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Ask the Biz Brain

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By Karin Price Mueller

Q. I plan to divorce my husband who has five credit cards in his name only. I am not authorized for any of the credit cards. My husband recently amassed a \$13,500 debt on the cards. When I divorce him, am I liable for any of his debt? I have tried to talk to his credit card representatives but they refuse to talk to me because I am not on the credit cards and not authorized to use the cards.

– Soon-to-be-single

A. You have to deal with two perspectives here: the legal one, and the reality of divorce negotiations.

First, because you're not listed on the account, you are not responsible for any of the credit card debt your husband has in his own name, said **Jennifer Murray**, a certified financial planner with **Stonebridge Financial Advisors** in Morristown.

"If you husband is slow in making credit card payments on this debt it will not affect your credit rating," she said.

But during a divorce, any and all assets and liabilities amassed during a marriage are generally subject to equitable distribution.

"Just as you have a right to share in the value of all the assets acquired during the marriage, whether the same were amassed in your husband's sole name or in joint names, you will be burdened with a share of all debt amassed during the marriage,

whether the same was amassed in your husband's sole name or in joint names," said Ken White, a divorce attorney with Shane and White in Edison.

There are exceptions to the general rule, such as assets acquired in one spouse's name from an inheritance or a gift.

But this debt will probably be used as a negotiating tool by your husband's divorce attorney, who may say it's subject to equitable distribution.

"If the debt was amassed as a result of a substance abuse problem, gambling habit, on a new significant other or the like, you could successfully argue that you should not have an obligation to contribute to the satisfaction of the same," White said "However, if the credit card debt was amassed satisfying ordinary and customary expenses, such as purchasing clothing, food, entertainment, shelter expenses, etc... it will be subject to equitable distribution."

If you're questioning what was purchased, you'll have a chance to confirm that during the discovery phase of your divorce. "At the end of the day, a divorce becomes a business transaction," White said. "I suggest you take into consideration how much time, effort and money you want to exhaust arguing over the distribution of \$13,500 of credit card debt – 50 percent of which is \$6,750 – before you dive in head first.

Murray suggests before you file for divorce, you get rid of any joint debt as soon as possible. "Credit card companies are not bound by divorce decrees which outline who is responsible to pay on joint liabilities," she said. "Therefore, they can go after you for jointly held debt if a former spouse doesn't pay."