

# The Divorced Christian Woman Podcast with Natalie Hoffman, Season 3, Episode 3 - Tax Tips and Tricks After Divorce

**Heads up, friend:** What you're about to read is a raw, unedited transcript straight from the robots. That means you'll find some weird words, funky punctuation, and moments that make you go, "Huh?" If you want the real experience (and to actually know what's going on), I recommend reading the polished article, listening to the full episode, or watching it on 1.5x speed with captions on. Your brain will thank you.

**Natalie:** Welcome to season three of the Divorced Christian Woman Podcast, which is all about money and finances. And this is episode three where Diana and I are gonna be talking about taxes with accredited financial counselor Dee Carter. Dee has 15 years of experience as a tax professional where she educate guides and supports her clients through their tax preparation, planning, and responding to the IRS if necessary.

She works to empower women through education and personal finance. And help them build financial confidence through creating and achieving financial goals. So welcome Dee.

**Dee:** Hi. Glad to be here.

**Natalie:** Good. Thanks so much for being willing to share your expertise with us. Um, Diana is with me. Diana is my sidekick, and she is gonna, why don't you kick this whole thing off by, well, first of all, we're gonna start, we collect, oh, let me just say this.

We collected some questions from our Flying hire members. These are divorced Christian women who are part of the Flying. The private Flying higher mentorship community. So let's go, let's talk about their questions first and then maybe we can ask some more general questions that often come up for women who are, you know, divorced.

How do, how does that sound?

**Dee:** That sounds great.

**Diana:** Okay. Let's do it. All right. Okay. I'll ask the first question. Okay. Which is fascinating to me because I had the same thought when I got divorced and like, ah, what do I do? So this question is, I tried doing my taxes for the first time last year with free help from the community college, but it was incorrect.

I'm paying a tax preparation company, \$800 to assist me with amending it. Is there a tutorial I could follow? Or should I pay to get it prepared for the first few years until I can do it myself?

**Dee:** Yeah, so that's a great question, right? Um, can I do it myself or do I need, um, to seek professional help here?

So I would say this very much speaks to the complexity of the tax return. So if you're a simple, you know, maybe one W2, maybe you own your home, maybe you're claiming some children, most of the DIY. Programs out there, the most common ones have these tax wizards that interview you and they ask you questions and prompt you based on how you answer.

Um, I would say for a very, um, basic, you know, type of tax return, A DIY is, is just fine. Um, the IRS even has links on their website to some of those programs that, you know, if your income is under a certain amount, that it's free, even. Um, obviously if you go and seek um, professional help, there probably is gonna be some type of cost involved.

Um, and so if your tax return is more complex, um, and by that I mean maybe you have a rental property or maybe, um, you sold a house or you know, maybe you have a business. Have a business. Absolutely. If you're self-employed in any way. Um, that creates a higher level of complexity. Um, and some of those can still be done through those DIY software programs.

Um, but you have to know what you're looking for. You need to know what the, the rules are, what deductions are gonna be allowed if you're, if you're self-employed. Otherwise, it may or may not prompt you for all the right things. Depreciation is a great example. That's a level of complexity that most people don't understand.

So whenever you prepare your own tax return, you are expected to know the tax rules. So if you make a mistake and the IRS comes to you, you know, you can't say, oh, I didn't know. That's not an excuse for them. You are re it is your

responsibility as a self filer to have read the rules and to understand that when you prepare your tax return.

So, um.

**Natalie:** That's enough to scare me.

**Diana:** And so is there a recommendation then, like will she have the community college helper and then they made a mistake and now she's paying someone to help Should, is it better if, even if she wants to try it on her own, is it better to, in your first few years, have someone help you?

Is that like, then you can see a

**Dee:** formula

**Diana:** and

**Dee:** it's easier, an amended return? Yeah, I would probably get some help. If you knew the form and you had done it before, then yes, you can still amend in a DIY program. But the. The amended returns is done on a 10 40 x and it looks totally different than the regular 10 40 that you file each year.

So, um, with that being said, you might have questions about where do I put the numbers? Where do I, you know, what parts, what sections do I need to fill out? You know, those types of things. So, you know, I would say if you don't have an understanding of how to fill out that form, then yes,

**Diana:** get. And what about next year when she wants to try taxes on her own?

Is it better to. Get some help first,

**Dee:** if you, you tried doing, have a complex tax return, I would, I recommend, you know, seeking help.

**Natalie:** Well, and also like, so she said it was gonna cost \$800 to have it amended. Can you kind of compare a little bit?

