when you are faced with separating your finances, as well as working out support issues and the division of property.
Finances After Separation

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1 Introduction

The process of ending a relationship is a challenging one. In addition to dealing with your emotions, you also have the task of dealing with your financial situation.

Dealing realistically with your finances will reduce your worry and stress about your financial well-being.

The “Finances After Separation” course provides more detailed information about:

- The financial issues that may arise when you separate;
- How these issues affect you and your children, and the family’s finances;
- Strategies for communicating with your former partner about financial matters;
- Strategies to help your children deal with financial changes; and
- What to do when safety issues are involved.

Finances After Separation also looks at:

- The tools and resources that will assist you to add a financial component to your parenting plan;
- Where to get more information and help;
- Child support, including extraordinary expenses;
- Spousal or domestic partner support; and
- Property division, including debts.

This handbook gives you tools to personalize the information from the online course.

You may wish to use the parts of the handbook that address your specific needs right now and then read through the rest of the handbook over time. You may find yourself revisiting parts of this handbook: to review strategies, to look at other options, to answer new questions, and/or to sort out another financial part. The activities provide an opportunity for self-reflection and information as you plan your next steps.
Who Is This Handbook For?

This handbook is for you if you are:

- Married or have a registered domestic partnership, or have never lived with the other person but have a child together;
- Thinking of leaving a relationship or have already left a relationship;
- Creating a family budget after separation;
- Separating your finances;
- Formalizing child support, including extraordinary expenses;
- Needing information on spousal or domestic partner support;
- Sorting out property and asset division, including debts; or
- A friend, family member, or a person in the support network of those who are separating.

While all people who are separating may benefit from the information in the course and in this handbook, not all of the information may apply to you. For example, the course and handbook include financial issues like child support that apply only to parents. If you do not have children, you may skip these sections.
Safety Considerations

While many persons who are separating can benefit from working out a plan for separating finances, this is not always possible or appropriate. During separation, stress and anxiety can lead to heightened emotions, particularly around issues of finances.

When there are serious issues of abuse in a relationship, including financial abuse, contact may be restricted for reasons of safety. Some of the strategies for effective communication that we describe in this handbook may NOT be appropriate in your situation.

The safety of all family members should be your highest priority at all times. Adults have a responsibility to protect themselves and their children from abuse or from witnessing ongoing violence.

If you feel your own safety is at risk, or that the safety of your children is at risk, making sure you and your children are safe is your number one priority.

If you are afraid for your own safety and that of your children, contact the National Domestic Violence Hotline at 1-800-799-SAFE (TTY: 1-800-787-3224) or online at www.thehotline.org.

The trained advocates of the National Domestic Violence Hotline are available 24 hours a day/7 days week to talk confidentially with anyone experiencing domestic violence or seeking resources or information. They can provide assistance in more than 100 languages.
Family Law Legislation

It is important to understand what laws govern a family breakup. The laws (statutes) in the California Family Code govern what happens when a family breakup occurs.

The California Family Code includes laws (statutes) about child custody and visitation (parenting time) and child support that apply to married spouses, registered domestic partners, and unmarried parents. It also includes laws about the division of assets and debts, and support that only apply to spouses and domestic partners. You will learn about some of the statutes in the chapters that follow.

Notes:
2 Your Financial Picture

Each family has a unique set of circumstances and financial considerations. In this section you will examine your finances to begin the process of financial separation. You need to know what you have and what you owe so that you can determine your net worth and overall financial picture.

Your Family Is Unique

Each family is unique:

- In the number of children, and their ages;
- In the length of the relationship;
- In whether both persons work, and if it’s full time or part time;
- In the family income;
- In how the family manages its money (banking, credit cards, investments);
- In whether the family owns or rents a home;
- In whether the family owns or leases a vehicle, and how many; and
- In whether there are pensions, investments, or employment retirement plans.

Here are descriptions of three families:

Family 1: Jeff and Kris separated after a 5-year marriage. They do not have children. Both work full time, but Jeff earns more than Kris. Each has a separate bank account but no joint household account. They also have separate credit cards. Jeff and Kris live in the home that Kris inherited from her uncle. They each have a pension and an automobile. Jeff also has a 401(k) retirement account and student loan debt.

Family 2: John and Jane separated after a 17-year marriage. They have 3 children, ages 15, 12, and 9. Both work full time and earn similar salaries. Each has a bank account and they share a household account. They have separate credit cards. They own a home with a mortgage. They each have a vehicle. John has a pension. Jane has an employment retirement plan.

Family 3: Elizabeth and Mary separated 6 years after registering their domestic partnership and 4 years after they married in California. They have one child, age 2. Elizabeth has recently started a landscaping business and works from home. Mary is a stay-at-home mom. They have a joint bank account. They pay cash for everything. They live in their 2-bedroom condo that they rent. Elizabeth has a truck for business. Mary relies on public transportation to get around. Neither one has pensions, investments, or retirement accounts.
The make-up of a family doesn't necessarily give any information about their true financial picture.

The family make-up may not answer the following questions:

- What is the family's net income?
- How much is the mortgage?
- How much is owed on the credit cards?
- What are the children’s expenses?

How they managed their finances before separation is also unique to each family.

For example:

- Was there a family budget, and what did it look like?
- Did the partners consult each other before committing to an expense?
- Did one partner do all the spending?
- Did one partner pay all the bills?

The economics of the family and the way the finances were managed before they separated may affect the separation itself:

- “I can’t believe you bought that barbeque after I told you we couldn’t afford it.”
- “I thought you said you paid that bill last week.”
- “What did you do with the $100 that was in our account this morning?”
- “If you want Sally to get braces, then you go out and get a job!”

The economics of the family and the way the finances were managed before they separated may affect the relationship after they separate:

- “Where is the receipt for the food you bought this morning?”
- “I’m not giving you money for you to put up your nose!”
- “Why should I have to pay for you and the kids to live in our home while I live in a damp basement suite?”
- “You always did pay for your other kids first.”

These factors affect how each will navigate the separation process.
Getting Help

Before we start this section, we want to provide you with some information about ways to find legal help as you go through the separation process. There are many ways to find legal help.

California Courts Online Self-Help Center
One way to find legal help is to use the California Courts Online Self-Help Center at www.courts.ca.gov/selfhelp.htm to find legal information on specific family law-related topics.

Family Law Facilitator and Self-Help Center
Another way is to go to the “family law facilitator or self-help center.” Every county in California has an Office of the Family Law Facilitator or self-help center in the family court. Family law facilitators and self-help center attorneys are experienced attorneys who can provide information on the process for family law, and help with the paperwork and procedures for divorce, legal separation, parentage, and other cases. They work for the court and can help both parents with their case at no charge. For more information online, go to www.courts.ca.gov/selfhelp-facilitators.htm; and www.courts.ca.gov/selfhelp-courtresources.htm.

Other Resources
If you need to find legal help quickly and know what kind of help you need, here is a list of resources:

- Use LawHelpCa.org to find legal aid offices, lawyer referral services, and other free and low-cost services in your county.

- If you need help with addressing violence in your relationship and are in danger right now, call 911. For help with legal information, safe housing, and other resources, you can call the National Domestic Violence Hotline at 1-800-799-SAFE (7233) (TDD: 1-800-787-3224); or go to http://www.thelotline.org/.

- Use the State Bar of California's website at www.calbar.ca.gov to find help.

- Find a lawyer through the Lawyer Referral Service at 1-866-442-2529.

- Look up “Lawyers” or “Attorneys” in the Yellow Pages of your phone book or on the Internet.

- Ask a friend or family member. Many people have legal issues and they may be able to refer you to someone that helped them and can help you.
Dispute Resolution Programs
You might also consider participating in a “dispute resolution” program. Many communities have dispute resolution programs. These programs can try to help "mediate" or work out problems instead of going to court, so you may not need a lawyer. Find more information on resolving your dispute out of court by going to www.courts.ca.gov/selfhelp-adr.htm.

Limited-Scope Representation
Another option is to hire a limited scope representation lawyer. When you cannot afford to pay for a lawyer to handle your entire case, limited-scope representation can be a great way for you to have legal help with your case while keeping costs down.

Limited-scope representation is when you and a lawyer agree that the lawyer will handle some parts of your case and you will handle other parts. This is different from more traditional arrangements between lawyers and clients in which a lawyer is hired to provide legal services on all aspects of a case, from start to finish. Limited-scope representation is sometimes called “unbundling” or “discrete task representation.” For online information about limited-scope representation, visit http://www.courts.ca.gov/1085.htm.

Notes:
What Money Means to You

Most people have powerful feelings about money that can make it hard to arrive at rational decisions about it. These feelings can also make it harder to keep relationships harmonious when dealing with money. Some people are even afraid to deal with money.

Others become quite obsessive about their money. It’s common for people to harbor a variety of feelings about money at the same time, and even to switch from one set of feelings to another. For example, they may worry and obsess about money one day, and then completely avoid the issue of money the next day.

Just as feelings about money vary, so too can behaviors. Some people hoard money; others spend it freely. Some are able to pay bills on time and balance their checkbook, while others avoid these tasks as much as possible. Some people take great risks in investing their money; others invest conservatively. Some people exhibit money behaviors that are contradictory. For example, they might act responsibly for some time and then go on a spending spree.
Take Stock of Your Own Attitudes and Behaviors About Money

It is important to take stock of your own attitudes and behaviors about money. Begin by coming up with two lists, one positive and the other negative. On the first list, note two or three areas of your “money life” that are a source of pride or pleasure. Here are some typical responses:

- I make enough money to live on.
- I balance my checkbook regularly.
- I’m a generous gift giver.
- I have more than $15,000 in savings.

The areas of my “money life” that give me great pride or pleasure are:

1. __________________________________________
2. __________________________________________
3. __________________________________________

Now identify two or three aspects of your money life that cause you discomfort or even shame. Some typical responses might be:

- I go on shopping binges periodically.
- I procrastinate about paying bills.
- I bounce checks from time to time.
- I’m in debt.
- I have trouble spending money on gifts for myself or loved ones.

The areas of my “money life” that make me feel uncomfortable are:

1. __________________________________________
2. __________________________________________
3. __________________________________________

Did you find the positive list or the negative one harder to write? Your answer will determine where you need to concentrate your attention. For example, if you feel bad about your negative traits connected with money, more growth and healing will come from acknowledging your positive qualities for a change. And if you tend to deny your negative traits about money, seeing your negative list in a new light may give you the strength to focus on the aspects of your money life that are not serving you or your family well.
Understanding the Past and Looking to the Future
What role did you play in managing your family’s finances before separation?

It is important to understand your role in managing your family’s finances before you separated. This will help you assess your strengths and weaknesses around financial matters, and identify where you may need help.

Lack of information about your household expenses or your mortgage can lead to bills remaining unpaid, loss of services, and defaulting on loan or mortgage payments. It can even put you at risk of losing your vehicle or your home.

Lack of information about your family’s assets and liabilities can undermine your efforts to obtain a fair and equitable property settlement.

You may find that you need to speak to your bank manager to learn about closing or opening new bank accounts to separate your finances from those of your former spouse or domestic partner. You may need help from a credit counsellor to understand your debts and the options to resolve them.

How equipped are you to deal with your new financial situation?

- Do you have enough money to meet your basic expenses?
- Do you need help to negotiate a temporary order or agreement for support?
- Does the lack of finances mean you will have to consider a move to a less expensive place to live?
- Will you need to look for a job?
- Do you need to set up a separate bank account?
- Do you need to set up a checking account?
- Do you need to make arrangements for automatic bill payments or the direct deposit of support payments?

When you understand how the past influences the present, you’ll be in a much better position to make decisions for the future.
Your Money Personality

It is helpful to know your own values and beliefs about money as well as those of your former partner. The Money Personality Quiz describes five different money personalities which may affect the way you and your former partner deal with money issues after separation.

Take the Money Personality Quiz
This quiz, designed by Olivia Mellan (a therapist and leader in the field of money psychology), may help you learn which of five major money personality types best describes your tendencies. Then you could try the quiz in the role of your former partner to see how the money personalities of each of you may be very different.

Below are 20 statements. For each statement, choose the answer that you think comes closest to describing your tendencies. There is no right or wrong answer. Don’t worry about the outcome. Be honest with yourself about your answers.

1. If $20,000 came to me unexpectedly, my first impulse would be:
   a. To spend it on things I really want, including gifts for others.
   b. To put it in my savings account.
   c. To feel so overwhelmed that I’d put off making decisions about it for quite a while.
   d. To invest it in order to make the biggest profits possible.
   e. To give most of it away and use it to make the world a better place.

2. When it comes to dealing with my money:
   a. I make sure that it never influences my life choices.
   b. I enjoy spending it on gifts for myself and others, and on whatever will give me immediate pleasure.
   c. I worry about it a lot, and strategize how to make more and more of it.
   d. I hold on to it and enjoy thinking about the security it provides.
   e. I try not to think about it and hope it will take care of itself.

3. My goals about my money are:
   a. To save enough of it now so that I never have to worry about it in my old age.
   b. Unclear to me.
   c. To have enough of it to ensure that I can buy whatever I want.
   d. To have enough to satisfy my basic needs and then to give the rest away.
   e. To make as much of it as possible, as quickly as possible.
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4. When it comes to following a budget:
   a. I rework my budget often to figure out ways to have more money to spend and save.
   b. I enjoy following mine closely.
   c. I take pride in living so simply that I've never needed a budget.
   d. I hate the word budget. Just hearing the word makes me want to rebel.
   e. I don't have a budget and never want one. My money will take care of itself.

5. When it comes to spending money:
   a. I hope I'll have enough money to take care of unexpected expenses.
   b. I enjoy spending money, as long as I keep accumulating it at the same time.
   c. I’d rather save my money than spend it. Spending money makes me nervous.
   d. I don’t follow where my money goes, and I don’t want to. I focus on more important aspects of my life.
   e. I love spending money, and I tend to spend more than I earn.

6. I deal with financial record keeping as follows:
   a. I keep reworking my records to figure out ways to make more money or to make my money work better for me.
   b. I’m not even sure which records I should be keeping.
   c. I enjoy keeping careful records.
   d. I keep some records but have trouble organizing them and finding them.
   e. I don’t keep records. I hate to spend my time this way.

7. When it comes to saving money:
   a. I know I ought to be saving money, but I never seem to get around to it.
   b. I enjoy saving large amounts of money and spend a lot of time and energy thinking about how to save more.
   c. I have trouble saving money, and this bothers me sometimes.
   d. I save only for absolute necessities.
   e. Saving comes naturally to me. I am regular and consistent about it.

8. This is my attitude toward borrowing money:
   a. I try not to borrow money, but when I have to, I find it hard to keep track of my progress in paying it back.
   b. I try never to borrow money from others.
   c. I’m willing to borrow large amounts if it will help me make more, but I worry about amassing debt if the profits don’t show up quickly.
   d. I’ve borrowed money quite often, and I’m pretty casual about paying it back.
   e. I borrow only for absolute necessities.
9. When it comes to lending money:
   a. I’m pretty generous and don’t worry too much about when I’ll get it back.
   b. People tend not to ask me for money. That suits me fine.
   c. I wouldn’t mind lending money, but people hardly ever ask me.
   d. I try never to lend money, but if I do, I expect to be paid back promptly.
   e. I don’t mind lending money, if I get a good interest rate. I also worry about getting it back on time.

10. As far as credit cards are concerned:
    a. I prefer not to have credit cards at all. If I have one, I use it as little as possible.
    b. I tend to use credit cards often and make the minimum payment.
    c. I don’t mind running up large charges, as long as I can pay them off quickly. I think about my credit card bills a lot.
    d. I don’t take much notice of the status of my credit cards. I often forget to pay even the monthly minimum until I get a warning notice.
    e. I have always tended to avoid using credit. I prefer paying by cash or check.

11. When it comes to providing for emergencies:
    a. I don’t have enough saved to provide for emergencies. I just hope for the best!
    b. I have no money set aside for emergencies, and I almost never think about what I would do if something bad were to happen.
    c. I keep thinking that I’ll have enough to start saving for emergencies soon, but I’m still not quite there!
    d. I’ve put aside a sizable amount for emergencies, but I still worry about them!
    e. I try to save regularly for an emergency fund.

12. When it comes to paying my taxes:
    a. I scramble to get together some minimal records, just to get the taxes done. I’m always surprised at how much money I owe every year.
    b. I save regularly for taxes, and most years I complete my tax return well in advance.
    c. I hate focusing on taxes and try to get them done with as little fuss as possible.
    d. I have trouble saving for taxes and doing my tax return, and I feel strapped every year before the deadline.
    e. I take pride in having more assets and paying lower taxes every year, if I can.

