How can a Certified Divorce Financial Analyst help you in a divorce?

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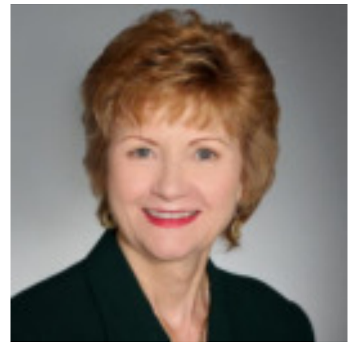

If you are facing separation or divorce, you will likely benefit from some *early* expert advice, even before filing. I recommend securing the counsel of an experienced, board certified family law divorce attorney, as well as the expertise of a Certified Divorce Financial Analyst (CDFA) -- and here is why.

Each one of these experts bring a unique skill set to the mix that the other cannot match. Most divorce attorneys and their in-house teams will review the assets and debts of a divorcing couple to help them determine a settlement proposal. Yet, legal teams rarely have specific training with regard to financial issues. And today's financial landscape for most couples can be complex.

On the other hand, a Certified Divorce Financial Analyst is specially trained in the areas of divorce laws, financial planning, budgeting and tax laws with regard to divorce. Many are also divorce mediators.

Did you know?

• The division of marital assets in Texas is rarely 50/50;
• Custodial parents of minor children may want to stay in the family home for their benefit and continued stability, but it may not be financially feasible;
• Determining which assets and debts are legally "separate property" and which are "community property" sometimes surprises couples;
• Calculating the "community interest" in a spouse's pension plan in today's dollars is important in a fair settlement;
• Finding all the assets and debts of both spouses can be difficult and often requires specialized financial skills;
• Continued health care coverage for both spouses and minor children should be factored into the settlement;
• While Texas doesn't have mandatory alimony in most cases, there are provisions for "spousal maintenance" in certain situations.

Couples are often challenged by the divorce process and even more confused by the financial aspects of the settlement agreement. CFDAs can help take the mystery out of the numbers and assist spouses avoid long-term financial pitfalls of an inequitable settlement. Many couples can also benefit from developing a post-divorce budget with the help of a CFDA, thinking through income levels and monthly expenses, before a settlement proposal is developed or accepted.

I often remind clients that the dollar of value in the family home doesn't necessarily translate equally to a dollar value in a corporate 401k plan. That's because while a home provides shelter, it also requires you to invest in maintenance, and the costs of utilities and taxes must be considered. A 401k will become an IRA rollover in your name and will likely grow in value. Evaluating assets from all angles is important in a divorce settlement.

If you and your spouse have 401(k) accounts, pension plans, stocks and bonds, a home or second home, valuable personal belongings, real estate, stock options, a family business or other investments, calculating the current and future value of these assets, and how to divide them fairly and equitably, takes financial knowledge and expertise. There are also tax benefits and liabilities to consider. I help couples crunch the numbers using spread sheets that project current and future financial outcomes.

Involving a CDFA early in the process can also save couples time and money. With mediation now being required in divorce cases by Texas family law courts, CDFAs can help attorneys and spouses reach equitable and fair settlement agreements even during the mediation process, thereby avoiding court altogether.