**Dee:** That seemed really, yeah, yeah. Seemed really high to me. Um. That to me tells me she probably does have a more complex tax return.

**Natalie:** Yeah.

**Dee:** But costing that much or she's, she's using a really pricey CPA firm to do it. Made those her two other options. Um, I mean, just at the place I'm at, I would say it's. Like a th less than a third of that cost. Okay. Would expect to see on our, to do an amendment even. To do an amendment. Yeah. Okay.

**Natalie:** Okay.

Is it cheaper to do, just to have it done correctly the first time, though? I mean, absolutely.

**Dee:** Absolutely. And that's sort of what we're charged with, is to file, as a tax professional, our goal is to file an accurate tax return the first time. So

**Diana:** okay. That is

**Dee:** the goal. But sometimes things happen, you know, people don't.

Realize or don't think they're gonna get forms that they end up getting, like the day after they file their tax return and they're like, oh, I got this form. I wasn't expecting this. Yeah, yeah. What can happen? You know? And then you just amend.

**Natalie:** Okay, so what, what about if, how does, how do you know whether or not you need to hire like a CPA to go through?

If, if I was to hire a company like you, work for you, work for h and r Block. If I was to hire a company like that to help me, how do I know that? Are they also gonna be able to help me find like those tax breaks that I might not know about? Or do I need to hire a, an expensive CPA to to do that?

**Dee:** Absolutely. I mean, we have CPAs that work at h and r In the particular office that I'm at, we have a CPA. So when we have clients that come in with. Um, S corp and estate and trust type tax returns. Most of us just wanna give those to Yeah, yeah. Very high level of complexity and they take more time too.

And so, um, yeah, I would say, you know, if those are things that you have, you, you'd want to probably talk to a CPA or someone who has a lot of years of experience. There's also, um, the IRS has a. Um, a designation called Enrolled Agency. And so I have not achieved that yet. It's on my bucket list, but, um, it's a three part exam.

Similar kind of to like what a CPA would take. And, um, with this designation you have the same rights for, um, representation of clients as a CPA does. So yeah. So I must have

**Diana:** done this wrong because when I first got divorced, I'm like, I'm doing my taxes all by myself. And I think they were complex, but I didn't know it.

But you know what I have to say about it is I, like you said, Dee, you have to know what the law is. You have to know what the rules are. And so I probably spent 40 to 80 hours reading articles and learning. Tax laws and requirements. Mm-hmm. To prevent making a mistake. I was just determined, I don't know, I'm weird that way.

I guess I was just determined to, I wanted, I wanted the financial empowerment. I wanted to know, like, I know my money, I know the rules. I can do this. And I wanted to prove it to myself. As far as I know they were right. That was three years ago. I haven't heard anything. So

**Natalie:** see, and I would be like. What I have to sit down for 40 hours and learn number stuff.

I did it over

**Dee:** several weeks time. Yeah. Oh my gosh. Even that's the way to do it. You can't just like binge information and expect it to thicken.

**Natalie:** Kudos to you, Diana. That is definitely like, that's me a thing. It's possible.

**Diana:** I, I can, I will never recommend someone do their own taxes. 'cause I don't think I, I should take that responsibility.

I just, but I can at least say testimonial. It sure was empowering and I learned a lot and I love that. I learned all that. So, but everyone has their own path. Like Natalie, you're like, I'm not doing that.

**Natalie:** Yeah. I'm glad you're here though, to show that there's that option. Yeah.

**Dee:** If you're intrigued and you're in, or you like numbers and this is kind of your thing, then absolutely do the, do the leg work, read, study it, and do your own taxes.

I have some of my older clients that'll come in and they've printed the, they printed the tax forms out and they filled it out all themselves, you know, so I kind of treat it like a test. Then I prepare it and I'm like, okay, here's, if it's the thing, I'm like, good job. You could have done. Myself or Wow, here's where I found some more credits for you.

Or more deductions. Yeah. So

**Diana:** you can do it that way. You can do it yourself, but not submit it to the IRS until you have a tax professional look over it and make sure it's correct. And that'll be cheaper than having them prepare the taxes completely for you. And you'd get to learn. So there's that place in the middle too.

