



## How does divorce affect a person's credit?

When you obtained credit, you and your spouse signed a contract agreeing to pay your bills. A divorce decree doesn't change that contract. When you divorce, each of you remains fully liable for your debts.

There are several ways you can prevent credit obligations from making divorce more difficult than it is – and reestablish your own distinct credit lines after divorce occurs. You may wish to consider the following:

- Communicate with your soon-to-be ex-spouse. Make as clean a financial cut as possible
- Communicate with your creditors. Decide on which debt belongs to whom, and then ask each company and bank that extended your credit to transfer the debt to the name of the person who will be responsible.
- During divorce negotiations, **keep your joint bills current**, even if it means paying for your spouse. If you don't your creditors could become more reluctant to release one party from joint liability.
- Ask the credit grantor to remove your spouse's name as an authorized user or close the joint account to additional charges.
- If your spouse runs up large amounts of debt, you should cancel as many of the accounts as possible. Inform all creditors, **in writing**, that you are not responsible for these debts. **This may not prevent them from trying to collect**, but it does show that you attempted to act responsibly.
- Any agreement to assume responsibility for joint debts should be recognized as part of the divorce settlement.
- Upon your divorce settlement, you and your ex-spouse might consider obtaining individual consolidation loans to cover your share of the joint bills. Pay off the joint bills with your individual loans and close all accounts. This helps ensure you'll be responsible only for those bills you agreed to pay. It also will help you establish or reestablish credit in you own name.