

Welcome to **Ask the Bills**, where every two weeks Helaine Olen answers readers' questions about their most nagging personal finance and financial etiquette dilemmas.

*Helaine,*

*I'm almost through the wealth-destroying process that is divorce. My ex and I spent all of our joint savings and more on the divorce, and I now have \$5,000 on a credit card. I've been paying more than the minimum to get the balance to a manageable level before the 12-month interest-free period ends in three months. I'm also contributing 10 percent of my salary to my retirement plan. My salary is about half my income, with the other half coming from my ex's support payments. (He makes a lot more money than I do.) I am truly fortunate in a number of ways; between us we make enough to support two middle-class households for our children (ages 8 and 12) in an area with an extremely high cost of living. Here's what I'm struggling with. I've heard that a household should have enough in savings to cover at least three months in expenses. In our area, my minimal monthly expenses for rent, utilities, car payments, student loans, credit card minimums, gas, and food come to \$6,000–\$18,000 for three months. I'm currently putting \$350 a month aside, but it's going to take three years for me to save up \$18,000 at that rate. And this doesn't take into account the final disentangling of expenses, like cellphones and insurance, that will occur in the next few months. Nor does it account for unanticipated expenses, like medical bills or car repair, or quality-of-life things like Christmas presents or family vacations. And, of course, the support payments won't last forever. So what do I do with the \$350 a month I have available? It makes me really nervous to be carrying a balance on my credit card and not saving enough for retirement and college.*

Divorce, no matter how emotionally necessary, is one of the most financially destructive events you can experience. Numerous studies show that legally ending a long-term relationship does permanent economic damage, regardless of sex. That said, the monetary impact of divorce is almost always worse for women than men. Like you, many earn less than their former spouses, which

leaves many in a vulnerable economic position when it comes time to split up and start life anew.

So keeping all that in mind, when I reached out to **Lili Vasileff**, a Greenwich, Connecticut, certified financial planner specializing in divorce, she thought you were doing quite well, all things considered. In her view, you don't need to panic if you are able to save 10 percent of your own pay for retirement. That's not to say you don't have hard financial work ahead of you. Your new reality is not your old reality, and it won't be, short of a massive salary increase or some other event that alters your finances for the better. As Vasileff puts it, "She's doing all the right things, but there's not enough money to accomplish it all." At some point, you will need to make trade-offs. If you believe you need a bigger emergency savings cushion, you might need to cut retirement savings. Vasileff suggests you begin thinking now about how you will handle such things as when your support payments end and the fact that children often get more expensive as time goes on, not less.

Right now the situation calls for patience—something you've no doubt shown much of in the past few years. Now you need to show a bit more. For now, I would continue to put the \$350 a month aside. See how your finances shake out as you finish delinking joint expenses like the cellphone bill and you continue the process of separating your financial life from your former spouse. As for the \$5,000 in debt, look into a new zero-interest credit card and do another balance transfer if needed.

I realize this is hard advice to hear. You want to get on with your life, and part of that is deciding what to do with \$350 a month. It'll take a while to get a better handle on what your post-divorce financial world is going to be like—at which point, you can always write me again. For now, put the money aside in a place where you have it in case of emergency—and, yes, that emergency might be a post-divorce weekend at a spa or retreat. You'll deserve it. Sometimes our needs are more than financial.

~~~Article available online at ~~~

[http://www.slate.com/articles/business/the\\_bills/2016/06/ask\\_the\\_bills\\_paying\\_for\\_my\\_son\\_s\\_college\\_destroyed\\_my\\_financial\\_future.html](http://www.slate.com/articles/business/the_bills/2016/06/ask_the_bills_paying_for_my_son_s_college_destroyed_my_financial_future.html)