Divorce: How to Keep Your Money

As soon as you begin to contemplate divorce, the nauseating, panic-attack-inducing realization of losing half of your net worth kicks in and you find yourself wondering if it’s even worth it to consider leaving if you’re just going to end up broke and starving.

There are ways to ensure that your financial future is not destined for disaster. First and foremost, be sure you involve a financial advisor that specializes in divorce on your team so that you will be fully informed of all the creative settlement possibilities that may be open to you.

A couple married 24 years were referred together to a colleague for assistance with their divorce. They had gone to an attorney together and were completely amicable. The attorney made it clear that he could only do their document preparation since he was ethically bound to represent only one party. That was ok, but they asked how they would determine their property division. He responded, “This is a community property state so we’ll just divide each asset and each debt exactly 50/50.” The couple just didn’t feel like that was the smart thing to do. They were referred to the CDFA, Certified Divorce Financial Analyst, to explore options.

After gathering all of their financial documents and completing the analysis, the CDFA put together two reports for the clients. The first reflected an exact 50/50 split as the attorney had suggested. The second was a creative settlement solution that also resulted in a net 50/50 split but took into consideration tax planning and consequences as well as the needs of each party as they planned for the next phase of their lives.

This couple had less than $800k in total net worth and the creative settlement solution resulted in an additional $20,000 EACH to their bottom line just because some financial intelligence was used to determine their settlement. That’s real money! Needless to say, the couple was thrilled knowing that they saved $40,000!

Don’t go into this blind. There are so many ways to ensure that both of you get to keep more of your own money. Get the right experts on your team. We’d love to help you! Call us today.