13. To feel totally satisfied with my income, this is what I’d need:
    a. A few thousand more than I’m making now would be largely sufficient.
    b. Increasing my earnings by a large amount every year is what satisfies me—$50,000 a year more would be nice!
    c. I suppose I could always use more money, but I have no idea how much more.
    d. I feel satisfied with what I make now. A big increase would make me uncomfortable.
    e. At least $10,000 to $20,000 more than I’m making now.
14. When it comes to investing in the stock market:
   a. I enjoy investing in the stock market, and I like to diversify to maximize my profits.
   b. I don’t think about investing very often, but if I did invest, I’d want someone else to make those decisions for me.
   c. I choose “safe” and conservative investments.
   d. I’m not an expert at investing, but I think it would be fun to invest in more speculative stocks that might offer a high rate of return.
   e. I don’t think about investing, but if I made any investments, I’d prefer those that were socially responsible.

15. When I want a certain item but it’s not within my budget:
   a. Either I’ll decide I don’t really want it, or I’ll buy it and figure out how to pay for it later.
   b. If I want it, I will buy it. I can always figure out a way to pay for it.
   c. I will buy it, whether I can afford it or not.
   d. Most of the things I want are not expensive luxury items. If I do want something outrageous, I may buy it, but the purchase will make me feel very uncomfortable.
   e. If the item is important enough to me, I’ll figure out how to adjust my budget to afford it. If it isn’t that important, I’ll forget about it.

16. When I’m feeling down in the dumps, spending money:
   a. Is the last thing I would do, but putting some more money in savings might lift my spirits.
   b. Always cheers me up.
   c. Just makes me feel worse. Spending money has nothing to do with happiness.
   d. Is not what I think about to cheer myself up.
   e. In large amounts, and hatching plans to make more money, makes me feel better.

17. I would take (or have taken) a bank loan under these circumstances:
   a. To pay off debts, to go on vacations, or to buy something I really wanted.
   b. To finance my education—maybe. (I’ve never borrowed money. I never want to.)
   c. To set up or expand a business, or to make an investment that would yield a high return.
   d. To make essential repairs or to increase my future security.
   e. To deal with medical emergencies or other unforeseen circumstances but not for anything else.

18. I worry about money:
   a. Never. I worry about important things!
   b. A little bit all the time. But I do all I can to manage it well.
   c. Constantly. It’s the main thing I worry about!
   d. Only when financial crises strike.
   e. Not very much. I just enjoy spending it!
19. When I think about providing for my future security:
   a. I am quite concerned that I won’t have enough money in my future, since it’s been so hard for me to save.
   b. I have such a difficult time thinking about money that all I can do is hope that the future will take care of itself!
   c. Since I make sure I have a lot of money at my disposal, the future will probably be fine.
   d. Considering how systematic I’ve been about saving for the future, I feel reasonably confident about it.
   e. I don’t think about the future in financial terms. I have more important concerns, such as my quality of life in the future.

20. If I won a million dollars in the lottery, my first reaction would be:
   a. To feel guilty, thinking about the starving masses who have nothing.
   b. To feel shocked, a little overwhelmed, and very relieved that my future was now secure.
   c. To be totally overwhelmed. I would have no idea how to handle it.
   d. To be very happy and pleased, and to immediately start thinking about how I could simultaneously make my money grow and use it for my own enjoyment.
   e. To be wildly excited, realizing that from now on I could buy anything I wanted!
Money Personality Quiz Key
Now that you've completed the quiz, here's the key to determine which combination of money personality types you tend to be:

H = Hoarder; S = Spender; M = Money Monk; V = Avoider; A = Amasser

Refer to the following list as you score your answers, keeping count of how many H’s, S’s, M’s, V’s, and A’s you’ve chosen.

1. A.=S  B.=H  C.=V  D.=A  E.=M
2. A.=M  B.=S  C.=A  D.=H  E.=V
3. A.=H  B.=V  C.=S  D.=M  E.=A
4. A.=A  B.=H  C.=M  D.=S  E.=V
5. A.=V  B.=A  C.=H  D.=M  E.=S

6. A.=A  B.=V  C.=H  D.=S  E.=M
7. A.=V  B.=A  C.=S  D.=M  E.=H
8. A.=V  B.=H  C.=A  D.=S  E.=M
9. A.=S  B.=M  C.=V  D.=H  E.=A
10. A.=M  B.=S  C.=A  D.=V  E.=H

11. A.=V  B.=M  C.=S  D.=A  E.=H
12. A.=V  B.=H  C.=M  D.=S  E.=A
13. A.=H  B.=A  C.=V  D.=M  E.=S
14. A.=A  B.=V  C.=H  D.=S  E.=M
15. A.=V  B.=A  C.=S  D.=M  E.=H

16. A.=H  B.=S  C.=M  D.=V  E.=A
17. A.=S  B.=M  C.=A  D.=H  E.=V
18. A.=M  B.=A  C.=H  D.=V  E.=S
19. A.=S  B.=V  C.=A  D.=H  E.=M
20. A.=M  B.=H  C.=V  D.=A  E.=S

**MY SCORE:**

| H | S | M | V | A |

Whichever letter (or letters) turns up most frequently in your answers is the one that represents your predominant money personality type (or types).

My predominant money personality type is: _____________________________

My next predominant money personality type is: _________________________
Major Money Types

It is helpful to know your own values and beliefs about money. It is also helpful to understand how your former spouse or domestic partner feels about money, because his or her money personality will affect how he or she feels about spousal or domestic partner support, child support, and extraordinary expenses relating to the children.

What follows is a brief description of the major money types, and how each money personality might affect support negotiations.

Hoarder
A “hoarder” enjoys holding on to his or her money. It may be difficult for this kind of person to spend money on luxury items or immediate pleasures for him or herself and their loved ones. A “hoarder” may resent additional requests for money (for example, to the children’s extraordinary expenses). There may be accusations that a hoarder is only interested in his or her money.

Spender
A “spender” probably loves to use money to buy whatever will bring him or herself pleasure. A “spender” may have a hard time saving, budgeting, and delaying gratification for long-term goals.

“Spenders” may find it difficult to budget for child support payments if payday doesn’t fall on the first of the month. They may put their own wants and needs ahead of their financial responsibilities, putting them in arrears.

Money Monk
A “money monk” might avoid having too much money and feel guilty if a large amount of money comes their way unexpectedly. A parent who is a “money monk” might feel guilty about accepting the mandatory guideline amount for child support and agree to a smaller amount that adversely affects the children’s standard of living. “Money monks” may find it difficult to represent their interests in negotiations about money. For example, “money monks” might find themselves accepting a lesser share of the community property and asset division.
Avoider
An “avoider” tends to purposefully try not to perform various tasks of everyday money management. An “avoider” may feel anxious or incompetent about dealing with money.

“Avoiders” may find themselves ignoring requests from the other parent to contribute towards the children’s extraordinary expenses—not because they don’t have the money, but because they don’t want to deal with the matter. Or bills may remain unpaid, leading to loss of services, an accumulation of debt, and bankruptcy.

Amasser
“Amassers” are likely to be overly concerned with keeping large amounts of money at their disposal to spend, save, and invest. This preoccupation may be having a negative effect on their ability to enjoy life in the moment.

Amassers may resent having to pay support in the absence of a court order to do so. They may use delay tactics to put off paying support as long as possible. They may feel entitled to keep the money they earn, and be willing to take the risk of a judge ruling on a support order or property division rather than participate in mediation. An amasser may pay only the mandatory amount of child support, and complain at having to pay for any of the children’s extraordinary expenses.

Can you identify the personality types in the following scenarios?

1. Jeff has not paid the electric bill on the family home for three months. His former partner does not want to give him the money to pay the bill as she feels that it was already part of the support order payments made over the last three months.

2. Mary has not asked for spousal support even though she needs the extra money to look after the children. Her former partner is using delaying tactics to put off paying the support as long as possible.

3. Larry spends lots of money on his children whenever he sees them. His former partner feels like she has to compete to please her children, but she does not want to incur the extra expense.
Finances After Separation

Assessing Your Money Personality
In what way might your money personality cause you difficulty in life, either as an individual or in dealing with your child’s other parent?

_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________

What are one or two things about your relationship to money that you think you might like to change or modify in some way?

_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________

Based on your experience, can you guess which money type or types best describes your child’s other parent?

_____________________________________________________________________________________________________

What role, if any, did finances play in your decision to separate?

_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
_____________________________________________________________________________________________________
Your Overall Financial Picture

After separation, former partners usually will have to rebuild their economic lives with reduced resources.

For many people, one of the biggest sources of disagreement and aggravation is the subject of personal finances.

Do any of these statements sound familiar?

- “The money runs out before the month does.”
- “Too many expenses, not enough paycheck.”
- “The harder I work, the more behind I get.”

Financial literacy is important. It means you have the knowledge and ability to understand your finances. It is helpful to have basic knowledge and understanding of our own personal finances. In this section, we will look at two of the most common documents used to describe the financial state of a business or a person—a balance sheet and an income statement.
Your Balance Sheet

A balance sheet is a financial statement that describes your net worth at a certain point in time. It lists the value of assets on one side (what you own) and debts (what you owe) on the other. The difference between what you own and what you owe is called “net worth.”

<table>
<thead>
<tr>
<th>Balance Sheet (Net Worth Statement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets: what you own</td>
</tr>
<tr>
<td>Debts: what you owe</td>
</tr>
</tbody>
</table>

Net Worth = Total Assets – Total Debts

A balance sheet becomes important when you are dividing up family property.
Your Income Statement

An income statement describes the flow of money during a specific period of time. It is like a monthly budget. It lists income first (money that comes in) then expenses (money paid out) and finally, it shows the difference between the two. If you have more money coming in than being paid out, that is a profit for the period. But if your expenses are higher than your income, that is a loss.

<table>
<thead>
<tr>
<th>Income Statement</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>$ In</td>
</tr>
<tr>
<td>Expenses</td>
<td>$ Out</td>
</tr>
<tr>
<td>Balance (Profit or Loss)</td>
<td>$ Difference</td>
</tr>
</tbody>
</table>
An income statement is important to do when you are talking about child and spousal or partner support. For a lot of people, the process is pretty simple: *the money comes in, then the money gets spent.*

The scenario rarely varies much. The income generally is fixed, and the outflow only seems to increase. If too much money gets spent, the shortfall gets added to the debt load. As the debt load increases, more of the money coming in goes to paying the debt. This leaves less for spending and increases the debt; it is a difficult cycle.

It can be stressful deciding what to spend the money on, and when, and how much, and where, and on and on. Getting control of your finances means a lot more than just getting control of your money. It means getting a handle on your habits—both thinking and spending—as well as your short-term and long-term goals. Not only can getting control decrease much of your stress, it can also help you prepare for the future.

**Complete an Income Statement**

So where do you start? Take some time now to do a quick income statement for this month.

List what income you have on one side and some of your expenses on the other side of the Income Statement above. This illustrates one part of your overall financial picture. The other part is your balance sheet of assets and liabilities.

Expenses are what you have to pay out each month or year. There are two types of expenses—“nondiscretionary” and “discretionary”:

<table>
<thead>
<tr>
<th>Types of Expenses</th>
<th>Nondiscretionary Expenses</th>
<th>Discretionary Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>are things like taxes, statutory deductions like union dues, child support, spousal or partner support, and medical insurance.</td>
<td>are things like family expenses: food, housing, property taxes, clothing, car insurance, life insurance, summer camps, activity fees, school expenses, entertainment, eating out, car repairs, birthdays, weddings, funerals, or celebrations.</td>
</tr>
</tbody>
</table>

Once you have completed the income statement, take some time to do a quick balance sheet. Show your financial situation at the end of last month. List the value of what you own and what you owe.
Knowledge vs. Emotions

During the separation process, negotiations with your spouse, partner, or the other parent will include your finances, support, and possibly the division of property and debt. It is important to understand the separation process thoroughly and to recognize all the options available before making any decisions concerning your future.

It is important that knowledge—rather than emotions or other people’s opinions—guide you. Informed decisions are more likely to produce long-term results that are beneficial to each person and, most importantly, to the children.

Taking Charge of Your Family’s Finances

Getting control of your finances means a lot more than just getting control of your money. It means getting a handle on your habits—both thinking and spending—as well as your short-term and long-term goals. Not only can getting control decrease much of your stress, it can also help you efficiently prepare for the future. So where do you start? Here are seven guidelines:

- Review your family’s overall financial picture;
- Make a family budget;
- Decide if you can afford to keep the house;
- Eliminate discretionary spending;
- Decrease your debt;
- Start a program of saving; and
- Do it now.
1. **Review Your Family’s Overall Financial Picture**
   It is important to know the assets and debts belonging to you and your spouse or domestic partner. In California, if you are married or have a registered domestic partnership, your assets and debts are characterized as “community property,” “quasi-community property,” or “separate property.” Let’s take a brief look at each of these.

   **Community Property**
   These are the assets and the debts that you acquired from the time you married or registered your domestic partnership until the date that you separated. Because California is a community property state, you each own one-half of the community property assets, and each of you is responsible for one-half of the community debt after you separate.

   **Quasi-Community Property**
   Quasi-community property is property acquired during the marriage or domestic partnership while living outside of California. It includes any earnings, real estate, or any other kind of property. Because they were acquired during the relationship, under California law, they are treated just like community property.

   **Separate Property**
   You might also have “separate property.” This is anything you bought or any debts you had before the date of your marriage or domestic partnership. It is also property or debt that you acquired after you separated. By law, these are not split with your partner.

   You can also acquire separate property during your marriage or partnership. For example, an inheritance received during the relationship is considered your separate property, along with any gifts you received, and rents, profits, or other money you earn from a separate property asset. Any property you buy with separate property is also your separate property.

**Exercise 1: Balance Sheet**

A financial statement summarizes your net worth as it is at this moment. It is a record of everything you own (assets) and everything that you owe (debts).

Use the worksheet on page 34 to prepare a balance sheet. It will help you determine your net worth as a couple.
2. **Make a Family Budget**

A budget is a common financial plan that can help you manage income and expenses. Knowing how little or how much extra money you have each month will help you make good choices.

With a budget, family members in a household may:

- Increase their chances of making payments on time;
- Decide what they can and cannot afford;
- Increase their savings for education, retirement, large purchases, or unexpected expenses;
- Prevent or reduce the impulse to buy or overspend; and
- Eliminate or reduce debts and loan balances.

There is no “magic” to a spending plan. It won’t change the amount of income in a month, make you save more money than you spend, or prevent a financial crisis. A budget is a tool that puts you in control of your money to meet family needs and wants, as well as to reach family goals. It will show how much money you have, where it needs to go to meet your needs and wants, and when you will be able to reach your goals. A budget puts you in control.

Setting up a budget takes some preparation, and following the plan takes determination. To be successful, both partners should be involved.

Take a hard look at what you consider necessary expenses. Typically, separation causes changes in the lives of everyone—you, the other parent, your children, your pets, even your friends.

To determine your minimum financial needs, ask yourself the following:

- Will I have enough to support my current lifestyle?
- Will I be able to keep the assets from our property division without having to deplete them to pay living expenses?
- Will I be able to contribute to savings and retirement funds?

If any of the answers is “no,” you’ll have to look at your budget and adjust your standard of living.
3. Do You Own, Rent, or Lease a Home? Decide if You Can Afford to Keep the House.

If you own a home, keeping the family home might be the preferred option, but it may not make financial sense. You may end up “asset rich” but “income poor.”

You may have enough income to pay the utilities and expenses related to the day-to-day upkeep, but you may not have enough income coming in to pay the cost of the taxes, repairs, and other expenses related to owning a home.

Things to Consider if You Own a Home
- If you own a home, and if it makes sense for one of you to keep the house, that person may want to prequalify for a mortgage before your divorce is final.
- Sometimes a divorcing couple will decide that one person is going to keep the house and take the other person’s name off the title to the house. This can cause a problem later, especially if the person who wants to keep the house gets turned down for a mortgage because he or she doesn’t make enough money to qualify to refinance the house in his or her name alone.
- The person who leaves the home may end up being responsible for the debt without having a reciprocal asset, and without being able to qualify for his or her own mortgage because he or she doesn’t make enough to pay both mortgages.

Things to Consider if You Rent or Lease
You and your spouse or partner have probably entered into a rental or lease agreement with a landlord. In this case, you will both need to ask:

- How much time is left on the lease or rental agreement?
- Do either of you want to continue living there?
- Do both of you want to leave and cancel the lease or rental agreement?
- Will your landlord agree to either change the lease, remove your partner’s name from the lease, or have someone else take over the lease?