Would it be,

**Natalie:** would it be cheaper? Actually, Dee,

**Dee:** so I mean, yeah, we don't charge anything unless we complete a tax return. We don't 'cause we don't charge for consultations. Sometimes it is a little frustrating if someone's kind of fishing for that. Um, yeah, I would think so too. Wanting to double check, you know, or maybe pay the

**Diana:** same price, but to get it looked over as if they prepared then they accurate tax

**Dee:** return.

**Natalie:** Yeah.

**Dee:** Yeah, absolutely.

**Natalie:** Okay, well this next one is not really a question. Um, I'll read it though. Maybe we can talk about it. Um, she said I have quite a few taxes to pay this year, mainly because I kept and then sold the marital home. The accountant I see once a year said I would have to pay something from the sale, but it wouldn't be much and what information to bring in the following year.

He didn't even know how much I was selling the house for. I realized capital gains taxes were not on my radar, so it went right over my head. I can use some of my retirement to pay, but that also leaves me paying the tax on that the following year. Not blaming anyone. I just had a lack of life experience and knowledge.

So I don't know, do you have any thoughts about that? No. Like how would you tell us, talk to someone who maybe is before that all starts to happen before

**Dee:** that happens and there's been a lot of questions out in the Kaleidoscope in the many matters form specifically kind of about this. Okay. Telling the, the marital home, which is their primary residence.

So, uh, I would say, you know, selling, if it's your primary home and you sell your primary home, you can exclude up to. \$250,000 of capital gains if you're filing a single or up to \$500,000 of capital gains. Uh, if you're filing, still filing jointly with a spouse, um, as long as you meet the, um, the ownership and use tests, which means you owned and lived in the house for two outta five years, ending on the date of the sale.

So. Depending on where you live and cost of living in those areas, you could potentially, you know, be within that two 50 if you're already divorced, um, where you might not have a whole lot of capital gains. And then also, um, if you're meeting that test as well, meaning you, you probably have lived in your house for more than one year, which means it's a long term.

The asset's been held for long, long term. So the, the taxes on long-term capital gains are. Better than short term. So, okay. Depending on what their, um, tax bracket is, you know, they could pay either 0% taxes on the gains or maybe even up to 15, 15% is the middle category, and then at the most, 25%. But that would mean they are a higher, higher earner if they're, they were paying up to that amount.

Okay. So when I hear those questions, you know, I, I wanna make sure they understand all of those. Caveats, all of those things. Um, and just not to worry about it. Yeah. And, and if they think their house is gonna sell at a, at a big gain because the, of the market being what it is, you know, try to build that into your settlement, you know, so that the taxes can be shared.

You know, there could be some sort of offset for what they may have to pay in capital gain.

**Natalie:** Okay.

**Dee:** Try to take that to the negotiation table.

**Natalie:** Yeah. Yeah. Well, most people listening to this podcast are probably, it's probably it's past that they're already divorced. It's done. Yeah. Whatever they ended up negotiating for.

It's probably already written in blood, but what if they, um, does it matter if they file as head of household instead of single? As far as the, the amount, the 250,000 with them? No. Okay. All right. I just wanted to, was curious about that. Yeah, and then like for example, in my situation, I co-own a home with my ex.

Until a certain year, and then we have to either sell it or one of us can buy the other one out since that it's co-owned and we have an agreement that we will share the equity in it when it's sold. Is that does what it, what does that mean for like that 250,000? I don't, it wouldn't be over that. Don't think anyway.

But

**Dee:** the same rules are gonna apply. Right? So if you're living in the home, Natalie. You're gonna meet the, the ownership and use tests and if he's not there, he's not gonna meet that test. Only you, if you beat those two tests, are gonna qualify for the exclusion. Oh, wow.

**Natalie:** Yeah. I don't

**Dee:** think

**Natalie:** he knows that.

**Dee:** Yeah, he probably

**Natalie:** does. So. Okay, moving on. He is not listening. Hopefully, let's hope he doesn't listen to the Divorce Person, woman podcast. I know. Unlikely.

**Diana:** Do you want, okay. So I can ask another one here. Okay. What? Okay, moving on. Okay. Would love to hear about taxes in retirement. After the divorce, I went back to work at 60 and I've been saving in a 4 57 retirement account, but here it might be beneficial to roll it into a Roth while still working to minimize taxes in the future when I draw on it after I retire.

There's not a specific question, but like. Can you talk about, like, some people might not even know about having money in one retirement account and being

able to roll it over into Roth and what is that implication? Yeah. And how do you figure out what the good timing is?

**Dee:** Right. So a 4 57 is, has similar tax, um, consequences as a 401k, right?

It's pre-tax, right? So it's gonna be the same thought process. Do you wanna pay rolling it into a Roth IRA means that you're gonna pay the taxes on it. Whatever year you do that. So you wanna consider what tax bracket you're in now. So if you think that right now while you're working, you're gonna be, uh, in a lower tax bracket than you will be when you're retired, then it definitely makes sense.

