

## **Financial Fairness in Divorce: What You Need to Know**

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**Categories: Divorce Financial Planning and Investment, Financial Issues, Tax and Divorce**

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Living in an uncertain world and moving on with a degree of financial security is a huge challenge facing many couples today who are considering divorce. Economic conditions have forced some to refocus on their marriages while others have decided to move on with their lives.

No matter where you are in the process of divorce, getting a handle on various financial scenarios is critical to your peace of mind. While financial problems can tear a marriage apart, understanding your financial situation today will improve your prosperity tomorrow.

The primary cause of divorce often is because couples are not on the same page financially. It's time to ask some questions. What do you need to know now? Four categories will determine your settlements: Assets, liabilities, income and expenses. Take charge and get the answers you need to make decisions that can make all the difference. Some of the critical questions include:

- What is my property value and who places the value on it?
- Does property get split equally, and, if not, who gets what property?
- What tax liability will I have?
- How do we divide retirement funds and future pensions?
- How will the lower earning spouse survive financially?
- Who gets custody of the children?
- Who will pay for the children's medical needs?
- How much child support should be paid?
- How much spousal support should be paid (if any)?
- What happens if a paying ex-spouse dies?

Sometimes it's true that we don't know what we don't know — and that can hurt us. Obtaining the right legal, tax and financial advice early can save thousands of dollars that otherwise can be difficult to recover. As an example, Sally is 54 has been married for 25 years. She and Matt finally agreed on a divorce. They both want out and agreed that Sally would walk away with 50 percent of their assets. After all, Nevada is a community property state.

Unfortunately, equal doesn't always mean equitable. Sally has not worked in 10 years. She is too young for social security, and her job opportunities are limited. Instead of having her assets grow toward retirement, she will be reduced to spending her assets now to provide for a whole new set of expenses. Matt, on the other hand, has a job with health insurance and retirement plans. He won't need to spend down his assets early.

Avoid the pitfalls by doing your homework. Getting a financial analysis will help couples determine short- and long-term consequences. Analyze taxes, inflation, capital gains, pension benefits, life expectancy, income, health and lifestyle when considering any settlement options. The decisions of today will be felt years down the road. Having various scenarios laid out with charts and graphs will assist tremendously. Engaging an unbiased expert will minimize emotions and explain possible outcomes objectively.

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