

# NAVIGATING DIVORCE: CDFAS CHART A COURSE TO DIVORCE FINANCIAL PLANNING

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As with any major life change, going through a divorce is often difficult and filled with uncertainty. Creating a divorce financial plan helps each party determine what they want and need from a settlement and how to best divide resources.

The planning process begins right from the start of the divorce proceedings, setting the course for both sides to come to an agreement based on solid financial projections extending 5, 10 or even 20 years into the future. Creating a plan and setting goals at the outset saves time and money during the legal process. And when children are involved, the goal is to emerge from a divorce as an amicable parenting team with each household on stable financial ground.

*Most people are aware that California is a no-fault, community property state. In theory, this means that all property earned or acquired during the marriage is divided 50/50 between the spouses. What most couples don't know is that with the help of a CDFA® and a solid divorce financial plan, individuals can make their own decisions and come to their own agreement about how each half is determined.*

## THE ROLE OF A CDFA®

Working together with the attorney or mediator (and a forensic accountant if necessary), the role of the CDFA® is to analyze the joint financial picture and then create different potential settlement options based on long-term financial projections. The goal is to help the parties make well-informed decisions based on robust analyses of potential future financial scenarios rather than emotions. A CDFA® can make recommendations with the big picture and long-term financial goals in focus. We can also help interpret programs such as the DissoMaster™, which determines child and spousal support.

A CDFA® can analyze the tax implications and long-term cash flow impact of decisions such as one spouse staying in the house or deciding whether to ask for a lump sum instead of spousal support, which is taxable income to the recipient. A CDFA® is also

qualified to serve as an expert witness and testify as to the validity of financial projections.

In order to achieve a CDFA® designation, a candidate must first have at least 3 years of experience as either a financial advisor or a legal professional. In addition, they must complete several months of study and successfully pass a series of subject matter exams and a final case study exam based on an in-depth study of the financial aspects of divorce.

By hiring a CDFA® as part of the divorce team, clients benefit from the experience of hundreds of other divorces and a solid planning process that encourages creative problem solving. Each divorce is different and requires unique financial decisions to be made. There may be businesses or partnerships to divide in the form of a buyout or creation of a new partnership agreement. One spouse may need additional income for a time, while the other would rather have assets upfront to purchase a new home. Modeling these different scenarios, including taxes or other future liabilities allows parties to make well-informed decisions that are not clouded by emotion. CDFA®s focus on the numbers to help clients formulate a solid financial future while navigating an often very stressful time.

While divorce may be difficult, including an experienced CDFA® on your team ensures informed, individual decisions are made based on solid financial planning and the overall goals of preserving assets and creating a stable, fresh start.

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