But if you think when you retire, your income's gonna be lower, then. Um, maybe not. That may not be the right thing to do. Um, you'd have to sit down and kind of crunch those numbers, you know, and, and, um, try to plan, you know, what you think those numbers might be to see whether it's a worthwhile decision.

So, yeah, I

**Natalie:** would think that for most people, their income would be less when they retire, but I suppose that's not the case for everybody.

**Dee:** Yeah, it just depends on how you've saved for retirement too. I know I have clients that are retired now that, you know, maybe they make a one time larger withdrawal to do an improvement on their home or something like that.

So in that one year, like it really bumps them up and they're paying a lot of taxes on that income more than they were like, you know, a lot of 'em get really. And yeah, social

**Diana:** security income. And then you may have mandatory withdrawals from other retirement accounts. And if you know what those numbers are, you won't know what tax bracket you're gonna be in.

And the tax brackets could be different when you retire.

**Natalie:** No. Yeah. Well, I didn't even consider taking money out for a big thing. And that, that's considered now. Now you income. That's your income. Yeah. Yeah.

**Dee:** And so like, you know, maybe you've been managing your retirement income to keep your, um. To try to minimize having as much taxable social

security as possible, because that's the other thing, you know, if your other income exceeds, you know, roughly \$25,000, then a portion of your social security or your social security will be either taxable 50% or 85% depending on how much your income is.

Now obviously there's a new, um, some new deductions there for seniors, um, with the one big beautiful bill act. Where they'll be able to deduct up to \$6,000 towards reducing that. So, um, if there are any of you that are, that fall into that category where you're collecting social security now, I know it was, it's been worded different ways in the news.

Um, so they didn't change the tax law about the taxability of so of social security. Right. Those calculations are still gonna be the same. They're just, they've just created an offset with a deduction.

**Natalie:** Okay. Interesting.

**Dee:** Yeah, I know. When all of that came out, many of me, you know, me and my, my peers in the tax law, I are they, they've gotta create some kind of deduction 'cause they're not changing the tax law about,

**Natalie:** yeah, yeah.

**Dee:** Social security. So it

**Natalie:** seems beautiful. But

**Dee:** you can call anything

**Natalie:** beautiful, really beautiful for who? Yeah. Okay. Um, so what, what would be the correct ta? I know this was a question for me, actually just recently asked. Um. My person was how do I determine whether to file a single or head of household after I'm divorced?

So I want you to talk about that a little bit,

**Dee:** right? Okay. So determining your filing status is gonna be one of the first things you wanna do when you're getting ready to prepare your tax return, because that determines your tax bracket, determines your standard deduction and many credits that you might be eligible for.

So if you're. Your tax, um, status is determined on the last day of the year. So on December 31st, if you were divorced, if your divorce was final by the end of that year, then you are considered single or unmarried at that point. Wow. Yeah. As if you were that status for the whole year. Um, so. Single. You know, you're unmarried, you're divorced, you're legally separated on December 31st.

Head of household has some requirements, right? So you either have to be single or considered unmarried, and I can explain that, um, what that means. Um. Then you have to have paid more than half the cost of keeping up your home and you have to have a qualifying child that lived with you for more than half the year to claim head of household.

So it doesn't mean sometimes people will come into this to the, um, tax office and say, oh, I'm claiming head of household, but that's not what they think it means. They don't realize that there's all these other requirements. So to be considered unmarried, uh, for the purposes. So let's say you're still married, right?

Um. By chance and to be considered unmarried, you have to have lived separate from your spouse for the last six months of the year. You paid more than half the cost of keeping up your home and. You had a qualifying child that lived with you for more than half a year and you're not filing a joint tax return.

So if all, if you meet all of those criteria, then you could be considered unmarried for the purposes of claiming the head of household filing status.

**Natalie:** Oh, interesting. I did not know that.

**Diana:** Also, you can't, both you and your ex cannot both claim head of household with the same dependent, which is why that 50% time.

Is important and I know that my attorney actually made sure declaring me head of household was in the divorce agreement so that something like that might have happened too. I don't know what the implications of that are based on just what the rules are in general, but you need to know that stuff. Yeah,

**Natalie:** good to know.

Um, are there any extra tax credits for single moms?

**Dee:** There are. There are definitely some other tax credits that I would say would be geared towards singled moms. So we, you've got the child tax credit,

you've got what's called the additional child tax credit. There's also the earned income tax credit. Um, if you have kids in college or you are in college, there's education credits that might be available to you to use.

