

Financial planning through a divorce

written by Dave Ramsey |

Dear Dave,

My husband and I are getting a divorce, and everything will be final in less than a month. I haven't worked outside the home in a few years, but according to the terms of the divorce I'll receive \$75,000 in cash on the day the divorce is finalized. I also have about \$5,000 in debt on a credit card I am responsible for paying. Other than that, I have no debt. Can you give me some advice for moving forward in my life?

Starla

Dear Starla,

I'm truly sorry to hear you're going through this. If you're not already connected to a good church, I hope you'll consider finding one. Having caring people of faith around you in times like this can help a lot.

The credit card debt is a small part of your financial picture right now. Still, my advice is to go ahead and pay it off as soon as you receive the settlement money. That way, you'll be completely debt-free and still have \$70,000 in the bank.

There's a little bit of a catch, though. You'll need to live for a while like that money isn't there. Use just enough to get yourself settled somewhere else, if that's a consideration, and then start looking for a job so you can eat and pay the utilities. There are tons of places hiring right now, and the money's decent, so it shouldn't be too hard to start generating a regular income soon.

If you'll do this, that big chunk of cash will still be sitting there a year from now when the pain of the divorce has lessened a bit. At that point, you'll be stronger and more emotionally and mentally ready to think about the future and make real plans.

And if you haven't already, cut up that credit card and close the account. The last thing you need right now is an avenue to more debt. God bless you, Starla.

— Dave

Dave Ramsey, a best-selling author, personal finance expert, and host of The Ramsey Show, can be heard by more than 18 million listeners each week.