

The Role of the Financial Planner in the Divorce Process

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The use of financial planners in the divorce process is relatively new, but is a rapidly growing trend. The divorce process involves identification and division of property and income. Despite a lack of formal training in personal finance, attorneys and mediators have historically been thrust into roles of financial analyst and adviser. This has been an area fraught with danger, both from the divorce professional's and the client's point of view. While accountants and actuaries have participated in the process, their services have usually focused on the valuation or investigation of assets, not on personal finance.

Financial planners are recognized experts in personal finance. Because they have traditionally helped individuals achieve long-term financial goals, such as saving for college or retirement, they have specialized training and skills that enable them to analyze financial issues in their long-term context. They are able to provide insight into how a particular allocation of assets and income might play out over time.

A divorce financial planner can help individuals going through divorce focus on the difficult issues at hand, which sets a more positive and productive tone for discussion and makes the process more efficient and cost-effective. It empowers individuals to make wise and workable decisions regarding the hard, but often-necessary lifestyle adjustments. People frequently feel more secure about the choices they make, are able to reach workable settlements more quickly and are less likely to be forced to revisit support issues in the future.

Too often, what appears to be equal can eventually leave one of the parties in deep financial distress. To maintain even a modest lifestyle, the lower income-earning spouse is frequently forced to spend savings and other assets just to survive.

Here are some of the things you can expect a divorce financial planner to do for you:

- Help stabilize the financial situation
- Prepare post-divorce budgets
- Calculate the respective needs and pay abilities
- Recommend strategies to minimize taxes
- Analyze alternative settlement scenarios
- Determine the short-term and long-term financial impact of any proposed divorce settlement
- Provide valuable information on financial issues related to the divorce, such as tax consequences, dividing pension plans, continued health care coverage, stock option elections, and much more
- Help make financial sense of proposals
- Provide expert witness testimony in trials and arbitration
- Provide attorneys the tools they need to help prove their case

The divorce financial planner's role is to assist the attorney, not replace the attorney.