Things can get complicated if you rent or lease your residence because your rental or lease contract will impact your rights and responsibilities. A lease or rental agreement signed during a marriage or domestic partnership is subject to division during a divorce. So even if the lease is only in your partner’s name, but it was signed during your marriage or partnership, you both may have a claim to it. Further, the court cannot simply cancel a lease or rental agreement. You may want to start by talking with an attorney about your lease or rental agreement, or talking with your landlord to help you come up with a solution.
4. **Eliminate Discretionary Spending**

Discretionary spending involves paying for nonessential things. After separation, it takes on a new reality. Depending on your situation, you may need to consider if you should:

- Work or stay at home?
- Keep the family home?
- Continue to hire services, such as a housekeeper, gardener, or babysitter?
- Buy the new season’s clothes?
- Purchase luxury items?
- Eat out as often as usual?
- Vacation in exotic places?
- Have your hair, nails, and makeovers done as frequently as before?
- Golf weekly or maintain that membership in a fitness club?

It’s important to evaluate your expenses and make reasonable decisions that put the interests of your children first. There isn’t too much you can do about nondiscretionary expenses—those things that you have no choice about paying, like income tax or union dues—but it is important to acknowledge them when you calculate your cash flow.

Most family and personal expenses fall into the category of discretionary expenses because the expenses arise from choices you make about your lifestyle, and that of your children.

A mortgage is a discretionary expense, because when you take on a mortgage you make a choice to own a home rather than rent. A car payment is also a discretionary expense, representing the choice you made to purchase or lease a car rather than use alternative forms of transportation.

You do have a certain amount of control of your discretionary expenses, even though it may not seem like it at the time. You can’t “play” with nondiscretionary expenses to free up money, but you can do so with discretionary expenses.
Finances After Separation

There are some obvious ways to reduce your expenses:

- Know what you spend your money on, and where you spend it.

- Stop spending that increases your debt load, for necessary items (like food and shelter) and those that are not necessities (like “toys”). This means no vacation, new clothes, or even car repairs—unless you have the cash to pay for them.

- Get rid of those items you don’t need or rarely use—expensive toys that sit in the corner, things for hobbies that you never took up, a four-wheel drive SUV that you never take off-road, the boat in the driveway—and convert them into cash.

- Don’t take out loans or add credit obligations. If you don’t own it now, don’t buy it.

During the separation process is not the time to buy the new house or a new car. This is also not the time to invest in any product or to shift investment assets. Your property could end up being divided in a way different than you thought it could be. What you thought was yours and yours alone could end up being a community property asset, subject to property division. Shifting assets could create difficulty in tracking the location and ownership of the asset, and a suspicion that someone is hiding assets. There may be taxes or penalties to pay later in shifting assets from you to the other partner or parent.

- Don’t make any financial commitments that you don’t understand, are not absolutely clear about, or simply cannot afford.

Exercise 2: Expense Estimator

The Expense Estimator looks at your expenses and asks you to define them as “discretionary” vs. “nondiscretionary.” Use the worksheet on page 35 to determine the nature of your expenses.

You may need to make more than one pass at this worksheet. Your first pass may reflect your ideal lifestyle, and that’s fine for now. However, you can determine if that lifestyle is workable only after you look at your income sources. If it isn’t workable, you may need to look at your discretionary expenses to see how much room you have to decrease your expenses.
5. **Decrease Your Debt**

An increasing number of separated couples have large amounts of debt—especially credit card debt. It’s easy to overuse credit cards. It’s tempting to start living off credit cards when the other partner is no longer contributing the same amount of money.

If there is absolutely no money, it may be necessary to use credit cards, but do so sparingly. It is important to get balance into your financial picture. You may need to pare down your living expenses to the bare minimum. When you have to stretch just to make the minimum payment, it is likely that you are spending beyond your means.

Consider these credit card tips:

- Do not use credit to postpone a crisis.

- Do not use credit cards or credit lines for anything but essential expenses, and only for a short period of time. Once you run into trouble making credit card payments, you have damaged your credit standing. It just isn’t worth it.

- Be careful to compare the rates for bank debt with bank credit card debt, store credit card debt, and “pay day” loans. The rates of interest will be very different and much higher than the bank debt.

With the aid of your family budget, set aside a specific amount each month that you can use to reduce your debt. The next part of this chapter looks at options to decrease your debt and identifies professionals who can help you achieve a lower debt load.

6. **Start a Program of Saving**

As you begin to gain stability with your financial picture, it is important to realize that saving is more important than spending. By reducing unnecessary expenses, you will have more money and you can begin to focus on long-term goals instead of short-term spending.
Exercise 3: Setting Goals

This exercise helps you to think about where your family is today financially, and where you would like to be in five or 10 years.

Use the worksheet on page 36 to identify your goals. Each goal you choose should have a specific dollar amount assigned to it in order to help make it a reality.

- **Long-term goals**: these “dreams for the future” are usually set for more than five years.
- **Intermediate goals**: usually these objectives would be attainable within one to five years.
- **Short-term goals**: these goals are attainable in the next three months to a year.

For example: the first goal for many families may be to set up an emergency fund. An emergency fund is usually living expenses for three to six months, to be used in case of an interruption in income.

7. **Do It Now**

You cost yourself a lot of your hard-earned dollars if you procrastinate. You need to be aware of the negative effect of compounding—the longer you have the debt, the more interest you will pay. You also need to be aware of the positive effect of compounding—the longer you have the savings, the higher the return.

Getting control of your finances will make an amazing difference in your life. Less money will be wasted, so you may find you don’t have to work as long or as hard to make ends meet. You’ll have more time to spend on the important things. Your stress level most likely will decrease.
It’s important to evaluate your expenses and make reasonable decisions about what you can and cannot afford.

You don’t have to live in financial misery after separation if you can:

- Negotiate a reasonable support agreement;
- Negotiate a reasonable property settlement;
- Adjust your spending patterns so that you don’t tap into your assets; and
- Take responsibility for some of the financial issues. This may mean getting a job, changing jobs, or getting a second job.

**Worksheet 1: Balance Sheet**

This statement summarizes your financial life as it is at this moment. It is a record of everything you own (assets) and everything that you owe (debts). Use this worksheet to help you determine your net worth as a couple.

While filling in this worksheet on the next page, keep the following in mind:

- For items that may have tax consequences, fill in the original value of the item whenever possible. This is the cost of the asset when you bought it plus the cost of any renovations.

- If the asset is held in your spouse’s or partner’s name, put the value of the asset in that column. Do the same for any assets held in your name. Put any items registered in joint names into the “joint” column. This may help later, when you are going to divide everything.
### Finances After Separation

#### Worksheet 1: Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>Original Value</th>
<th>Joint</th>
<th>Spouse/Partner 1</th>
<th>Spouse/Partner 2</th>
<th>Household Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank accounts</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Savings</td>
<td></td>
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</tr>
<tr>
<td>Life insurance cash value (not death benefit)</td>
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<td></td>
</tr>
<tr>
<td>Residence</td>
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<tr>
<td>Recreational property</td>
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</tr>
<tr>
<td>Collectibles/valuables</td>
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<tr>
<td>Vehicles</td>
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<tr>
<td>Furniture</td>
<td></td>
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</tr>
<tr>
<td><strong>Investments</strong></td>
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<tr>
<td>Pension plans</td>
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<tr>
<td>Retirement plans</td>
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<tr>
<td>Stocks, bonds, mutual funds</td>
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<tr>
<td>Real estate</td>
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<tr>
<td>Business</td>
<td></td>
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<td></td>
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<tr>
<td>Other investments</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total of Assets (A)</strong></td>
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<tr>
<td><strong>Debts (D)</strong></td>
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</tr>
<tr>
<td>Credit cards</td>
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<tr>
<td>Taxes owed</td>
<td></td>
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<tr>
<td>Lines of credit</td>
<td></td>
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<tr>
<td>Investment loans</td>
<td></td>
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</tr>
<tr>
<td>Personal mortgage</td>
<td></td>
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<tr>
<td>Automobile loans</td>
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<tr>
<td>Student loans</td>
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<tr>
<td>Other loans</td>
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<tr>
<td><strong>Total Debts (D)</strong></td>
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<tr>
<td><strong>Net Worth=(A)–(D)</strong></td>
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</tr>
</tbody>
</table>
# Finances After Separation

## Worksheet 2: Expense Estimator

<table>
<thead>
<tr>
<th>Expense</th>
<th>Monthly Amount</th>
<th>Discretionary</th>
<th>Nondiscretionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension contribution</td>
<td></td>
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<tr>
<td>Employment insurance</td>
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<tr>
<td>Union dues</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Life insurance</td>
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<td></td>
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<tr>
<td>Health insurance</td>
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<td></td>
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<tr>
<td>Child support payments</td>
<td></td>
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<td></td>
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<tr>
<td>Spousal/partner support</td>
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<tr>
<td>Housing</td>
<td></td>
<td></td>
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<tr>
<td>Rent/mortgage</td>
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<tr>
<td>Property taxes</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Maintenance</td>
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<tr>
<td>Utilities</td>
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<tr>
<td>Cable/phone/Internet</td>
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<tr>
<td>Furnishings</td>
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<tr>
<td>Pet care</td>
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<tr>
<td>Miscellaneous</td>
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<tr>
<td>Food</td>
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<tr>
<td>Clothing</td>
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<tr>
<td>Transportation</td>
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<tr>
<td>Car loan/lease</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Gas</td>
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<tr>
<td>Maintenance</td>
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<td></td>
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<tr>
<td>Personal care</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Child care</td>
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<td>Allowances</td>
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<td>Gifts</td>
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<td>Vacations</td>
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<td>Tuition fees</td>
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<td>Recreation/entertainment</td>
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<td>Cash</td>
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<td>Savings/investments</td>
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<td>Donations</td>
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<td>Personal loan payments</td>
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<td>Credit card payments</td>
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<td>Professional fees</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
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</tbody>
</table>
Worksheet 3: Goal-Setting Worksheet

Short-term goals: up to 12 months

1. _________________________  $______
2. _________________________  $______
3. _________________________  $______
4. _________________________ $______
5. _________________________  $______

The total of short-term goals = $______

Divide by number of months = $______ required per month for short-term goals

Medium-term goals: 1–5 years

1. _________________________  $______
2. _________________________  $______
3. _________________________  $______
4. _________________________ $______
5. _________________________  $______

The total of medium-term goals = $______

Divide by number of months = $______ required per month for medium-term goals

Long-term goals: more than 5 years

1. _________________________  $______
2. _________________________  $______
3. _________________________  $______
4. _________________________ $______
5. _________________________  $______

The total of long-term goals = $______

Divide by number of months = $______ required per month for long-term goals

Long, medium, and short TOTALS = $_________ (into savings account)
Debt Warning Signs

Use the following self-test periodically to determine whether you have too much debt.

1. Are you using your credit cards or borrowing to pay for items you once paid for with cash?  
   - Yes  
   - No

2. Are you paying more to service your debts today than previously?  
   - Yes  
   - No

3. Are you paying your bills with money you saved for another use?  
   - Yes  
   - No

4. Are you using your savings to pay bills?  
   - Yes  
   - No

5. Are you dipping into your emergency fund (3–6 months of basic living expenses) to cover monthly expenses?  
   - Yes  
   - No

6. Are you only paying the minimum balance due on your charge accounts each month?  
   - Yes  
   - No

7. Are you extending repayment schedules—paying in 60 or 90 days—on bills you once paid in just 30 days?  
   - Yes  
   - No

8. Have you maxed out or nearly maxed out your credit cards and other sources of borrowing money?  
   - Yes  
   - No

9. Are you taking out new loans before old ones are paid off, or taking out loans to pay an existing one?  
   - Yes  
   - No

10. Are you unsure about how much you owe?  
    - Yes  
    - No

11. Are you usually late in paying bills?  
    - Yes  
    - No

12. Are you threatened with repossession of your vehicle, cancellation of your credit cards, or other legal action?  
    - Yes  
    - No
**Debt Warning Signs (Key)**

<table>
<thead>
<tr>
<th>If you answered:</th>
<th>You are:</th>
<th>You should:</th>
</tr>
</thead>
<tbody>
<tr>
<td>“No” to all questions</td>
<td>Managing credit well.</td>
<td>Continue practicing good money management.</td>
</tr>
<tr>
<td>“Yes” to any questions 1–5</td>
<td>Getting out of control.</td>
<td>Stop using credit until current debt balances are paid.</td>
</tr>
<tr>
<td>“Yes” to any questions 6–10</td>
<td>On the verge of trouble.</td>
<td>Stop using credit. Develop a budget and debt repayment plan.</td>
</tr>
<tr>
<td>“Yes” to question 11 or 12</td>
<td>In serious trouble.</td>
<td>Consult a financial planning professional now, before your financial goals become impossible to achieve.</td>
</tr>
</tbody>
</table>
Debt Resolution

This section outlines the options you have when it comes to resolving your debt.

1. **Consolidate your debt into one loan.**

2. **Use a combination of reducing and/or eliminating nonessential expenses and paying down the debt.**

3. **Approach your creditors directly to initiate a payment plan.**

4. **Use credit counseling**
   Reputable credit counseling organizations or individuals advise you on managing your money and debt, and help you develop a budget. They can also negotiate with your creditors to arrange a payment plan that you can afford. You should know, however, that not all creditors cooperate with credit counselors: the most notable being the government about income tax payments that are past due.

   Credit counseling organizations that pay debts on your behalf must be licensed by the State of California under the Check Sellers, Bill Payers, and Proraters Law (Fin. Code, § 1200 et seq.), although some nonprofit organizations may be exempt from licensing requirements. Credit counselors who do not pay your debts or handle your money are not required to be licensed by the State of California. Check to be sure any company or individual you want to work with is licensed or exempt from licensing by contacting the California Department of Corporations at 1-800-ASK-CORP (1-800-275-2677).

   You should ask the credit counseling organization how it will provide services before you commit to paying any money. Be careful to determine the fees that you will be charged for credit counseling services.

5. **Arrange a lump sum cash settlement**
   Contact your creditor or seek the help of a credit counselor or mediator to arrange a lump sum cash settlement in which a specific amount of money is offered to your creditors to eliminate the debt. This can be an alternative to bankruptcy or a lengthy debt repayment proposal.

   Usually a certain percentage of the debt is settled. For example, a settlement of fifty cents on the dollar would mean that the creditor would accept 50% less on the debt. Lump sum cash settlements are dependent upon the circumstances of the individual or family, like compassionate grounds, hardship, etc., and the willingness of creditors to accept them.
6. **File for bankruptcy**

Bankruptcy is a legal process that helps debtors (people who owe money) get relief from the debts they cannot pay. It also helps creditors (people who are owed money) get paid from whatever property or assets the debtor has that he or she does not need to live.

The Bankruptcy Code is federal law. This means that the process is the same across the United States, except that each state has its own list of property a debtor can keep even after filing for bankruptcy (called “exempt property.”)

Deciding to file for bankruptcy is a decision that should be made carefully because it can affect you for a long time.

Filing for bankruptcy:

- Will affect your credit for years to come;
- May not always save assets such as your home or other property from being sold to pay off your debt; and
- May not be a good solution for your type of problems at all.

To decide if you should file for bankruptcy, get advice from a bankruptcy lawyer about:

- What alternatives you have other than filing for bankruptcy;
- What type of bankruptcy is the best option for you (there are four common types); and
- What debts will be discharged (removed) in bankruptcy.

For more information about bankruptcy, including a description of the types of bankruptcy, a list of exempt property in California, and resources to help you find a bankruptcy attorney or file for bankruptcy without a lawyer, visit the California Courts Online Self-Help Center at [http://www.courts.ca.gov/1067.htm](http://www.courts.ca.gov/1067.htm).

**Notes:**
Dealing with Financial Separation

Separation is a process that affects your physical health, mental health, emotional health, and financial health.

It is a personal process, and you may experience these challenges in a way that is unique to you.

These aspects are all interrelated and they impact on each other. For example: You might feel shock or disbelief. Physically you might feel nauseous, unable to eat. You might have no energy. You might have difficulty sleeping. Mentally you may be easily distracted, easily confused, unable to focus, unable to remember things, and unable to make a decision, including financial decisions.

When a person is emotionally in the grief cycle, their ability to take in information is reduced. Their understanding and ability to process financial separation, and to make financial decisions is affected.