Um, so the child tax credit is increasing as also part of that OBB. Ba Okay. Um, so historically it's been \$2,000 per child. It's increasing to 2200 per qualifying child, okay? And, and will now be adjusted for inflation each year. So for years it was just the, the same flood amount. Um, so now it'll be adjusted for inflation.

And let's say that you're not required to file a tax return. Um. If you, if you have a qualifying child to claim as a dependent, you might still want to file a tax return because up to, um, 1700 of that child tax credit could be refundable, so you could still get some money back. And if you have lower income, so the earned that's and the earned income credit kicks in there too.

If you're a moderate to low income earner. Then you might also be eligible for some earned income tax credit, which is also a refundable tax credit. So what that means is, um, you don't have any tax liability, um, but those credits are refundable even without a tax liability. So they're calculated outside of that calculation.

That was one of

**Diana:** the things I learned about. I still struggle to calculate my earned income credit on my own, but I know it exists. And if I use a DIY system like TurboTax. It does the calculation for me, but I did a lot of reading on that one. I'm like, what? I don't understand what this is. And they don't write the articles online for the lay person who doesn't know all the tax terms.

All the articles online are for the people who know all these terms. So it really, that's why it took me 40 plus hours to try to learn about this stuff. There's so many

**Dee:** deductions you can take. There are, and there's, and there's a lot of roles too. So like for, for parents that are divorced. Um, and maybe, you know, if the kids are split 50 50, like let's say they, they spend equal time, you know, with the equal nights with each parent, only one parent can claim the child.

So who went who? Um, whichever parent the child spends the most nights with is the parent that's gonna be eligible for, um, head of household or not head of household, the earned income tax credit. And, um, not the other parents. So like if parents alternate years, you know, the parent who is the primary or, um, you

know, the, the parent that they live with primarily would still claim them or show them on the tax return for the purposes of claiming like, um, earned income credit.

**Natalie:** Okay.

**Dee:** You can split, you can split those benefits is, I guess what I'm trying to explain there that,

**Natalie:** see, that's the kind of thing where I feel like. Need to know, you need to have help that someone who knows that stuff. Yes. Otherwise, it just gets so complicated, especially when people are, I don't know, like we don't all go through divorces all the time.

Well, now I'm kind of getting into that category, but most of the time we, it's not like we're going through divorces all the time. So, so it's comp divorce is complicated as it is. And then when you add all of this money stuff on top of it, it can be very overwhelming. That's why I'm so proud of Diana for, you know, being able to go and do that work.

But a lot of people like myself, I know that I just would not have the capacity to do that. I'm not good with numbers anyway. Some people are actually fascinated, well, maybe you two are fascinated with numbers and you love that

**Diana:** D, it's fascinated by them. I'm curious sometimes.

**Natalie:** Yeah, and I'm just like run the opposite.

Get off the garlic. Yeah. Um, yeah, so I think it, it, it's helpful just to know for those of you who are right now feeling like a deer in the headlights, there's people that can help you. You don't have to figure this out on your own. You don't have to if unless you want to. And, um, you can have people like Dee actually walk you through and help you figure, uncover all of these things and figure all of this out so that you get the best tax breaks that you possibly can.

I know people will often ask about being taxed on alimony payments or child support, so maybe just touch on that too. I think that's an easy answer, probably.

**Dee:** Absolutely. Yes. So alimony, um, if your divorce was a final, um, before 2019, then your alimony is taxable.

**Natalie:** Oh, you're kidding. What? Yeah. Oh, that's absolutely horrible.

**Dee:** Yes. Yeah, but not now. If your divorce is after of 2019, so if your divorce was final, January 1st, 2019 and beyond, alimony is not taxable. So it's dependent on the date of your divorce decree. Now, if your divorce was final pre 2019 and you go back, um, you could potentially fall under the new rule if you get.

What about state taxes are changed? State taxes follow that or is. The state very, sometimes the states follow federal and sometimes they do their own thing. I, you know, I'm in a state now that doesn't have a state tax and I'm not an expert in on this topic for all states. Okay. So I would definitely say, you know, um, check, confirm for your state, or I can confirm for your state.

You know, I do prepare some state tax returns. Um. But my state does not. So I'm a little, we don't do as many as I used to when I was moving around living the military life. Yeah, yeah. Fortunately,

**Diana:** a state taxes, at least I'm in Wisconsin, they're never, it's never nearly as big a deal as the federal taxes.

**Dee:** No, no. And they most generally, most state tax returns starting point is your federal a GI. So, and then they make adjustments, you know, they've got adjustments for all kinds, a variety of things that they allow or don't allow.

