

How to handle the Marital Residence

Whether you decided on your own to get divorced, or you were handed divorce papers, while there are many questions that arise in divorce, it seems a great number of them surround the marital residence.

Who keeps it? Is it sold? Should it be sold now, or later?

Oftentimes, especially when children are involved, women seek to keep the family home. Removing the emotion that one feels towards the marital residence from the decision you're making, the question that should be discussed is, is this the best financial decision? This single decision can have a long-lasting impact on your financial well-being.

There are advantages and disadvantages of keeping the marital home, so let's touch on a few.

Pros of keeping the marital home:

- Continuity during a time of upheaval can provide a sense of comfort and safe-keeping
- There is a emotional connection for spouse and/or child
- School-aged children are able to remain in their school
- School-age children remain amongst neighborhood friends
- The house and neighborhood are familiar & neighbors are supportive
- After all the years in the home, it's too hard to think of leaving
- After all the years in the home, there is too much STUFF to even think of moving
- It's much easier to stay and you don't think you can take on moving with everything else that's happening
- Unless there are multiple mortgages, the marital home often holds a great deal of equity value and is often the most valuable asset a couple owns
- Currently, the IRS provides for capital gain write-off as a single owner of \$250,000
- The capital gain of a home is taxed at capital gain rates and not income-tax rates

That reads like a pretty good list to support anyone's decision to keep the home. And, there's enough going on in your life, why would you possibly want to move? Home ownership, especially of the marital residence, is something that you can't take lightly, however.

Cons of keeping the marital home:

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- Real estate is a very illiquid investment
- Do you have a job that allows you to be self-sufficient?
 - Are you earning enough to pay the mortgage, property tax, and other bills, or are you reliant on receiving maintenance to keep up with the monthly expenses?
- If your ex-spouse fails to pay your maintenance, your house can't put food on the table or pay the bills
- If the equity of your marital residence is your largest, (or one of the largest) assets, you might find yourself "house rich" and "cash poor" for everyday needs.
- Home up-keep is expensive
 - Are you prepared for the possibility of paying for a new roof?
- Maintenance of the house is time-consuming and costly.
 - When was the last time you mowed the grass?, shoveled the driveway?, raked the leaves?, trimmed the trees?
- If you can't do home maintenance, have you budgeted for hiring service providers to complete these tasks?
- If you keep it, will your home need updating in order to sell?
- All those memories - why make yourself relive them every day?
- The capital gains tax bill that may come with the eventual sale of your home can be costly for highly appreciated homes

There are a lot of reasons to keep the marital home and a lot of reasons to sell it. Although the decision is not always clear-cut, understanding the many financial factors allows you to make informed financial decisions.

The job of a Certified Financial Divorce Specialist, isn't to tell you to keep or sell the house. In completing a personal financial analysis, their job is to help you understand the financial implications of both choices, arming you with the knowledge you need to make the most informed decisions.

Often, better understanding the economic factors can make the decisions easier.

If you're presently debating, "should I keep the house?", now might be the time to talk with a Financial Divorce Specialist.