Usually the person who decides to leave the relationship will have already gone through a great deal of the emotional process before the other person. The other person may be highly emotional. They may be angry. They may be in denial.

The person who initiates the separation may have done some financial housekeeping as well as emotional fine-tuning. The other is at a disadvantage and may require more time before making financial decisions.

If you have children, remember that you are role models for your children during this process. They are observing you and learning from you. They are also experiencing their own reactions to what is going on. It is really important to remember to keep children from witnessing or becoming involved in any conflict.
## Emotions of Separation

There are many emotions that spouses and partners experience during separation. Which of these emotions did you experience?

<table>
<thead>
<tr>
<th>ANGRY</th>
<th>Shocked</th>
<th>Proud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Betrayed</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Restless</td>
<td>Vengeful</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GUILTY</td>
</tr>
<tr>
<td>Anxious</td>
<td></td>
<td>Agitated</td>
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<td></td>
<td></td>
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<tr>
<td>JEALOUS</td>
<td>RESENTFUL</td>
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<tr>
<td>Embarrassed</td>
<td>Relieved</td>
<td></td>
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<td></td>
<td></td>
<td>F e a r f u l</td>
</tr>
<tr>
<td>Frustrated</td>
<td></td>
<td></td>
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<tr>
<td>SAD</td>
<td></td>
<td>Happy</td>
</tr>
<tr>
<td>Frustrated</td>
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<td></td>
<td>Excited</td>
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<tr>
<td>HURT</td>
<td></td>
<td>Depressed</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>WISHFUL</td>
<td></td>
<td>Happy</td>
</tr>
</tbody>
</table>
Range of Emotions

Let’s look at some of these emotions in more detail:

Anger
Anger is the core emotion of separation and divorce. It’s painful, it’s confusing, and it turns your world upside down. But at some point it should be over. If it’s not, the pain, anger, resentment, depression, or emotional confusion seem to go on forever. Anger not faced doesn’t go away. It is redirected. A “separation hangover” begins when anger becomes directed towards whatever or whomever (including yourself) a person considers responsible for the separation. Anger that is redirected can show up as revenge, blame, sabotage, and forced and inappropriate control.

Examples:

- “I don’t have enough money to pay child support, so I won’t pay any. Let her try to get money out of me—it’ll be like trying to get water out of a rock!”
- “He’s got plenty of money, and after the way he’s treated me and the kids, I’m going to make him pay for my suffering.”

Anger often leads to prolonged and expensive litigation.

Depression
Depression is anger turned inward. People who are depressed tend to withdraw or run away. Depression can be used to punish the other person if he or she can’t get you to talk or communicate.

Examples:

- A person in despair over the breakup of the relationship doesn’t want anything to change and refuses to have anything to do with discussions about change. The person may even refuse to “separate.”
- A person in depression may refuse to talk to the other person, or accept letters or e-mails. They just won’t acknowledge the other person.

Without communication, it is impossible to start talking about finances.
**Betrayal**
The number one feeling that rules when divorce or separation happens is abandonment or betrayal. Too often when a person wants to get back at their former partner, they do it economically. Revenge or punishment translates into a desire for dollars and cents.

Examples:
- “You fooled around and now I’m supposed to live in a basement suite and support you, the kids, and your boyfriend.”
- “You left us and now you expect us to live on a few dollars a month while you drive around in a new SUV.”

**Guilt**
Guilt can have a powerful effect on financial decisionmaking. It can cause you to fall into the trap of being overly generous when negotiating financial matters.

A spouse or partner who decides to leave the family can feel responsible for hurting the other person and creating upheaval. This may translate into promises and assurances to keep everything the way it was and to financially support the family in the way they are used to. But, this may not always be possible since that person is also setting up a home for him or herself.

A parent who moves away with the children may agree to give up child support out of guilt of moving.

Financial negotiations are about dollars and cents, not anger, revenge, or guilt. You will be able to make better financial decisions if you can manage your emotions and stay focused on negotiating a financial agreement.
Financial Abuse

After people separate, it’s necessary to build a different financial relationship. One person may have been dependent on the other financially, but this needs to change. Over time, they need to develop a business-like relationship when dealing with financial matters.

When there is a financial inequality between separated partners, there may also be a financial power imbalance that can result in financial abuse. We tend to think of domestic abuse as physical violence or assault. In reality, domestic abuse includes physical, sexual, financial, or psychological abuse. The abuse can be caused by men or women. Often, where there is one form of abuse, there are other forms as well.

Abusive conduct changes the balance of power between individuals. Too often, the victims of abuse are not aware of their rights nor even aware that they are victims of abuse.

Financial abuse may not be as obvious as other types of abuse.

But, like physical abuse, emotional abuse, or the denial of rights, financial abuse interferes with the safety and well-being of individuals.

In financial abuse, money becomes a tool by which the abuser can further control the victim, ensuring either his or her financial dependence.

Financial abuse can include the following:

- Preventing a partner from getting or keeping a job, or controlling their choice of occupation;
- Forcing a partner to work to support the abuser;
- Threatening to quit one’s job or flee the country if the other pursues support;
- Denying access to financial resources such as mail, bank accounts, credit cards, or the checkbook;
Finances After Separation

- Taking away the other’s checkbook or credit cards;
- Denying access to financial information such as how much money is coming in and how much is owed;
- Demanding that the other person turn over their paycheck or any other money they receive, including money received as a gift;
- Forcing the other person to have all expenditures and purchases approved by the abuser before the money is spent;
- Forcing the other person to account for every penny spent;
- Refusing to account for his or her spending of family money;
- Withholding money intended for food or medical treatment;
- Withholding child support;
- Forcing the other person (or the children) to beg or commit crimes for money;
- Stealing from or defrauding the other person;
- Manipulating or exploiting someone for financial gain;
- Forcing the other person to have sex in exchange for money;
- Leaving the other person destitute;
- Transferring assets out of the country; and
- Hiding and failing to disclose honestly all family and business assets.

Financial abuse interferes with the ability of separating families to reach fair and realistic separation agreements between the two parties. In such cases, mediation is not appropriate.

Help Is Available
If you feel that you are being financially abused, you can obtain:

- Legal advice on your rights, responsibilities, and legal options;
- Assistance in developing a safety plan that protects what money is coming in and/or enforces a support order; and
- Community resources for help, advocacy, and counselling, such as specialized victim assistance programs, women’s centers, men’s groups, multicultural and cultural programs, transition houses, and other programs.

To locate these resources, contact the National Domestic Violence Hotline at 1-800-799-SAFE (TTY: 1-800-787-3224) or online at www.thehotline.org; it’s free and private. They can help you in more than 100 languages.
Children, Money, and Separation

In the next few sections, we provide information for parents to help teach their children about money. If you do not have children, you may skip these sections and read about your fiduciary duty and the financial stages of separation.

Most of us have strong feelings and opinions about money based on childhood experiences and the values and beliefs of our parents. Often these experiences, values, and beliefs are different for each parent.

Trying to teach your children about money is a difficult task, particularly in families where children moving between two homes may encounter different values. This section provides some guidelines that may help.

• Children learn by observation, experience, and example.
• Children’s understanding and use of money follows developmental guidelines.
• Children’s education about money should focus on the concepts of earning, spending, saving, borrowing, and sharing.

Giving Children Money to Manage
Children may receive money by allowances, by providing it on request or as gifts on special occasions, or by earning it. There is no right or wrong way to provide children with money: because each family is in a unique financial situation, deciding whether or not to use an allowance is a family decision.

Teaching Your Children Money Habits
Here is an exercise that may help you evaluate what you are or are not doing to teach your children money habits for life. “Yes” answers indicate ways you are helping your child learn money management skills. “No” answers could mean you may need to help them more. These are general questions for all children. The stage of development of the child will dictate how involved you get with the topics presented in the questions.
Finances After Separation

Yes   No
1.  Do each of my children have some money to manage without any interference?
2.  Have I helped my children set up a spending and saving plan?
3.  Do I avoid using money as a reward or punishment?
4.  Do each of my children do some regular household chores?
5.  Do I set a good example by being truthful about money matters?
6.  Do I give my children more financial responsibilities as they get older?
7.  Am I a good money manager, giving my children a good example to follow?
8.  Do I allow my children to make their own decisions about money when there are alternatives?
9.  Do I praise my children if they have made wise decisions with their money?
10. Do I help my children find ways to earn extra money that is age appropriate and suits their abilities and skills?
11. Do I allow my children to make mistakes related to money and help them to understand the consequences?
12. Do I sometimes verbalize my own desire to acquire more goods and services than my income can handle so that my children know that I say “no” to myself too?

Children’s Reaction to Money Concerns
How your children adjust to your separation is directly related to how you, as their parents, are adjusting. A child’s greatest fear in separation is being abandoned. Your child’s basic sense of safety and security depends on confidence in his or her parents’ commitment to provide support.

During separation and divorce, children often witness a great deal of emotion around money, or lack of it, that can affect their sense of safety and security. Common reactions are anxiety, fear, resentment, and anger.
In this section, we look at children's age-appropriate reactions to tension in their family around finances and possible remedies.

**Birth to 18 Months Old**
Children from birth to 18 months are able to detect that there is some tension between their parents, but they cannot understand the reasoning behind the conflict. If tension continues, the child may appear to be nervous, especially around new people.

*Here are some remedies:*
- Don't fight in front of the child.
- Reduce the child's startle reflex caused by exposure to loud voices and expressions of anger.

**18 Months to 5 Years Old**
Children from 18 months to 5 years realize that they are separate entities from their parents. Often separation involves changes in residence, preschool or childcare providers, or changes in routines because of available finances. For example, the primary care parent may have to go to work.

Children this age often benefit from predictability and a stable environment. At this age, change can be very difficult for children. They may react by insisting their immediate needs be met, even if there is tension at home. They may compete for a parent's attention at a time when the parent may no longer have the same amount of time to give the child because of new responsibilities, emotions, or stress.

At this age, a child's world is centered on his or herself; however, the child is aware of tension in the environment. A child will react to emotions, and perceived threats to his or her security.

*Here are some remedies:*
- Develop and keep to a routine.
- Reduce the number of changes in the child's world.
- Don't fight in front of the child.
- Look to friends and family to spend some time with the child.
- Read books to your child to illustrate what is happening.
- Encourage your child to talk.
6 Years to 11 Years Old
Children from 6 years to 11 years are developing friendships. They understand loss when separation occurs. They are also able to recognize the changes resulting from your separation.

Even relatively small worries, like whether or not they can continue to go to Scouts or ice skating, can build up to a breaking point in a child’s mind and result in erratic outbursts, tears, and periods of tiredness.

When children witness their parent’s fear, anger, or distress over lack of money, they may react with physical and/or emotional regression. They may hear the word “no” more often to do with money matters, such as toys, treats, and special events, and react with attention-getting behavior and self-centered behavior.

They may react to competition between their parents over money by playing one parent against the other for bigger “rewards.” They may experience feelings of abandonment after overhearing negative comments about the other parent’s lack of financial support.

Here are some remedies:

- Remove conflict from the child’s presence. Avoid fighting in front of the children.
- Don’t show your anger at your child’s other parent, or his her spending habits.
- Don’t make negative comments about your child’s other parent and money matters, either in person or over the phone.
- Explain changes in routine simply and without drama, without laying blame.
- Allow the child time to adjust to new things.
- Develop a financial plan to deal with the child’s needs.
- Establish a formal financial agreement with the other parent to address the child’s expenses.
- Communicate with your child’s other parent about ongoing and unexpected expenses.
- Avoid getting into a competitive, overcompensating cycle with the other parent.
- Encourage your child to talk to you about his or her fears or worries.
11 Years to 18 Years Old

Adolescents 11 years to 18 years old are very aware of what is going on in their parents’ lives, including separation. Not only are they aware of what surrounds them, they are also very critical about the situation. Adolescents are more conscious about not being different from their peers, and differences are accentuated.

Adolescents are embarrassed by their parents’ separation and are resentful of how it affects their lives. Changes in finances hit teenagers very hard. Adolescents are easily caught in the middle. Adolescents can develop serious psychological problems as a result of a toxic, emotional atmosphere.

Here are some remedies:

- Talk to your adolescent about changes in your financial situation.
- Help your teen understand planning, so they can maximize their funds to select items that their budget allows.
- Don’t use adolescents as messengers about money.
- Share your adolescent’s financial concerns with the other parent and brainstorm solutions.
- Encourage adolescents to participate in money management by earning money, saving money, and comparing earnings and expenses.

Notes:
Fiduciary Duty of Spouses or Domestic Partners

In California, the relationship between spouses and domestic partners is treated like a relationship between professional business partners.

California laws create a duty for each spouse or domestic partner to be open, complete, and accurate in their dealings with each other regarding the family's assets and debts. Having this “fiduciary duty” to each other means that:

- Spouses and domestic partners must provide each other access at all times to:
  - Any books or records about their finances;
  - The property that they own together; and
  - Any profits earned (or debts resulting) from the use of that property.

- It is unlawful for one spouse or partner to take unfair advantage of the other, even though he or she might be primarily responsible for managing and controlling the family's property and finances.

The “fiduciary duty” between spouses and domestic partners continues after separation. In fact, soon after filing for divorce or legal separation, California law requires parties to make a full disclosure to each other about their assets and debts, and income and expenses after the case is filed in family court. They also must continuously update this information if it changes while the case is proceeding in court.

Note: You will learn more about disclosure requirements later on in the course.

For now, it is important to remember the fiduciary duty you have to your spouse or domestic partner as you begin the process of separating your finances.
The Financial Stages of Separation

There are three stages of financial separation:

- Stage One: Preparing for Financial Separation
- Stage Two: During Separation
- Stage Three: After Separation/Divorce is Final

In this section, you will have the chance to complete a series of checklists that will help you consider what actions have been completed and what remains to be done.

The information presented in the checklist is intended to draw your attention to some of the issues that accompany the division of finances during a separation or divorce. It is not intended to be a complete guide, nor is it a substitute for legal or financial advice.

Stage One: Preparing for Financial Separation

The time to begin thinking about money issues is not while in the middle of a divorce, and certainly not once the divorce has happened. Spouses or partners are in a much stronger position if they start to address their money issues at the point at which they find themselves considering separation or divorce.

Often, one person in a relationship has taken primary responsibility for financial management and record keeping. To prepare for separation, it is important for the other person to bring themselves up to speed on the family’s financial matters by:

- Reviewing the specifics of all financial accounts;
- Making copies of all relevant documents and computer files with financial data;
- Beginning an inventory of all separately and jointly owned assets;
- Making a list of all outstanding debts;
- Meeting with a financial planning professional to discuss the financial and tax implications of decisions that will need to be made as the separation goes ahead;
- Obtaining information about separation and property division laws;
- Establishing credit in your own name;
- Making an effort to pay down the balance of as many bills as possible;
- Gathering financial information that will help keep legal bills down and provide a more realistic view of the financial situation as decisions are made; and
- Recognizing that the person who did not initiate the separation may not be ready to move forward with financial separation.
Stage Two: During Separation

This is the time you should be moving toward separating the financial ties with the other person.

The goal is to create two financially separate households from one.

- Take your personal documents—such as your birth certificate and passport—out of a joint file and create a new file for yourself.
- Make copies of all joint financial documents.
- Review your insurance policies.
- Negotiate agreements about child custody, time spent with the child, child support, spousal or partner support, and property division.
- If you have children, decide who will take the dependent tax exemptions for children, and who will claim the credit for child and dependent care expenses so that each parent can file their tax returns without additional complications.

Family Law Summons and Petition

In stage two, you or your partner may have filed the first papers in family court to ask for a divorce or legal separation. The first papers include the family law summons and petition.

Summons

If this is your situation, be sure to read the Summons (Family Law) (form FL-110) carefully. The current version of the form can be found at [http://www.courts.ca.gov/forms.htm](http://www.courts.ca.gov/forms.htm). It contains important information for you and for your spouse or domestic partner about the divorce or separation process. It also includes "standard restraining orders" on the second page that go into effect for the petitioner as soon as the petition is filed and on the respondent as soon as the respondent is served with the petition and summons.

The standard restraining orders on the summons specifically limit what either of you can do with your property, money, and other assets or debts. For example, they prohibit you from:

- Cancelling, borrowing against, or changing the beneficiaries of any insurance policies you have.
- Selling, transferring, or borrowing against any property, unless your partner agreed to do so or the court made such an order.
The restraining orders on the back of the family summons also prohibit you or your partner from:

- Moving out of state with your children from your marriage or partnership;
- Applying for a new or replacement passport for any of your children together, without the prior written consent of the other or a court order; and
- Incurring extraordinary expenses while the case is pending without telling your spouse or partner at least five business days in advance.