**Natalie:** Yeah. Oh man, I didn't know that. That's really sad.

**Diana:** Yeah. At least it's, they fixed

**Dee:** it.

That's good. Yeah. Yeah. Right. Okay. Let's look at child support is not taxable.

**Natalie:** Okay. It

**Dee:** has never been, it has never been taxable, so you don't have to worry about that.

**Diana:** Well, let me ask about childcare expenses. So I, by the time I got divorced, I didn't have any kids in childcare, but our. Are there tax deductions or credits for childcare?

How does that work?

**Dee:** Yes, there is a credit, it's called the Child Independent Care, um, credit. And it is a tax credit for up to, um, \$3,000 of qualifying childcare expense for one child, up to 6,000 for two children. But it is a percentage based on. Your, um, filing status and where your income, your taxable income is falling.

So it, it's still a percentage of that, but it could be as high as 50%. So let's say you had two kids in childcare with more than \$6,000 of childcare expense. Your credit could be half of that at 3000. So I, I have clients who spend tens of thousands of dollars on childcare, so I know they kind of gawk when they're like, it's only, you know X.

**Diana:** Yeah. You know, but, but you still don't wanna miss out on it, so you wanna keep all your records and claim its, yeah.

**Dee:** Yeah. So make sure you, um, if the, if you fall into this category where you have a child in daycare and you're paying childcare. You're claiming those children, be sure that you get the statement from the childcare provider usually has their name, address, and their EIN number.

That's an important piece of information. And then the total paid, um, by child.

**Natalie:** Okay. Can you speak to, um, if you, if you're employed, um, should you, you know, obviously I think you'd let your employer know that you are now divorced and they would. Would they not walk you through updating your W four form to, you know, to figure out all of that?

What does that look like?

**Dee:** Yeah. If you're an employee and your status changes, you would want to update your W four. Um, your employer may not know that you're going through that process, so you would want to either go to your, um, HR or payroll department. Most companies now have an online payroll portal, um, that they use.

You can do it online, like, like that, like I know my company does, I can go in and change something if I needed to.

**Natalie:** Okay.

**Dee:** Take effect. The next pay period. So

**Natalie:** yeah,

**Dee:** just definitely make sure you do that because remember your filing status is determined by, on the last day of the year. So, but if let's, if your divorce wasn't, like in my case, my divorce wasn't final until December.

The middle of December. Yeah. And I had been withholding, as you know. Oh wow. Yeah. So did you

**Natalie:** just get a very large return then

**Dee:** the

**Natalie:** next year?

**Dee:** I feel like it, I feel like that year I still might have gotten a refund. 'cause I had only worked part of that year anyway. Um, so I was okay that year, but Okay. You definitely, you don't want to be surprised.

Yeah. In January or February when you go to do your taxes and you forgot to make that change.

**Diana:** Yeah. So I have a weird thing that happened to me and I'm just really curious now. So after I got divorced, I went and filed my taxes on my own, but somehow they connected my taxes to my ex-husband's tax account.

'cause we had been filing jointly even though I was filing a loan. And so my tax estimates they assigned to his account and, and then some like, is that unusual? Is there a way you're supposed to alert the IRS that you're divorced when. That first year and make it clear or

**Dee:** everything with the IRS is very social security number specific.

So, um, even if you filed a joint tax return, um, your, if had been an employee, your federal withholdings would be on your W2. You know, his would be on his, or even if you were self-employed and you were making estimated tax payments. I'm thinking you would make those payments under your social, so they were, I

**Diana:** did, but I think that's what happened is they tied it to his account number, so it became a mess

**Dee:** does

**Diana:** seem like an IRS issue to me.

Okay. So that was an error. All right. Nothing to worry about there. Let's move on to something more typical then, like dividing investments. I had to deal with that. I think most people do because if you're. X works at a company, might have a 401k, even if you don't have a lot of other investments, or if you have Roth IRAs or other IRAs or even money markets and that sort of thing.

How does dividing those investments impact taxes? What do you need to know?

**Dee:** Yeah, so the division, I'll just, I'll speak to the retirement accounts. Um, those should not have an impact, a taxable impact on you. I know there are states that may require the quadro. Which is a form that the attorney can prepare just to make it all kind of a legal thing.

I know I, I did have to get one of those, you know, for mine. Um, but that, that should not be, um, a taxable event. The same thing with like, if, if you end up getting the home as part of your settlement and the transfer, you know, from one of you to the other, that's not. That is also not a taxable event.

