



Visit us online at www.CarolinaDivorceMediators.com

Which Financial Professional Is The Right One To Use In Divorce?

By Todd Curry, MBA, CDFA

Traditionally, financial planners work with individuals at the conclusion of the legal process. However, financial planners with additional training in the financial, tax, and emotional issues of divorce (Certified Divorce Financial Analysts - CDFA) can be extremely valuable during the divorce process.

Financial planning provides a structured approach to the analysis of an individual or family's total financial picture. Divorce Financial Analysts integrate the proven methodology of financial planning directly into the divorce process. As the recognized experts in personal finance, financial planners bring the following capabilities to the divorce process:

- a comprehensive knowledge of individual finance
- a client-centered approach
- a forward-thinking perspective
- a comprehensive knowledge of individual finance

The financial planning process begins with data gathering and coordination of financial information with other professionals, such as stockbrokers and accountants, to produce a complete analysis of the current financial position. The resulting report includes budgeting and expense management, income tax, insurance, employee benefits, assets and liabilities, investments, retirement planning, educational planning and estate planning.

One of the main differences between accountants and financial planners is that accountants work in a much more limited sphere. CPAs are recognized for their expertise in auditing and income taxes. During divorce, CPAs excel in valuing businesses, professional licenses and degrees as well as forensic business accounting. In contrast to accountants, financial planners have broad expertise in personal finance and are a resource for the myriad of financial questions and strategies that arise in divorce.

Client-Centered Approach

Since clients' resources are limited, a key strategy in Divorce Financial Planning is helping clients prioritize goals. Financial planners take the time to get to know clients and to understand each client's financial needs, goals, knowledge of personal finance, and equally important, psychological attitudes toward money.

A second objective of the financial planning process is increasing the client's knowledge of personal finance. Part of a financial planner's job is to explain how different financial vehicles work, set up systems to provide budgeting feedback, and help the client become aware of negative spending patterns.

The financial decisions that clients make during divorce are often the most important financial decisions they will make in their lifetime. During negotiations, financial planners help clients evaluate settlement proposals and suggest alternatives, helping clients make informed decisions. By understanding the financial issues at stake in maintaining their lifestyles, individuals become empowered to make important decisions to complete their divorce.

Forward-Thinking Perspective

The third quality of financial planning is its orientation toward the future. Planning for the future is an essential part of every divorce and fundamental to financial planning. Settlements that look fair initially may become inequitable or unworkable over time. A standard part of the financial planning process is the projection of future results. For instance, financial planners project retirement income into the future in order to calculate the annual contribution necessary for a desired post-retirement lifestyle. Certified Divorce Financial Analysts are cognizant of how a person's financial situation can change over time and can produce multi-year cash flow projections of settlement proposals in order to check long term workability.

Accountants have a different orientation. They are trained to look backwards, auditing payments and cash flows, and preparing tax returns or financial statements based on events that occurred in the past. A client going through divorce tends to be looking backwards at a plate of broken dreams, wondering what went wrong, whose fault it was, why the future that was planned now won't happen. Turning a client around to face forward and then structuring his or her financial life for what lies ahead is the very essence of financial

planning, but has little to do with accounting.

Summary

Once issues surrounding the children are resolved, the remaining concerns primarily involve financial issues; therefore, it makes sense to have an expert in personal finance as part of the divorce team. CPAs have an orientation toward historical data rather than planning for the future and leave a large gap in the continuum of expertise needed by both attorneys and clients.

Including Divorce Financial Planning in the divorce process sets a higher standard of matrimonial practice and results in more efficient utilization of attorneys' time. Attorneys can save much of the time they spend on financial detail; clients obtain a more in depth understanding of their financial options and save on professional fees since hourly rates for professional planners are usually lower than those of attorneys and CPAs. The benefits gained by utilizing a Divorce Financial Analyst more than outweigh the expenses and permit attorneys to work more efficiently.



At Carolina Divorce Mediators, we provide solutions to divorcing couples who want to avoid the tremendous financial and emotional costs of a court litigated divorce. Crafting comprehensive parenting solutions and satisfying equitable financial agreements through mediation helps couples meet their individual needs while creating a working foundation for effective future co-parenting of children. For more information, please visit our web site at www.carolinadivorcemediators.com or call 704-896-5882.

You have received this e-mail because you specifically asked to receive it or expressed an interest in this service. We respect your privacy and do NOT share email or other contact information with anyone. If you believe that you have received this newsletter in error or wish to be removed from our database, please click [HERE](#).