Figure 1: Summons (Family Law) (form FL-110). Showing page 1 of 2.
Petition

Along with the summons, you need to also pay close attention to the Petition (form FL-100). It lists every issue that the court needs to resolve in your case. The current version of the form can be found at http://www.courts.ca.gov/forms.htm.

For example, the petition identifies the children you have together. It describes the parenting arrangement that is requested, as well as if spousal or domestic partner support,
attorney's fees, or a name change are requested. In addition, it describes the property claimed to be community, quasi-community, or separate property.

Another key piece of information in the petition is the date of separation. It can be very significant, as it may be used in determining:

- If an asset is community or separate property;
- If a debt is a community property or separate property debt;
- Each person’s entitlement to pensions; and
- The duration of the marriage or domestic partnership, which is a key factor in making an order for long-term spousal or partner support and how long the judgment for support will continue.

For information about the procedure and all of the forms needed to start and respond to a case for divorce or legal separation, visit the California Courts Online Self-Help Center at www.courts.ca.gov/selfhelp.
Figure 3: Petition (form FL-100). Showing only page 1 of 3.
Stage Three: After Separation/Divorce Is Final

It's time to wrap up the details of the relationship.

- If there has been a name change, this needs to be communicated to financial institutions, business service providers, and others to make the change on legal, financial, and business documents as needed.

At this time, each person needs to:

- Review health, life, and other insurance coverage.
- Consider changing beneficiaries on policies, unless there is a court order to the contrary.
- Contact his or her employer to make changes to benefits if agreed upon or ordered by the court. Replace any lost coverage.
- Review his or her will and other estate planning documents.

If you have children, child support will need to be addressed until your children are living independently and no longer require financial support.
Financial Stages of Separation Checklist

Preparing for Financial Separation
- Obtain information about separation and family law, including property division laws. How will your property be divided?
- Review the specifics of all financial accounts. Make sure you have access to all information: account numbers, financial institutions, insurers, your tax accountant, important documents, and contact information for each.
- Make copies of all relevant documents and computer files with financial data for yourself.
- Meet with a financial planning professional and a tax accountant to discuss the financial and tax implications of decisions you will need to make as you plan for separation.
- Make sure you have access to savings of your own in the event that you must suddenly rely on your own resources to meet household and personal expenses.
- Make sure you have a credit card in your own name. If not, apply for one.
- Begin an inventory of all separately and jointly owned assets. Include investments, cash, vehicles, real estate, and furniture.
- Obtain appraisals of assets such as art, antiques, fine jewellery, and other tangible items.
- Make a list of all outstanding debts.
- Verify the contents of any joint safety deposit box.
- Pay down the balance of as many bills as possible.

During Separation
- Seek information from the family law facilitator or self-help center in your county’s family court about child custody and visitation (parenting time), child support, spousal or partner support, and property division. Private family mediators can assist with these things, as well as with property and asset division. Seek legal advice from a family lawyer about support, property and asset division, and options to litigation.
- Each spouse or partner generally needs to seek legal advice from a separate lawyer.
- Consider revoking any power of attorney documents that name your spouse or domestic partner as your agent.
- Contact banks, investment companies, and brokerages where you and your spouse or domestic partner have joint accounts. Ask what actions, if any, you can take to protect your interest in those accounts.
- Contact creditors with whom you and your spouse or domestic partner have joint accounts. Pay the balance and close the accounts, if possible.
- Make copies of all legal, financial, and other important documents.
- Take your personal documents—birth certificate and passport, for example—out of joint files and create your own file.
Contact your insurance provider to review auto and homeowners or renters policies.

Work with your spouse or domestic partner to negotiate a division of community property, child custody and visitation (parenting time), child support, and spousal or partner support. If you want child support or spousal or partner support, make a monthly and annual expense budget—including food, medical care, housing, clothes, day care, school supplies and activities, and other relevant expenses—that could be used to support your case.

Discuss and decide with your spouse or partner who will take the dependent tax exemptions for children, and who will claim the credit for child and dependent care expenses.

After the Separation/Divorce is Final

Change names on documents, as necessary, to reflect the division of assets and debts in your judgment for divorce or legal separation:

- House deeds;
- Vehicle titles;
- Stocks, bonds; and
- Bank accounts.

If you changed your name, contact your service providers to make the change on legal, financial, and business documents. Contact the California Department of Public Health, Vital Records, to identify documents that you may need to change and file with the government.

Review health, life, and disability insurance coverage. Replace any lost protection. Consider changing beneficiaries on policies you own, unless your judgment for divorce or legal separation requires you to continue to name your former spouse or domestic partner or other person.

Review your will and other estate planning documents. If you have no will, prepare and execute one.

Contact your employer to make changes to benefits as needed that reflect your requirements as a single person.

Obtain advice about filing your first tax return as a single person, particularly if you were still married at the end of the previous tax year.

Collect and organize your important legal and financial documents.
Communication Strategies

When you and your former partner separate, you both will need to make many decisions about how to handle your finances. You will need to communicate effectively and, in some instances, you may need to get help to resolve difficult issues.

Often, the source of postseparation conflict is ineffective communication. If you can learn to relate to your former partner in a business-like manner, it is likely you will be able to negotiate informally to resolve financial issues.

This section examines some of the financial issues that come up and considers positive communication strategies. Many of the examples in the next few sections focus on parents communicating about expenses relating to their children. However, the same strategies and lessons can be used by all former partners to help communicate more effectively with each other about difficult issues.

Agreements or orders that address child support and spousal or partner support generally refer to ongoing financial responsibilities. It is important that you have any agreement or order about support in your possession, and that you understand the details.

- Is there a child support order?
- Does it include extraordinary expenses related to your child?
- Does it speak generally about extraordinary expenses, or is it specific? Is one of you responsible for medical/dental insurance plan payments for the children?
- Is there a spousal or domestic partner support order?

If you have negotiated an agreement or order that addresses support, it is important that you respect the terms of the agreement or order because it is a legal contract and can be enforced.

If you are the one paying child support (the “payor”), you should make paying your support in a timely manner a priority—at the same level of importance as paying your mortgage or rent. The parent receiving the support is counting on that money to pay their mortgage or rent, as well as other bills to support the child.
Finances After Separation

When former partners have children together, beyond a support agreement or order, they have to communicate with the child’s other parent about the extra expenses (those not covered in the agreement or order) and unexpected expenses (those that are not planned) related to their children’s activities.

Take a Look at a Scenario and Consider the Responses

Parent 1: Kyle has a birthday party to go to on Saturday in Riverside from 4:00 to 6:00 p.m. You need to take him out to buy a birthday present.

Parent 2: I pay you child support. You should be buying the birthday presents.

This communication about additional expenses might have been much more effective if done in a timely manner with consideration for each parent’s circumstances.

Consider this: in the scenario we just described, what if Parent 1 just found out about the party and called Parent 2 immediately? In this case, an effective communication strategy might be for Parent 1 to let Parent 2 know that the whole situation was a surprise, that Parent 1 recognizes it might be hard for Parent 2 to rearrange plans for the weekend, come up with the money, and buy the present without some help. Parent 1 could ask Parent 2 to help work out a plan so that Kyle can go to the party and even suggest ways for them to share the unexpected expense and travel to and from the party.

Options for Communicating with the Other Parent

Unless a protective order prohibits or limits it, there are many options for communicating with your former partner. You can communicate in person, on the phone, by letter, by fax, by e-mail, or by text message. Each may be appropriate for the situation but be sure to consider how your former partner may view the method of communication, especially if it is about spending a lot of money. Make sure to prepare what you are going to say ahead of time.

Communicating in Person

When you are negotiating in person, there are other considerations for a successful negotiation:

- Use a neutral tone of voice. Ask yourself if you would be speaking with a plumber, someone you work with, or a stranger in that tone of voice.
- Be aware of the messages your body language is giving the other person.

Make sure your body language and facial expressions are consistent with your words.
Conversation tips:

- Avoid the other parent’s known “triggers.” Don’t act snotty, superior, or self-righteous. Be kind. Manage your own “triggers.”
- Give the other person an opportunity to speak.
- Listen.
- Resist the urge to interrupt.
- If emotions run high, take a break. If your emotions become too overwhelming, learn to breathe slowly or ask that the conversation be continued later. Leave if you have to.
- Back off. If the other person is emotionally closed, don’t keep talking and explaining: you’ll get angry and the other parent will get irritated. Just wait for a better time.
- Bounce it back. If you are attacked verbally, tell the other parent, “I refuse to receive that. I need to be respected in this conversation, and if you can’t do that we should continue this conversation later.” If the other person continues to bait you into an argument, leave calmly and quietly.
- Don’t take the outcome of the discussion personally.

**Communicating on the Phone**
Talking on the phone is more common when you have trouble talking face-to-face, but it can be a setup for rejection. It’s easier to react to voice tone and inflection and hang up when it appears the other parent doesn’t agree with you. Your emotions can easily rise if the other person fails to hear you, understand you, or validate you.

Stick to the facts. Reduce the emotion. If you find yourself or the other person going off on tangents or around in circles, bring it to a close. “I want to consider everything you have to say, but right now I’m having a hard time.” Use the nonviolent hang-up. Tell the other parent courteously, “I’m going to hang up now. I’ll talk to you tomorrow after work.” And hang up. Politely.

**Communicating in a Letter or by E-mail**
Writing notes helps prevent face-to-face confrontations. You don’t have to see it as the coward’s way out, just an alternative until you are healed enough to talk in person. Letters allow you to release your ugly emotions on paper and then clean up the letter before you deliver it. They give the other parent time to digest your thoughts and prepare their own response.
Tips for keeping your letters healthy include:

- Check all the “you” statements.
- Correct “always” and “never.”
- Clean it up. Delete any shaming, attacking, and cursing words. Eliminate all accusatory statements.
- Change the part where you ask them to change.
- Set your boundaries ahead of time, as well as the consequence that will follow. For example: “If you don’t pick up the children by 6 p.m., I won’t be doing it for you. The daycare will charge you for the extra time they have to watch the kids.”
- Avoid responding to negative or abusive letters.
- Keep a copy of any plans that are negotiated so that you can refer to them later.

**Communicating About Expenses**

Research has shown that involving the other person in the decisionmaking process increases their willingness to contribute to unexpected expenses. It is also important to remember that a request for money always provokes an emotional response. When someone is approached unexpectedly about contributing money, it is easy to go on the defensive.

The person being asked may feel they have already paid their child support and shouldn't have to contribute anything more. The inference is that the other parent should be managing their money more effectively.

The following strategies can reduce conflict around these particular expenses:

1. **Do your homework.**
   Before you approach the other parent, gather all the financial information and any other details about the expense that will be important to share: what the money is for, how much, and when is it due.

2. **Decide HOW you want to communicate.**
   Decide upon the most effective way to communicate this particular financial request. For example, do you use the phone, e-mail, letter, fax, voice mail, or communication book, or do you talk in person?
3. **Invite feedback within an appropriate deadline.**
   Ask the other person to get back to you by a specified day or time. You could say, “Could you get back to me by next Wednesday so that I can let the coach know at the next practice?” vs. “I need to know as soon as possible.” Or, “What is there to think about—yes or no?”

4. **Listen to each other without interrupting.**

5. **Offer possible solutions and be open to other solutions.**
   Don’t presume that your solution is the only one. There may be different ways to achieve the same goal. For example, treat the expense as an extraordinary expense and share it proportionately, or share the expense equally, or organize a payment plan, or offer a payment in kind (offer time or services which may bring down the overall cost). Options should also include how much, when, and how.

6. **Clarify the details.**
   Decide who will be paying for what and when. For example, “If you pay the coach the full amount on Wednesday I can pay you back next Friday.” Or, “You can pay your portion in two equal installments over your next two pay periods.” Or, “I’ll pay the tournament fees now if you will handle soccer registration in the fall.”

7. **Write up the plan.**
   Follow up the discussion with a written summary of the details that each of you agreed to so that both of you have the same information and can track expenses.

8. **Discuss and decide what information will be shared with your child.**
   If the two of you decide you cannot afford the expense, you should discuss what information would be shared with the child and how you plan to do that. You want to present a unified decision to the child to avoid blaming.

9. **Build on your successes.**
   As communication between the two of you improves, there will be less chance of misunderstandings and conflicts between you and a better chance of a healthy upbringing for the children.
Practice your positive communication skills by considering how to handle the following situation.

**Scenario: New Instrument**
Your son plays the clarinet. He is taking lessons and has already passed his Grade 5 clarinet exam. His teacher says he is very talented and could perform solos at concerts, but she would suggest that he upgrade his instrument now.

The new instrument will cost $1,000. She would like him to get the new clarinet within the next month so that he can use it at the next festival coming up in two months.

The cost of the lessons has already been worked out between you and your former partner but this is an unexpected expense.

How would you talk to your former partner about this expense?

_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________

What communication strategies could you use to get a favorable result when this subject is discussed?

_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________

What things would not work?

_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________
Summary of Dealing with Financial Separation

Here is a summary of some of the things we discussed in this section.

- Separation is a process. Over time, separation affects a person’s physical, mental, emotional, and financial health.
- The financial impact of separation for each person is different. After separation, the path to economic stability is likely to be different for each spouse or partner.
- Parents need to be sure to make financial decisions that are in the best interests of the children.
- Children learn by observation and example. It is important not to put children in the middle of parental conflict involving financial issues.
- Separating partners need to create two financially separate households and establish plans for child support.
- Destructive anger and ongoing resentment can follow a separation. When there is stress and financial inequality, a power imbalance may lead to financial abuse.
- Talking about money matters can be difficult. Be prepared to help create positive communications. Build a business-like relationship when talking about financial issues.
- It is important to, where possible, work together to deal with the everyday financial needs and unexpected expenses for your children or find ways to separately handle these matters by working through professionals or friends or having detailed orders or agreements in writing to refer to.
- Staying focused on your children’s needs and involving each other in the decisionmaking are helpful strategies.

Notes:
4 How to Separate Your Finances

When you and your spouse or partner separate, you will have to separate your finances by deciding what to do about child support, spousal or partner support, and property division.

Separation Can Be Costly

Separation can be costly. One of the great myths of separating and divorcing couples is that it is cheaper to live as a single than as a couple. For most couples, this is not the case at all. It is more expensive to live separately.

After separation, expenses that you didn’t think about begin to surface:

- Two payments for housing;
- Two utility bills (one for each residence);
- Two telephone bills (one for each residence);
- Furniture for the second home, and kitchen staples (flour, sugar, cleaning supplies) and utensils (pots, pans, dishes);
- Expenses for an additional car;
- Increased daily expenses for transportation, food, and other costs; and
- Expenses related to raising children.

The pot of money to pay expenses doesn’t increase, but suddenly there are new expenses that need to be paid. Many people suffer from “sticker shock” when they realize how expensive running two households can become.

Short-term strategies can be helpful to reduce overall costs and decrease anxiety over money. For example, parents can make arrangements to share clothing, toys, food, and other items in the short term. A parent with a car or other transportation can offer to drop off and pick up the children to reduce the travel time and extra cost of using public transportation.
Temporary agreements can be used to help manage the finances in the short term. It takes time and money to separate a household. It makes sense to create short-term plans and make temporary agreements to help provide financial stability for each of you, and for any children you have together.

Temporary agreements for support can take into consideration the extra costs of one parent having to set up a separate residence. They may also be written to cover the cost of the mortgage (or rent) or a car payment until support is formally put in place. They may also be written to provide for an amount greater than required under law to allow time for a parent who was a stay-at-home parent during the marriage or partnership to obtain extra education and training, look for employment, or buy a car.
Child Support

This section answers a number of questions about child support. If you do not have children together, you may skip to the next section about spousal or partner support.

As parents, decisions will need to be made about how you will each spend time with the children and about child support. While all the other long-term details of the separation or divorce get worked out, children still need a regular routine, which meets their basic needs for food, shelter, clothing, safety, and education. For this reason, you will have to decide what to do about child support.

What is child support?
Child support is money paid for the benefit of the child. Under California law, children have the legal right to receive financial support from both of their parents. This is true even though parents are separated or divorced. The idea is that children should continue to benefit from the financial support of both parents, just like they would if the parents were still together.
Who supports the children?
Each parent is responsible for providing for the financial needs of the children according to his or her ability. However, the court cannot enforce the parents’ obligation until it makes an order for child support. This means that a parent must ask the court to make an order for child support as part of the case that was filed in family court.