**Diana:** You don't have to roll over an investment account into a similar investment account.

**Dee:** So it has to have the same character. So like, let's say I got part of my ex's, um, 401k, so that's a pre-tax, um, type retirement type of account. So it would have to be rolled over into an, uh, a retirement account of similar character, which would be a, a traditional IRA. Unless you decided to then roll it over into a Roth and pay the taxes on it.

**Diana:** Okay. So if you, if you move, uh, monies that are split, assets that are split when you're divorced, as long as you move that money that you receive into the same. Category of account and it stays invested in that in a similar way, then it's not a taxable event. Right. But if you just take that money out as cash or put it into a different type of account, it could be subject to taxes.

So you wanna know, that's the kind of thing you might wanna talk to a professional about. Be like, I need to make sure I'm putting this money into the same kind of account so I don't get taxed on it.

**Dee:** Correct. And yeah. And there, I know there are some other, there's another tax language in there that if you do withdraw money out.

As part of a divorce, there's a period of time, if I remember correctly, that you can withdraw and it not be, um, and it not be taxed. Um, but again, in generally speaking, it would depend on the character, you know, of that type of retirement account. Now, investments are gonna be different. It just general types of investments, um, that's gonna.

Be different because let's say you have a, um, an investment fund where you're invested in certain types of stocks. And so to divide those, they typically have to either sell them or move, do some sort of a transaction to change the ownership. So that's gonna create a sale. Um, so there could be gains or losses associated with those types of transactions.

So you do wanna be mindful of that.

**Natalie:** Yeah, I would think that would be a little more complicated. Yes. Yes. Um, okay, so here's a situation. What if like my situation where you, we co-own a home, but in this situation he is actually paying. The mortgage payment still, and then I'm paying him for my half of the mortgage payment.

I know some people are like, why would you set it up that way? But that's the way we set it up and I'm very happy with that setup. The only problem is I think the tax credit goes to him then. Is that correct? So or how does that work

**Dee:** for the mortgage interest, whoever's name is the primary name on the mortgage, is the social security number that that is gonna get reported under.

Okay. You can still split it. You can still split it, however you both, it's, it's an itemized deduction. So the question is whether or not you're even gonna itemize, um, whether it's even gonna help you in that way. So you can either take the standard deduction or itemized deductions and you wanna go with whichever one is gonna be higher and give you the better deduction.

So with the permanency of the standard deductions being higher, now it's. It's a lot harder nowadays for the majority of my clients to even itemize. Um, you'd have to either be in a high cost of living area where the property taxes are really high and also, um, making a lot of charitable contribution to exceed what your standard and deduction is.

**Natalie:** Okay.

**Dee:** Can you explain what the standardized deduction is? Absolutely. So it's based on your filing status. And, um, looking for a list of, because there's

**Diana:** things we could deduct, like we could deduct if we give to charity or we could deduct, um. What else?

**Dee:** Yeah, that we can itemize. So the standard deduction is just a flat amount that's determined by the tax law based on your filing status to itemize.

The categories that fall under, um, itemized deductions are medical expenses and excess of 7.5% of your adjusted gross income. You've got taxes, so that that's property taxes, which that. Amount has also increased from up to \$10,000 of state and local taxes to now 40,000. Um, there's also a general sales tax deduction that falls in that category.

You can also maybe deduct, um, sales tax, like on a major purchase, major purchases like vehicles, boats, RVs, you know, things like that. Um, uh, charitable donations and then there's some other miscellaneous deductions. Um, if you had gambling losses, you know, that might fall under that, but you can only deduct gambling losses if you have gambling gains or gambling winnings.

**Diana:** Okay,

**Dee:** so,

**Diana:** okay, so, but instead of itemizing all that, you can say, I don't wanna itemize all that stuff at all. There's an amount. That I can, if I just say I'll take the standardized deductions, then they'll deduct a certain amount of income. Yes. Off of what? That's right. I'm recording.

**Dee:** Yeah. So for 2025, for a single, if you file a single, it's 15,750.

If you file as head of household, it's 23,625. So you can see the benefit there between those two filing statuses. Um, so yeah, if you're still. Most people are not gonna still be married, but sometimes there are some members in Flying higher that are remarried. So, um, so if you are married, filing jointly, it's 31,500 married, filing separate is half of that, so,

**Natalie:** okay.

Are there any other considerations based on your experience? You have a lot of experience talking to divorced Christian women who have text questions. What are some other, is there anything we haven't really covered that you're like, yeah, this comes up all the time. Uh,

**Dee:** I think just making, staying, trying to stay organized.

So once you start getting your tax documents, you know, create a folder and start saving those things. Um, if you are co-parenting and you have kids going back and forth, you know, keep a calendar, um, you know, to help you keep track of those days and nights that those kids are spending with you keeping those childcare receipts.

