

Financial advisers help couples wade divorce waters

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In a collaborative divorce process, practitioners include the attorneys who are their clients' legal advocates and the allied professionals who work with them.

Among the most valuable allied professionals are the financial professionals who help attorneys and their clients navigate the confusing financial waters surrounding the divorce.

In many households, one partner is often responsible for handling the finances, which could include paying bills, monitoring expenditures and monitoring and making decisions about investments. With a divorce, the partner who did not handle the finances is often unable to make financial decisions because he or she does not understand them.

This is where the financial professional comes in. There are two types of financial professionals who may be involved in a collaborative divorce: a divorce financial analyst and a financial adviser.

The divorce financial analyst works with the parties and the attorneys to help make projections, based on available assets and liabilities, which will help the couple maximize their understanding and control of their individual financial futures.

The financial adviser works with a client after the divorce in carrying out the terms of the settlement, such as transferring IRAs or pensions, as well as advising on and managing investment accounts.

A financial adviser can teach finance basics, such as how to balance a checkbook, how to pay the bills, how to monitor incoming bills for appropriate services (Are they paying for services they do not use and could eliminate?) as well as helping to set up a systematic method of completing these tasks on an ongoing basis. Just explaining to the client the financial impact of keeping a home rather than selling it is often not enough. Clients need to arrive at a conclusion on their own by understanding and examining their cash flow.

The financial adviser begins by looking at the client's expenses. Some of the questions that must be addressed include how much income is necessary to live on and how much income will the person have after the divorce? Can the client reduce or eliminate some of the expenses?

By comparing income to expenses, work can begin on establishing a budget. A financial adviser will help incorporate savings into the budget, even if the client can save only a little bit each month.

By examining a bank statement and a check register, the financial adviser can help make sure that the client knows how to read both, as well as how to balance the checkbook. The client also must understand the consequences of not being able to do that accurately.

Going through the monthly bills, the client needs to understand what bills are coming in and what they are for in order to determine whether or not a bill is accurate. Once that is determined, a bill-paying schedule can be set up. It is important that clients understand how late payments can adversely affect their credit rating.

When a divorce settlement involves splitting assets, such as retirement plans, or involves a monetary settlement for the home, a financial adviser cannot only explain, but can help with the who, what, where and how of transferring and investing money. Working through the financial planning process, the client will learn what is necessary to secure a sound financial future.

The process may also give the client more confidence and more security about that future. It is very empowering for clients to know that they will be able to take care of themselves, and that they have someone to turn to for answers to financial questions that will arise.

A trusted financial adviser can help clients navigate through the investing process and will always do what is in the best interests of clients.

For more information on the role of allied professionals in collaborative practice, visit the Web site of the Massachusetts Collaborative Law Council [www.massclc.org](http://www.massclc.org)

Barbara Dickinson is a certified divorce planner who authored this column on behalf of the Western Massachusetts Collaborative Law Council.