Either parent can ask the court to make a child support order as part of a case for:

- Divorce, legal separation, or annulment;
- A petition to establish a parental relationship;
- A domestic violence restraining order; or
- A petition for custody and support.

In some cases, the court will first have to decide the parentage of the child. This is necessary, for example, if the parents were not married when the child was conceived, or if the parents did not sign a Voluntary Declaration of Parentage form after the birth of the child.

What expenses does child support cover?
Child support payments cover a wide scope of common day-to-day expenses associated with raising children: the child's share of the rent and utilities, groceries, clothing, and activities. The base amount of support does not generally include certain other kinds of expenses, such as daycare, tutoring, or medical and dental expenses.

In addition to the base amount of child support, a paying parent may also be required to cover a portion of these other “extraordinary” expenses. The additional amount that is required to pay for these additional expenses is based on the capacity of the parent to pay. We will take a closer look at these types of expenses in another section.

How is child support calculated?
California uses a statewide formula (called a “guideline”) for figuring out how much child support should be paid and which parent should pay that amount to the other parent. The judge will decide the child support amount based on the guideline calculation. The guideline amount is presumed to be correct, and the judge can only make an order different from the guideline amount in very limited situations.

Parents can also use a guideline child support calculator to help reach an agreement about child support or estimate how a judge may order support.

If the local child support agency is involved in the case, parents or their attorneys, and the court must use the Department of Child Support Services’ California Guideline Child Support Calculator software program to prepare the support calculations.
The child support calculator is available for free on the DCSS website at http://www.childsup.ca.gov/resources/calculatechildsupport.aspx

The website also has a User’s Guide to help parents understand how to fill in the information needed to complete the calculation.

If the local child support agency (LCSA) is not involved in the case, parents or their attorneys can still use the Department of Child Support Services (DCSS) child support calculator. But they may also use other certified software programs that are available for a fee.

To use the support calculator, parents need to provide information about:

- How much money each earns or can earn;
- How much other income each receives;
- How many children they have together;
- How much time each spends with their children;
- Support received of children from other relationships;
- Each parent’s actual tax filing status, mandatory expenses, and contributions.

As additional child support, parents need to consider how to share other expenses such as:

- Child care to allow the parent to work, or to get training or schooling for work skills;
- Children’s reasonable health care expenses;
- Traveling for visitation from one parent to another;
- Children’s educational needs; and
- Other special needs that the children may have.
Where do parents get advice about child support?
Parents have the right to get advice from a private lawyer or legal aid group at any time. And they can ask the family law facilitator or self-help center for information. (See page 7, “Getting Help.”)

The family law facilitator and the self-help center are located in your county’s family law court. They provide information, court forms, and assist parties to complete the forms for free.

The local child support agency (LCSA) in your county can help you get, change, and collect child support at no charge. The LCSA is where you can get help to:

- Open a new child support case;
- Establish parentage;
- Find parents so they can pay child support;
- Request medical support orders;
- Enforce child support orders; and
- Modify child support orders.

IMPORTANT! The local child support agency (LCSA) does not represent the parents or the children. The LCSA lawyers are not your lawyers. You are not a legal client, and the information you give the LCSA is not confidential.

We have now answered the most common questions about child support. Of course, there are still more questions that need to be answered. For now, it might be worthwhile for you to stop for a bit and take a look at the online tool for calculating child support. The calculator is found online at http://www.childsup.ca.gov/.
More Information About Child Support

How does the court figure out the parent’s income to calculate child support?

The court bases child support on a parent’s “net disposable income”: this consists of the parent’s income after state and federal taxes and other required deductions. The court may order support based in part on bonuses, commissions, overtime, and other supplemental or nonwage income if the court determines that this income occurs regularly.

Certain income is NOT counted when determining a child support obligation. For example, the court cannot consider income from certain public benefits, such as:

- CalWORKs;
- General Assistance/General Relief; or
- SSI (Supplemental Security Income).

How do we figure out “time-share” with a child to calculate child support?

The guideline child support calculator requires parents to indicate the percentage of time each parent spends with the children.

“Time-share” is figured out by comparing the amount of time that each parent has primary physical responsibility for the child. In general, this means that parents need to count the numbers of hours or other portions of the day a parent spends with his or her child.

If you need help figuring out how to convert your time-share into a percentage, the child support calculator can help. In the “Dependent Information” section of the child support calculator (www.childsup.ca.gov), click on the “Advanced” link. The Advanced link lists over 30 time-share scenarios and labels each as a percentage.

Examples:

- A parent who spends alternate weekends and one evening per week with child 1, has a 21% timeshare;
- A parent who spends three days each week with the child has a 43% timeshare; and
- Alternate weekends, ½ holidays, and two summer weeks is a 19% timeshare.

Other examples:

- 1 weekend per month (7%)
- 1 3-day weekend per month (10%)
- 1 2½-day weekend per month (8%)
- 2 weekends per month (13%)
- 1 weekend per month and 1 evening per week (14%)
- Alternate weekends (14%)
- Alternate weekends + 2 summer weeks (18%)
If I spend more time with the child, am I the one who will receive support?
Maybe, although the parent who spends more time with the child usually receives child support, there are some situations in which the parent who has the children most of the time will have to pay the other parent support. (This can happen, for example, when there is a very large difference in the parents’ income.) Still, this is very unusual. The reason for this is to ensure that the child’s needs will be met no matter in which parent’s home the child is residing.

How long does child support continue?
In California, child support usually continues until each child turns 18 years old if he or she graduates from high school. If your 18-year-old child is still a full-time high school student and still lives with a parent, child support ends when your child graduates or turns 19, whichever occurs first.

Parents may agree to support a child longer. If a child is disabled, there may be a continuing responsibility for both parents to help the child, and the court may order that parents continue to support a disabled adult child that cannot support himself or herself.

By law, child support also ends when the child:

- Marries or registers a domestic partnership;
- Joins the military;
- Is emancipated; or
- Dies.

Are child support payments tax deductible?
Child support is tax neutral. The payor cannot claim a deduction, and the recipient does not have to pay income tax on the amount received.

Can parents agree to waive child support?
No. In California, both parents have a legal duty to both support their child. They are not allowed to make agreements that waive child support. For example, a parent cannot agree to “give up” support if the other parent agrees to have no further contact with their child. This is an example of parents not acting in the best interests of the child.

What about medical coverage?
Federal and California laws require that every child support order include an order for “medical support.” This means that the court will order either or both parents to provide health insurance for the child as long as it is available at a “reasonable cost.” In general, if medical insurance can be purchased through a parent’s work, that amount is considered a reasonable cost.
Finances After Separation

Do you still have to pay child support if the custodial parent is in a new relationship?
Child support payments are still required if the primary caregiver is in a new relationship. Generally, your former spouse's new partner is not required to pay support, except in an extraordinary case in which the court determines that excluding the income would lead to extreme hardship to the child.

Does child support still need to be paid when the children spend time with the parent who is paying support?
Yes. Child support continues even when the children are spending time with the paying parent. The custodial parent must maintain the children's living environment even when the children are spending time with you, extended family, friends, or away from home on vacation.

Can you stop paying child support if the time with your children is cancelled or interfered with?
No. Child support is not a fee that is paid in exchange for time with the children. The children's standard of living should not be affected by conflict between the parents over time spent with the children. If a parent continues to interfere or cancel your parenting time, you should get legal help to determine how to address this situation.

Can you ask your former partner to provide receipts to show you how he or she spends the child support money?
No. The recipient of child support is free to use the money at their discretion. Special expenses are treated differently. If your agreement or order includes extraordinary expenses, you may ask to see receipts to show that the expenses have been paid.

Can the payor deduct from the regular payments when he or she pays directly for a child's expense?
No. You cannot deduct money from the child support payment to cover the cost of something you bought for your child, or to pay an activity fee for your child. Payors must pay the full child support payment amount.

Is child support affected by spousal or partner support?
If the payor cannot pay child support and spousal support, child support is the top priority. The calculation for child support payments is not impacted by spousal or partner support payments. However, child support payments are factored into the determination of spousal or partner support payments.
Can parents make their own agreement about child support?
Parents can agree to a child support amount, but only the judge can decide if it is appropriate to make it a court order. The family law facilitator in your county can help both parents work out a child support agreement and write up the agreement.

Can a child support order be changed?
Depending on the situation, either parent might need to change the amount of child support that is paid. Changes to child support orders can be made if the person requesting the change can show a “change in circumstances” that necessitates altering the child support order.

Examples of a change in circumstances that would warrant changing a child support order are:

- The income of one or both parents has changed;
- A parent is incarcerated (goes to jail or prison);
- A parent has lost his or her job;
- A parent had a child from another relationship;
- The child’s needs have changed; or
- The amount of time that each parent spends with the child changes.

Once you file papers with the court to modify the amount of child support, the court will make its decision based on the current circumstances (mainly both parents’ income and time-share with the child). This means that the child support amount could go either up or down.

If you are not sure whether the change in circumstances will result in an increase or a decrease, you can ask the family law facilitator in your county to help calculate the estimates for you before you file papers to go to court.

For more information about changing a child support order, including instructions and the forms needed to be completed and filed, read “Changing a Child Support Order” at http://www.courts.ca.gov/1196.htm.
Extraordinary Expenses

As we have just seen, child support payments cover the basic, everyday expenses of raising a child. These payments are meant to cover required expenses like food, shelter, and clothing.

In addition to paying the base amount of child support, a paying parent may also be required to cover a portion of other kinds of expenses. The child support laws in California allow the court to make orders for parents to contribute to the extraordinary expenses associated with raising their child.

What are “extraordinary expenses”?
These expenses may include:
- The cost of childcare relating to employment or education and training for employment skills;
- Uninsured health care;
- The child’s education or other special needs; and
- Travel expenses relating to visitation (parenting time).

Parents may ask the court to include in the child support order the percentage of these expenses that each parent must pay.

When one parent incurs bills for extraordinary expenses, that parent may ask the other parent to pay their share by promptly giving the other parent an itemized statement of that expense. If the entire expense was paid, that parent must provide proof of the payment and request reimbursement of the court-ordered share.

However, if the parent paid only his or her percentage share, that parent must provide the other parent with proof of what that parent paid and request that the other parent pay the remainder directly to the provider. A parent disputing a request for extraordinary expenses must pay the amount before filing papers to ask that the court rule on the propriety of the expense.

How are extraordinary expenses shared between the parents?
Extraordinary expenses such as medical, dental, educational, and extracurricular expenses are not covered by child support. These expenses are usually sharable between the parents in proportion to their income.
Can we make our own agreement about how extraordinary expenses will be shared between us?

Parents can make their own agreement about how extraordinary expenses will be shared between them. For example, they may choose to share them 50/50, instead of in proportion to their incomes. However, for an agreement to be enforced, it must be made into an order, signed by a judge, and filed in your case file in family court.

Getting Child Support Payments After a Court Order

After you get a child support court order, the other parent must start making child support payments to you. The court order will include a start date for the child support.

In every case ordering child support, the court usually orders that a wage assignment (garnishment) be issued and served. The wage assignment tells the employer of the person ordered to pay support to take the support payments out of that person’s wages.

When the local child support agency (LCSA) is NOT involved, both parents can agree that payments can be made in some other way and can ask that service of the wage assignment (sending the wage assignment to the employer) be “stayed” (put on hold). In this situation, the parents work out how child support will be paid and handle it between them.

If the LCSA is involved, they have to agree to have the wage assignment “stayed.” The LCSA will most likely want an active wage assignment in place with the employer if they are involved in the case. They will also want all child support payments to go through the State Disbursement Unit.

What if the parent is not paying court-ordered child support?

Not paying child support can have very serious consequences. If the court finds that someone has the ability to pay support but is willfully not paying it, it can find that the person ordered to pay support is in contempt of court. Being in contempt of court could mean jail time for the person who is not paying the child support. This enforcement tool is generally used only when all others have failed since it has such serious consequences.

The LCSA is there to help parents and children with their support obligations. For example, they have many ways to find someone who changes jobs a lot, they can take someone’s income tax return, they can freeze someone’s bank account, and they can suspend someone’s driver’s license or other professional license (like a contractor’s license, or a lawyer’s license to practice) if they fail to pay support.

They can also file papers on behalf of either parent to change the amount of support when there has been a change in income, family status, or something else that would affect the support amount.
Summary of Child Support

❖ After separation, both parents are legally required to support the children financially.

❖ Child support is money paid for the benefit of the child. It is intended to contribute to the costs that a parent incurs because of the children being in their primary care.

❖ The Child Support Guidelines are used to determine the base amount of child support. The amount to be paid depends on how each parent shares time with the children, as well as each parent's income, and the number of children.

❖ Child support covers a very wide scope of common day-to-day expenses such as share of rent, utilities, groceries, activities, as well as clothing.

❖ Extraordinary expenses such as medical, dental, educational, and extracurricular expenses are not covered by child support. These expenses are sharable between the parents equally (50/50) or in proportion to their income.

❖ Parents can make their own agreement about how extraordinary expenses will be shared, but the agreement has to be approved by the court to be enforceable.

❖ Generally, child support continues until age 18 or, if the child is still a full-time high school student and lives with a parent, it ends when the child graduates or turns 19, whichever comes first.

❖ The local child support agency (LCSA) can help parents get, change, and collect child support.
Spousal or Domestic Partner Support

As part of the separation, you and your former spouse or domestic partner will have to decide what to do about spousal or partner support.

**What is spousal or partner support?**

“Spousal support” is money that the court orders one spouse to pay to the spouse who has been financially disadvantaged as a result of the relationship ending. The payment is called “partner support” if the family law case involves domestic partners. Spousal or partner support is sometimes also called “alimony.”

Before we continue, you should know that spousal and partner support are difficult legal issues. You should see a lawyer or get help from a **family law facilitator** in your court before you try to write an agreement or file court papers about spousal or partner support. The family law facilitator in your court may be able to help you for free to:

- Understand spousal/partner support—how long the support may last and how it may affect your taxes;
- Help you calculate spousal or partner support; and
- Prepare court forms.

You can also find more information about forms and procedures from the California Courts Self-Help website at [www.courts.ca.gov](http://www.courts.ca.gov).

In California, a spouse or domestic partner can ask the judge to make a spousal or partner support order as part of a divorce, legal separation, or annulment case, or as part of a domestic violence restraining order.
Types of Spousal or Partner Support—Temporary and Permanent

Temporary Spousal or Partner Support

The purpose of temporary support is to help a spouse or partner continue to live at the same level that he or she experienced before separation. The order is “temporary” because it is intended to end when the court makes a final—or permanent—support judgment in the case.

Amount of Temporary Support

The amount of the temporary spousal or partner support order depends on one spouse’s (or partner’s) financial need and the other spouse’s (or partner’s) ability to pay the support. For this reason, a spouse or domestic partner who is capable of supporting him or herself following the end of the relationship may not be entitled to receive spousal or partner support.

Calculating Temporary Support

A computer program is generally used to figure out the parties’ “financial need” and “ability to pay,” and arrive at the dollar amount for temporary support. Generally,

- If there is no order for child support, temporary spousal or partner support is about 40 percent of the net income of the person paying support minus 50 percent of the net income of the person receiving the support.

- If there is an order for child support, the temporary spousal or partner support is about 35 percent of the net income of the person paying, after deducting the amount of child support, minus 40 percent of the net income of the party receiving temporary support payments.

However, the court can adjust those numbers depending on the facts of each case. This can happen if the court finds that the financial need of one spouse or partner is higher, or the ability of the other to pay is much greater or less than what the computer program calculated.

Permanent (Long-Term) Spousal or Partner Support

Whether or not you have a temporary spousal or partner support order, you can ask the court to make a permanent or long-term spousal or partner support order as part of the final judgment in your case.
How does the court figure out the amount of long-term support?
To determine how much long-term or permanent spousal or partner support to order as part of your judgment (if any) the judge CANNOT use a formula from a computer program. Instead, the judge must consider all of the factors listed in California Family Code section 4320. These factors include:

- The length of the marriage or domestic partnership;
- What each person needs based on the standard of living they had during the marriage or domestic partnership;
- What each person pays or can pay (including earnings and earning capacity) to keep the standard of living they had during the marriage or domestic partnership;
- Whether having a job would make it too hard to take care of the children;
- The age and health of both people;
- Debts and property;
- Whether one spouse or domestic partner helped the other get an education, training, career, or professional license;
- Whether there was domestic violence in the marriage or domestic partnership;
- Whether one spouse’s or domestic partner’s career was affected by unemployment or by taking care of the children or home; and
- The tax impact of spousal support.