Um, if you're self-employed, you know, there is a way to, uh, make those quarterly payments on the IRS website. That's really, you know, a quick and simple way to make those payments time timely 'cause they are due quarterly. Uh, if you are an employee and you think your status is gonna change, the IRS on their website has a tax withholding estimator.

So you can take either your last pay stub or if you're self-employed, you can take your earnings or whatever your income is at that point in time and go to the, go to the website and it will walk you through all these steps, you know, asking you what you've earned already or to date. Um, you know, it'll ask how much withholding you've already paid to date and help you project out.

You know, if you need to, uh, make an adjustment on your W four, maybe you need to make. Um, some extra payments, uh, or extra withholding. You can do that with your employer as well if you don't think what they're withholding is gonna be enough to cover your tax liability. Um, I would just say as a reminder, you know, it's, the goal is to get as close to break even as possible at the end of the day, right?

If you're getting large refunds, other than reasons related to those child. Um, credits and deductions fundable, then I would definitely say reevaluate your withholding. You don't wanna be overpaying over withholding 'cause that's money you could be using on a paycheck to paycheck basis, which many people live that way.

So that's more money to, to feed your family. Yeah. Um, let's see, what else? Taking advantage of, you know, um. Those retire if you're employed, contributing to those retirement accounts as much as your budget allows. Don't leave money on the table. 'cause many employers match. Yeah. So you're not at least matching, you're leaving money, free money on the table there.

Um. So, yeah, I think those are good. Some of the ones that come to mind.

**Natalie:** Yeah, I think we covered a lot of things. I think it was good. Thank you so much. Dee. How can people reach out to you if they wanna ask? I know people in Flying hire, we have a private forum, so Dee is in there all the time answering questions, um, from people who are in the private group.

But maybe there's people who are not part of that program, who are, who would like to actually reach out to you with questions. I will, I, we don't have to say your whole email address here, but I will put that email address in the show notes so you can email her. Um, but maybe you could talk a little bit about what, how you could help people.

I know this is coming out during tax season, which is your heavy season, but how do you help people during that time,

**Dee:** during tax season? It's, it's just that helping people with their, get their tax returns prepared and just, um. Keeping them from worrying about it. Right. Just give it to me. I'm gonna help you take care of it.

Don't worry, you're in good hands. Yeah. Um, for anything outside of tax prep, so yeah, like Natalie mentioned at the beginning, I'm an accredited financial counselor. Um, so I do one-on-one coaching with people who might want to, um, reevaluate or re-look at cre their financial goals. Um, so I can help with.

Setting, doing that goal setting, um, if you wanna reevaluate your budget or if you have a major, um, financial purchase type of a decision that you are thinking of. You know, sometimes it's just things like that. Um, I've helped another member of the community, um, with creating a really an Excel file to document all.

The expenses for her rental property, like that was just overwhelming for that particular person. And that's like my wheelhouse. I love Excel, you know, I can do that easy and we can filter and we can sort it. Uh, he loves numbers. I'm breaking out in hives

**Natalie:** right now.

**Dee:** Um, so sometimes it's just something like that even, you know, yeah.

Just organize their data to present, you know, to an attorney or. Preparing those a financial affidavits if you're, if you were in the process of prepping for divorce or any Yeah. You know?

**Natalie:** Yeah. So basically I would say to people listening, you could send her an email and you could say, here's what I need help with, or Here are my concerns.

And she can help you. She can help you with tax preparation. She can help you with answering que she can, there's a wide variety of things that fall under the category of finance that Dee could maybe answer your questions for. So, um, and if, obviously if you want more in depth help, if you want tax prep, she can tell you, you know, how much that costs when you contact her.

And then, um. Then if you want coaching, she can tell you what she, you know, how, how you could arrange a coaching arrangement with her for however, whatever period of time you feel like you need that. So thank you so much Dee. Thank you Diana, for helping me co-host again. And Dee, thank you so much for giving us some of your time.

I know you're busy. Um, this is a busy, we're recording this right before the holidays, so I really appreciate you being able to, we kind of wanted to slip her in before tax seasons start.

**Dee:** This has been so thank you so much for this opportunity.

**Natalie:** Yeah, yeah. And those of you who are listening, thanks so much for listening and until next time, fly higher.

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