So, when you ask the court to make a permanent or long-term spousal or partner support order, ask for an amount that takes into consideration these factors, and explain why you believe the amount you are asking for is reasonable based on those factors.
How long does long-term support continue?
How long a spouse or partner has to pay the other party permanent or long-term spousal or partner support is closely related to the length of the marriage or domestic partnership. The goal is for the spouse or partner getting support to be able to support himself or herself within a reasonable period of time.

The law generally says that a “reasonable period of time” may be one-half the length of the marriage/partnership. BUT the law also says that the judge can make a different decision based on the facts of the case.

There is an important exception. When a marriage or partnership is considered a “long-term” marriage or partnership (usually 10 years or more), the judge may not set an end date for the payments in the judgment.

So, in general, the longer the marriage or domestic partnership lasted and the older the parties are, the more likely the court will be to make an indefinite order for spousal or partner support. Most orders will provide that if the person receiving spousal or partner support remarries, the support will end.

Talk to a lawyer or to your court’s family law facilitator to learn more about permanent or long-term spousal or partner support.

Making Agreements for Spousal or Partner Support
Couples may make an agreement about spousal or partner support without going to court. An agreement would state the amount of the support agreed upon, and when the payments will be made.

Can spousal or partner support payments continue after the payor dies?
The parties can agree and the court can order that the payor’s obligation to pay spousal support will continue after the payor’s death, and that it be paid from the estate. If the payor has a life insurance policy, then the parties can agree—and the court can order—that it be kept up to date and that the recipient be named as the beneficiary of the policy so that support can continue if the payor dies.
Changing Spousal or Domestic Partner Support
It is almost always possible to ask the court to change an order for spousal or partner support as long as there has been a change in circumstances since the order or agreement was made.

Those who receive support might want to change an order or an agreement if:

- Their support payments are going to end but their financial situation hasn’t improved;
- Their financial situation has worsened and they need more support than they did before; or
- Something unexpected has happened, like an illness or an accident that causes them to need support.

Those who pay support usually want to change things if:

- Their financial situation unexpectedly worsens;
- The recipient finds work or gets better-paying work;
- The recipient enters a new spousal relationship or domestic partnership;
- The recipient’s financial situation unexpectedly improves; or
- The payor has a new legal obligation to support someone else.

Getting Help or More Information About Spousal or Partner Support
Spousal support can get complicated when a separating couple is in conflict. Even when there is no conflict, it is a good idea to get legal advice before you sign an agreement—especially an agreement that will impact your standard of living for years to come. (See the resources listed at “Getting Help,” on pages 7 and 8.)

Family Support Agreements and Orders

By agreement, parties may decide to combine payments for child support and spousal or partner support into one payment (without specifying how much of the payment is allocated to either child or spousal/partner support). This arrangement is called “family support.” It is only available to persons who are married or registered domestic partners.
Summary of Spousal or Domestic Partner Support

❖ In a family law case for divorce, legal separation, or domestic violence restraining orders, a spouse or domestic partner can ask that the court make an order for spousal or domestic partner support.

❖ There are two types of spousal or partner domestic partner support: temporary and permanent support.

❖ The purpose of a temporary spousal/partner support order is to help a person in the relationship continue to live at the same level that he or she experienced before separation until a permanent order is put in place in the judgment of divorce or legal separation.

❖ Temporary support is based on a person’s need and the other person’s ability to pay. A computer program is generally used to determine the amount of temporary spousal/partner support that should be paid.

❖ The amount of long-term or permanent spousal/partner support that should be paid CANNOT be determined by using a computer program. Instead, the court must consider all of the factors listed in Family Code section 4320.
Property Division

When you separate, you and your former partner will have to decide what to do about your property. Even if you do not want to deal with these issues, or if you divided your property informally when you separated, the court still needs to make a formal judgment about these issues.

The property and debts part of a divorce or legal separation is often so complicated—and the cost of making a mistake is so high—that you should talk to a lawyer before you file your papers, especially if you have anything of value (or if you have significant debt). Keep in mind that you may not need to hire a lawyer to take on your entire divorce or legal separation, but just the property and debt portion of your case.

In this section, you will find some basic information about California law related to what happens with property and debts when spouses or domestic partners choose to end their relationship.

First, what do we mean by “Property”?

Generally, property is anything that can be bought or sold, like:

- A house;
- Cars;
- Furniture; or
- Clothing.

Property is also anything that has value, like:

- Bank accounts and cash;
- Security deposits on apartments;
- Pension plans;
- 401(k) plans;
- Stocks;
- Life insurance that has cash value;
- A business; or
- A patent.

To understand how to divide your property and debt so you can finalize your divorce or legal separation, it is important to understand how property laws work in California when a couple is married or in a domestic partnership. The rest of this section will explain those laws.
Community Property
As briefly noted earlier, property that a couple acquires during marriage/partnership is “community property.” Any debt that they acquire during the marriage/partnership also belongs to the “community,” even if the debt was incurred by one spouse or partner.

In general, the California Family Code says property that was bought (and debt incurred) during the marriage or partnership (community property) is divided equally when the relationship ends.

Quasi-community Property
As you previously learned, quasi-community property is property acquired during the marriage or domestic partnership while living outside of California. These assets and debts are treated just like community property. Therefore, when the relationship ends, this property is divided equally in the judgment.

Separate Property
Here is a short review of separate property. It is anything that you:

- Owned before you were married or before you registered your domestic partnership;
- Inherited or received as a gift, even during the marriage or domestic partnership;
- Earned as rents, profits, or other money earned from your separate property;
- Bought using your separate property; or
- Acquired after the date of separation, including the money you earn or credit card debt.

Here’s an example: if you buy a car with money you inherited from a relative, the car belongs to you even if you bought it during the marriage or domestic partnership, because it was bought with your separate property.

If you have separate property, it is important to remember that it belongs only to you. As long as it was kept separately, the court will confirm that property to you in the judgment for divorce or legal separation.

Mixed Community and Separate Property—Commingling
Sometimes things are part separate property and part community property. This is called “commingling” because the separate property and community property have become mixed together. When property is a combination of separate or community property, it can get very complicated to figure out how to divide it.
Let's look at two common examples of commingled assets:

**Example 1: Family Home**
A common situation is when one party owned a house before the marriage or domestic partnership and then sold it and used the proceeds as a down payment on another house after getting married, or after registering a domestic partnership.

In this example, the down payment for this new house would be considered separate property (since the money came from selling a house that one person owned before the marriage or partnership). But, if the mortgage payments on the new house are made during the marriage or partnership using the earnings of either one of you, the equity (value) resulting from paying down the house loan is community property. The result is that the equity in the house is commingled.

**Example 2: Pension**
Another common situation happens when you or your spouse/partner has a pension or retirement benefit from a job held before and during the marriage.

The contributions you each made to your pension before the marriage or registered domestic partnership are separate property. The contributions made after the date of marriage or registration of the domestic partnership and before the date that you separated are community property. After you separate, any contributions to your pension become your separate property.

Exactly how the pension is divided is complicated and you may need an expert in pension plans to help you figure it out. In some situations, if you each have a pension, you both may be able to keep your own pension. But you need to be sure of the value of each pension.

In general, when either spouse/partner has a pension, a lawyer’s help is necessary. First, a pension can be one of the most valuable assets you have from your marriage or domestic partnership. Second, the special rules that apply to pensions are very technical and do not apply to any other kind of asset.

For example, a pension plan must be “joined” as a party in your divorce case before a judge will issue an order about how the pension will be divided. That court order is called a qualified domestic relations order, or QDRO. If you make an error, there could be harmful results. It is worth paying a lawyer to correctly prepare the QDRO for you.
ACTIVITY: Dividing Property

Jules and Anthony recently separated. They were married for three years. They purchased a home together. It was recently appraised at $850,000 and the current mortgage balance is $350,000. During their marriage, Jules's parents died and she inherited about $60,000. Anthony has $5,000 in credit card debt, which he accumulated while they were married. He also owns a car valued at $4,000, which he purchased before marriage.

Question 1: Which property may be considered “community property”?

Answer 1: The home and the credit card debt because they were acquired during the marriage.

Question 2: Which property may be considered “separate property”?

Answer 2: The $60,000 is Jules's separate property because she inherited it during marriage. Anthony's car is separate property because he purchased it before the marriage.

Question 3: Who is responsible for paying the credit card debt?

Answer 3: In general, spouses and domestic partners are equally responsible for debt incurred during the marriage. Therefore, they each are responsible for 50% of the credit card debt.
Property Can Be Complicated

To make sure you understand the situation in your case, it is always a good idea to talk with a lawyer about any property or debts you have. Remember, you are trying to make major financial decisions in your life and there are often tax consequences to these decisions. We have covered some basic concepts, but there are lots of exceptions in property that may affect your case. Here are some examples:

- You signed a premarital agreement—or an agreement during your marriage— which discusses how to divide your property and debts.
- You have a pension, or home or business, and some of the value is from before or after your marriage or domestic partnership.
- You have student loans or went to school during the marriage or domestic partnership. Generally, the loans are paid by the person who went to school, but not always.
- You have stock options or other property that can be complicated to value.
- You have a personal injury award from an accident.

Make sure to take any paperwork with you when you meet with the lawyer, and try to write out the questions you have so that the lawyer can provide you with the best advice based on your situation.

Figure Out How to Divide Your Property and Debts

So, how are you going to divide your property and debts? A good way to start is to make a list of everything that you own. Then you need to figure out which items are separate property and which items are community or quasi-community property.

Next, you need to determine the value of the assets and debts. The value of community property is based on its fair market value, which is the price that someone would typically pay for the property or its appraised price. In other words, “what it’s worth.” The property value will be set at what it is worth on the date the spouses/partners make an agreement for the division of community or quasi-community property, or the date ordered by the court after a separate hearing or trial.

As you consider the value of the assets, remember that it is the net value of the asset (the value of the property less any debts against it) that is used in the calculations.

Example: if you own a house worth $700,000 and there is a mortgage of $300,000 still outstanding on it, the net value of the house is $400,000. Secured lines of credit, realtor fees, legal fees, penalties, and other expenses associated with selling the family home may also be deducted to arrive at the net value of the house.
As we will discuss in the next section, spouses and partners must disclose the list of assets and debts and the value of each before the court will finalize the legal separation or divorce. When you and your spouse or partner disclose this list of assets and debts, you can determine if you disagree about whether something is community or separate; and if there is a big difference in how you value the community property.

Exchanging financial information will help you decide whether the case can be settled or whether you will have to go to trial. After comparing the information, you can propose a way to divide the assets and the debts.

When you are ready to propose a division of the assets and debts, you should know that there are many ways to divide community property. Remember, your goal is to split up community and quasi-community property so that both you and your former partner end up with a roughly equal net share.

Community property may be divided as follows:

- Certain assets may be allotted to each spouse or partner. (For example, you could decide that there is a logical reason why things such as a car, boat, jewelry, furniture, appliances, or dishware should be allotted to you or your spouse or partner. Be sure to keep track of the value that each person receives when property is divided this way.);

- Certain assets may be allotted to only one spouse or partner, who will then be required to make a payment to the other to compensate for his or her share of the value of a particular asset;

- The court can order that property, like a home, be sold and the proceeds divided between the parties; and/or

- A former partner who generally received more assets can make payments to the other to ensure the equal division of the value of community property. This is called an “equalization payment.”

Financial Mediation
As we noted earlier, mediation may help you solve disagreements about money issues and how to divide your property. You can hire a private mediator to help you work out a fair way to divide your property and debts (as well as other issues in your divorce, like support or custody and visitation of your children). Private mediators are usually lawyers or mental health professionals. Usually, both people share the cost of mediation.
Finances After Separation

Declaration of Disclosure

The law requires that in all divorce, legal separation, and nullity cases, both parties must disclose to each other information about their income, expenses, assets, debts, and any investment opportunity available since the date of separation. This is required even if neither party is asking the court for orders about property.

Requirements

The parties comply with disclosure requirements by completing a preliminary “Declaration of Disclosure” and serving it on the other party, at the same time or within 60 days of filing the Petition or the Response. In some cases, the parties must also complete and serve a final declaration of disclosure before the court will enter a judgment for the division of property.

The declaration of disclosure is a term used to describe several forms and attachments that must be exchanged. The forms include:

- A cover sheet called a Declaration of Disclosure (form FL-140);
- A Schedule of Assets and Debts (form FL-142), or Property Declaration (form FL-160);
- An Income and Expense Declaration (form FL-150);
- Copies of statements from financial institutions listed in these forms; and
- Copies of all tax returns filed by the party in the last two years.

Note: Current versions of forms FL-140, FL-142, FL-150, and FL-160 can be found online for free at http://www.courts.ca.gov/forms.htm.

Because these disclosure documents contain personal financial information, they are not filed with the court. Instead, after exchanging the disclosure documents with each other, the parties file with the court clerk proof that the disclosures were served.
Disclosure Forms: *Declaration of Disclosure* (form FL-140)

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**DO NOT FILE DECLARATIONS OF DISCLOSURE OR FINANCIAL ATTACHMENTS WITH THE COURT**

In a dissolution, legal separation, or nullity action, both a preliminary and a final declaration of disclosure must be served on the other party with certain exceptions. Neither disclosure is filed with the court. Instead, a declaration stating that service of disclosure documents was completed or waived must be filed with the court (see form FL-141).

- In summary dissolution cases, each spouse or domestic partner must exchange preliminary disclosures as described in Summary Dissolution Information (form FL-810). Final disclosures are not required (see Family Code section 2109).
- In a default judgment case that is not a stipulated judgment or a judgment based on a marital settlement agreement, only the petitioner is required to complete and serve a preliminary declaration of disclosure. A final disclosure is not required of either party (see Family Code section 2110).
- Service of preliminary declarations of disclosure may not be waived by an agreement between the parties.
- Parties who agree to waive final declarations of disclosure must file their written agreement with the court (see form FL-144).

The petitioner must serve a preliminary declaration of disclosure at the same time as the Petition or within 60 days of filing the Petition. The respondent must serve a preliminary declaration of disclosure at the same time as the Response or within 60 days of filing the Response. The time periods may be extended by written agreement of the parties or by court order (see Family Code section 2104(f)).

Attached are the following:

1. [ ] A completed Schedule of Assets and Debts (form FL-142) or [ ] A Property Declaration (form FL-160) for (specify):
   - Community and Quasi-Community Property
   - Separate Property.
2. [ ] A completed Income and Expense Declaration (form FL-150).
3. [ ] All tax returns filed by the party in the two years before the date that the party served the disclosure documents.
4. [ ] A statement of all material facts and information regarding valuation of all assets that are community property or in which the community has an interest (not a form).
5. [ ] A statement of all material facts and information regarding obligations for which the community is liable (not a form).
6. [ ] An accurate and complete written disclosure of any investment opportunity, business opportunity, or other income-producing opportunity presented since the date of separation that results from any investment, significant business, or other income-producing opportunity from the date of marriage to the date of separation (not a form).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: [ ]

[ ]

**DECLARATION OF DISCLOSURE**

(Family Law)

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**Figure 4:** *Declaration of Disclosure* (form FL-140).
### Disclosure Forms: Schedule of Assets and Debts (form FL-142)

**Figure 5: Schedule of Assets and Debts (form FL-140). Showing only page 1 of 4.**

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>ASSETS DESCRIPTION</th>
<th>SEP. PROP.</th>
<th>DATE ACQUIRED</th>
<th>CURRENT GROSS MARKET VALUE</th>
<th>AMOUNT OF MONEY OWED OR ENCUMBRANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Real Estate (Give street addresses and attach copies of deeds with legal descriptions and latest lender's statement.)</td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>2.</td>
<td>Household Furniture, Furnishings, Appliances (Identify.)</td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>3.</td>
<td>Jewelry, Antiques, Art, Coin Collections, etc. (Identify.)</td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

---

**THIS FORM SHOULD NOT BE FILED WITH THE COURT**

**ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address):**  

**TELEPHONE NO.:**

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF:**

**PETITIONER:**

**RESPONDENT:**

**SCHEDULE OF ASSETS AND DEBTS**

- Petitioner’s
- Respondent’s

---

**- INSTRUCTIONS -**

List all your known community and separate assets or debts. Include assets even if they are in the possession of another person, including your spouse. If you contend an asset or debt is separate, put P (for Petitioner) or R (for Respondent) in the first column (separate property) to indicate to whom you contend it belongs.

All values should be as of the date of signing the declaration unless you specify a different valuation date with the description. For additional space, use a continuation sheet numbered to show which item is being continued.
## Finances After Separation

### Disclosure Forms: *Income and Expense Declaration (form FL-150)*

![Figure 6: Income and Expense Declaration (form FL-150). Showing only page 1 of 4.](image_url)

1. **Employment:**
   - **(Give information on your current job or, if you're unemployed, your most recent job.)**
   
   - **Employer:**
   - **Employer's address:**
   - **Employer's phone number:**
   - **Occupation:**
   - **Date job started:**
   - **If unemployed, date job ended:**
   - **I work about** __________ hours per week.
   - **I get paid $_____ gross (before taxes) per month per week per hour.**

   (If you have more than one job, attach an 8 1/2-by-11-inch sheet of paper and list the same information as above for your other jobs. Write "Question 1—Other Jobs" at the top.)

2. **Age and education:**
   - **My age is** (specify):
   - **I have completed high school or the equivalent:** Yes No
   - **If no, highest grade completed (specify):**
   - **Number of years of college completed (specify):**
   - **Degree(s) obtained (specify):**
   - **I have:**
   - **Professional/occupational license(s) (specify):**
   - **Vocational training (specify):**

3. **Tax information:**
   - **I last filed taxes for tax year (specify year):**
   - **My tax filing status is:**
   - **Head of household**
   - **Married, filing separately**
   - **Married, filing jointly with (specify name):**
   - **If non-filing spouse is not a resident of California:**
   - **I claim the following number of exemptions (including myself) on my taxes (specify):**

4. **Other party's income:**
   - **I estimate the gross monthly income (before taxes) of the other party in this case at (specify):** $______
   - **This estimate is based on:**

(If you need more space to answer any questions on this form, attach an 8 1/2-by-11-inch sheet of paper and write the number of pages attached: __________)

I declare under penalty of perjury under the laws of the State of California that the information contained on all pages of this form and any attachments is true and correct.

**Date:**

---

*Form FL-150 (Income and Expense Declaration)*

*Family Code, §§ 2591-2599* 

*San Diego County Courthouse* 

*213 West Ash Street* 

*San Diego, CA 92101* 

*Phone: (619) 765-4929* 

*www.sdcourts.ca.gov*
Purpose of Disclosures
The disclosure requirements are intended to help spouses and domestic partners comply with their statutory fiduciary duties to fully disclose their assets and debts to each other. If a spouse serves a declaration of disclosure but fails to disclose the existence of certain assets, he or she has violated that duty.

There are penalties if a spouse or domestic partner intentionally hides assets. The penalties can include changing the divorce judgment and awarding the other spouse or partner more than her community property share of the concealed asset. The court could also award 100% of the hidden asset to the other party.

Example:
The most famous example of this is a Los Angeles family law case in which a wife won $1.3 million dollars in the lottery and filed for divorce 11 days later. She hid all information about her winnings throughout the divorce case. The ex-husband’s attorney eventually learned about the winnings and informed the court. In this case, the court found that the wife had violated her fiduciary duty to disclose. As a penalty, the court awarded the ex-husband every penny of the lottery winnings.

The moral of this story is that it pays to be honest from the beginning when completing your mandatory disclosure documents!

Take Your Disclosure Requirements Seriously
If you later realized that you missed adding a particular asset, debt, or investment opportunity, you should amend your disclosure documents right away. The same applies if you acquire new assets or debts after you have served the declaration of disclosure.
Summary of Property Division

- Property that was bought during the relationship (community and quasi-community property) is divided equally when it ends.

- Property that was bought before the relationship is usually not divided.

- Any increase in the value of separate property bought before the relationship is considered separate property.

- Agreements can be made about how property and debts should be divided, but the court must approve and sign the agreement so that it can be enforced.

- Spouses and domestic partners have a fiduciary duty to each other to be open, complete, and accurate in their dealings with each other regarding the family's assets and debts.

- Division of property can be very complicated—especially when there is conflict in the relationship. It is a good idea to get legal advice before signing property division agreements.
5  Formalizing the Agreement

This is the fifth section of the course and the final topic. You have looked at your financial picture and dealt with the issues of financial separation. You have examined how to separate your finances, and now it’s time to consider what to include in your agreement and how to formalize it.

There are several ways an agreement can be formalized. You may find ways to negotiate an agreement outside of court; for example, through mediation. In some cases, if there has been violence or a threat of violence from a family member, making a financial agreement may not be a safe option. If this is your situation, you should see a lawyer. Still, in other cases, decisions about finances will need to be made in court.

Whether made with or without going to court, you need to know what to include in the financial agreement. Let’s begin by looking at agreements for support.

Child Support Agreements
As you now know, parents can agree to a child support order based on the California child support guideline. By signing a written agreement (or stipulation) for the guideline amount, parents do not have to go in front of a judge to decide child support. But the agreement will still need to be submitted to the court clerk for the judge to sign so that it can be enforced as an order of the court.

For child support agreements, an additional step is needed if one parent is on public assistance (like Temporary Assistance for Needy Families [TANF] or CalWorks), or if the local child support agency is involved with collecting an existing support order.

If this applies in your situation, you must submit your agreement to the local child support agency. The LCSA must also agree to your proposed child support amount AND sign the agreement between the parents. If the LCSA signs, then you can submit the agreement to the court clerk.
Nonguideline Child Support Agreements
You should also know that parents can agree on an amount of support that is higher or lower than the guideline amount, as long as the judge approves that amount. Parents who agree to nonguideline support must truthfully state in the agreement that they:

- Know the guideline child support amount;
- Are not pressured or forced to agree to this child support amount;
- Are not receiving public assistance;
- Have not applied for public assistance;
- Agree to an amount of support that will meet the needs of the children; and
- Think that the child support amount is in the best interest of the children.

Other Child Support-Related Agreements
As part of the child support agreement, parents also have to agree on who will keep or pay for health insurance for the children and how they will each contribute to other expenses related to raising the children, like:

- Child-care expenses;
- Health care costs not covered by insurance (copays, etc.);
- Special education or other needs of the children (tutoring, after school activities, etc.);
- Travel expenses related to visitation (if any); and
- Any other expense related to your children.

Child-related expenses are usually shared 50-50. When there is a big difference between the parents’ incomes, these expenses can be shared proportionately to each parent’s income, or in the way you both believe is appropriate in your situation.

Payment Details
In the agreement, be sure to include how child support will be paid. For example, will it be paid directly between the two of you or by wage assignment (an automatic deduction from the paying person’s paychecks), which is sent directly from the employer? Also include when the child support payments will begin. Finally, specify the date by which each payment is due. This could be tied to the number of times the person paying support receives his or her paycheck, which could be once a week, two times each month, or even once a month.
Writing Up a Child Support Agreement
For child support agreements, sometimes you must use an official Judicial Council form, like the *Stipulation to Establish or Modify Child Support and Order* ([form FL-350](#)). But in most cases, you can use a form that fits your situation or write your agreement on a *pleading paper*. In addition, you are sometimes required to attach a copy of the guideline child support calculation.

If you have questions or want to have your agreement reviewed before submitting it to the court clerk, talk to a lawyer before you sign it. A lawyer or the *family law facilitator* in your county can also help both parents figure out the child support guideline amount, work out a child support agreement, and write up the agreement in the proper format. They can also help you prepare a wage assignment order if that is the method of payment you agreed to.

Temporary and Permanent Spousal or Partner Support Agreements
For temporary spousal or partner support, you can agree on an amount that was calculated using a specific computer program or formula, or any amount that you agree will meet the temporary needs of one spouse or partner—and which the other is able to pay.

Courts in different counties may use slightly different factors in calculating temporary support. Your *court’s local rules* should explain how temporary support is calculated in your county. Check your court’s local rules for the temporary support guidelines, and consult with a lawyer or your court’s family law facilitator or self-help center.

For permanent spousal or partner support, remember these orders are part of your judgment for divorce or legal separation. Therefore, the agreement must be attached to a specific form: *Judgment* ([form FL-180](#)).

It’s also important to remember that you are not allowed to use a computer program to figure out the amount of permanent spousal or partner support. Instead, you both must consider the factors in Family Code section 4320. You may wish to complete and attach *Spousal or Partner Support Declaration Attachment* ([form FL-157](#)) for this purpose.

Finally, your judgment for spousal or partner support must specify:

- Who will pay/who will receive spousal/partner support (unless you agreed that no one will pay to the other);
- The duration of the support payments (how long the payments will last); and
- How the payments will be made, directly between the two of you or by wage garnishment (an automatic deduction from the paying person’s paychecks).
Dividing Community Property in Your Agreement
As you have seen, the goal in dividing community property is to come up with an agreement that divides everything as equally as possible. This means that you each of you should end up with roughly the same value of your property (and debt) when all community property is divided.

Dividing your property does not necessarily mean a physical division.

For example, if you and your spouse or partner have two bank accounts, you do not have to split one account down the middle, split the money, and then do the same with the other account. Instead, you can see if the accounts have more or less the same amount of money. If they do, one of you can agree to take over one account and the other one takes the other account. If, in this same example, one account has a lot more money than the other, one of you can keep the bigger account, and the other can keep the smaller account but also get something else that, together with the money in the smaller account, adds up to roughly what is in the bigger account.

You can also use debt to balance out someone getting more of the property.

For example, if one spouse or domestic partner is taking something with a high value, like a house in which there is equity (value), it may be possible to equalize or balance out the division by giving that spouse or domestic partner the credit card debt.

Assets may also be sold. For example, you may agree to sell, or you may ask the court to order the sale of, the family home or other high-value assets, so that the proceeds can be divided equally.
Special Concerns in Dividing Debt
When you try to divide your debt, use caution.

Sometimes spouses or domestic partners try just taking the entire amount owed and dividing it in half—so, for example, one party takes half the credit cards and the other takes the other half. They may even put this in a written agreement. But the people you owe the money to do not have to honor your agreement with your spouse or domestic partner. They can go after the spouse or partner that signed the contract (like a credit card application), regardless of which of you agrees to be responsible for the debt.

To avoid these potential problems with dividing debt, consider:

- Using the money from the sale of property to pay off all the credit cards.
- Having the person who is to pay a joint credit card get a new credit card in only his or her name, and transfer the balance from the joint card to the new one.

Finally, remember, until a judge signs off on your agreement and issues a final order, your community property and debts still belong to the two of you and do not become separate, even if you have agreed on how to divide them between yourselves.

Now that you know what to include in your agreements for support or for the division of property, talk to a lawyer who practices in your county or the family law facilitator or self-help center in your local court. They can show you which forms you should use to write up your agreement.
Formalizing Your Agreements

After you’ve written your agreement:

- It’s a good idea to see a lawyer before you sign it, to make sure that you have protected your rights. For this reason, you should each see a different lawyer.

- When you are ready, make sure both of you sign the agreement.

- Make copies and file the original with the court. If there are problems later, the judge will see what you both agreed to. Judges take these agreements very seriously.

- You can also make your agreement into what is called a stipulated court order, which is a formal order that a judge makes in court to confirm the agreement between the two of you.

Please note that you must follow certain procedures to turn your formal agreement into a family law judgment for divorce or legal separation. The process includes completing, filing, and serving specific forms. The procedures and paperwork you need will depend on whether you or your spouse or domestic partner:

- DID NOT file a Response to the petition for divorce or legal separation; or

- Filed a Response to the petition for divorce or legal separation.

For more information about the process and the forms you will need to ask the court to enter a judgment in your case, go to the California Courts Online Self-Help Center at www.courts.ca.gov/1035.htm.
# Finances After Separation

## Judgment (form FL-180)

![Image of the Judgment form FL-180]

Figure 7: Judgment (form FL-180). Showing only page 1 of 2.
Orders Made by the Court

When an issue goes to family court, the judge can make decisions that are then written as court orders. These orders can serve a range of different purposes.

For example, when parents cannot agree on child custody or a parenting plan, the amount of support, or how to divide community property, either person may apply to the court to ask that a hearing be set so that the judge can make an order or change a previous agreement or order.

In California, the process begins when a party completes, files, and serves a Request for Order (form FL-300).

The Request for Order (form FL-300) serves as a notice to the other party about the orders being requested. The party receiving this notice has an opportunity to respond by filing and serving a Responsive Declaration to Request for Order (form FL-320) before the hearing.

If the Request for Order (form FL-300) involves child custody or visitation (parenting time), when the hearing is scheduled, parents will generally be referred to a child custody mediator or recommending counselor at the court to see if an agreement can be reached for a parenting plan. Usually, the appointment takes place before the hearing.

At the hearing, the judge will consider the parties’ declarations and other evidence before making a decision. The judge’s decision is written up into a court order, or a modified order or judgment, served on the parties, and filed with the court.
Changing Court Orders

After a judge approves your agreement or makes an initial order after a hearing, one or both parents may want to change the order. There are many good reasons why an order may need to be changed and parties, generally, need to let the court know what the “change of circumstances” is that requires a different order.

Child Custody and Visitation (Parenting Time) Orders
For example, an order for child custody and a parenting plan may need to be changed as the children get older and their needs, interests, and activities change. Child support orders may also need to change if the income of the former spouses or partners changes.

As previously mentioned, to ask for a court hearing to change your existing orders, you start the process by filing and serving a Request for Order (form FL-300) and other supporting documents.

Find more information about changing court orders online.

- Child custody and parenting time orders, go to: http://www.courts.ca.gov/1187.htm;
- Child support orders, go to: http://www.courts.ca.gov/selfhelp-support.htm; and
- Spousal or partner support orders, go to: http://www.courts.ca.gov/1038.htm.

Division of Property and Debt
It is generally very difficult to change an agreement and order regarding the division of property. However, you may be able to request an order for the division of any property or debt that was accidently left out of the disclosure documents.
Appealing Court Orders

In family law, most of the orders made in the case can be appealed right away after the order or judgment is signed by the superior court judge and stamped “Filed” by the court clerk. To appeal, a party must start the process by filing and serving a Notice of Appeal.

There is a relatively short deadline in which to file and serve the notice of appeal. It is (1) either 60 days after either the trial court clerk or the other side serves you with notice that judgment has been entered in your case or a copy of the judgment has been stamped “Filed,” or (2) 180 days after the entry of the judgment, whichever is the earliest date.

An appeal is not a new trial, or a rehearing of the case, or a way to avoid following a superior court order. The court hearing the appeal will only consider whether the trial court judge made a legal error.

The original superior court order remains in effect until the appeal is over, unless the judge who made the order agrees that it should be suspended or put on hold until the appeal is over.

Before you appeal, though, find out if an appeal is actually the best option. An appeal may not be the correct or easiest way to try to address what you feel was wrong with the trial court’s decision.

Depending on the circumstances in your case, you may be able to file a request (or motion) in family court asking the court to change, fix, or cancel the judgment against you. Some of the more common requests are for the court to:

- Vacate or set aside (cancel) the judgment and enter a different judgment;
- Reconsider an order;
- Consider an application for renewal; and
- Have a new trial on the matter.

Talk to your court’s family law facilitator, or you can talk to a lawyer for advice about these options.
Summary of Formalizing the Agreement

Formalizing an agreement involves a process that covers all the topics of this course.

❖ You can formalize financial issues in a written agreement that is made into a court order.

❖ There are sample agreements on the California Courts self-help website at www.courts.ca.gov/selfhelp.htm.

❖ The family law facilitator can help you with a written agreement for support.

❖ Parents can decide how they will each spend time with their children.

❖ Written agreements, often called “stipulations” agreements, can formalize support, parenting arrangements, and property division.

❖ Written agreements for child support must consider the Child Support Guidelines so that the agreement can be filed with the court.

❖ You both need to sign the agreement, and it is advisable to get separate legal advice before you sign. This is particularly important if you are dividing property and debts—and spousal or partner support—because there can be tax consequences and other important legal issues.

❖ If circumstances have changed and the order made by the court can no longer be followed or no longer serves the best interests of the children, a party can ask the court to change the order.

❖ Court orders may only be changed by another order, not by an informal agreement. Orders can be changed in the same court or a higher court.

❖ Any agreement you reach may be filed with the court and then it is enforceable. If your agreement is not filed in court, the agreement is usually considered to be a contract. Remember that no agreement may be reached in mediation unless everyone involved agrees.
FINANCES AFTER SEPARATION SUMMARY

❖ Money is a big part of the ongoing dynamics between parents.

❖ Take your time. Don’t let anyone rush or pressure you into changes.

❖ Work to regain balance in your life, physically, emotionally, and mentally.

❖ Know your rights and responsibilities around support issues.

❖ Work towards financial independence from your former spouse or domestic partner.

❖ Live within your financial means.
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Statement of Limitation
The information provided in this handbook is general. It is not intended to provide or replace legal advice. **For legal advice, please consult a lawyer.**