Even in a "friendly" divorce, both parties must make sure they're doing everything possible to protect their financial futures. But people in the midst of a divorce often don't know where to start. In this three-part series, we'll take you through the five key steps.

Getting a divorce can be traumatic. It's an ordeal that can take a financial and emotional toll on everyone involved. Even when the intent is to have a "friendly," nonconfrontational divorce, both parties must make sure they're doing everything possible to protect their financial futures. But quite often, people in the midst of a divorce don't know which financial decisions will serve their long-term interests best.

The website divorcerate.org , which monitors statistics on divorce from a number of organizations and foundations, estimates anywhere from 40% to 50% of all marriages in the U.S. end in divorce. Second and third marriages have an even worse track record -- with more than 60% of those unions ending in separation.

Unraveling a marriage's once-intertwined lives and finances can become a real challenge -- especially if both parties plan to meet their current financial obligations and future goals. To help with that process, a new type of financial adviser is gaining popularity: the certified divorce financial analyst , who specializes in helping clients make educated decisions during times of transition such as divorce, retirement or the death of a spouse.

Most CDFAs are already certified financial planners or financial advisers -- who then obtain additional certification to specialize in divorce cases. Hiring a CDFA could make a major difference in the type of divorce settlement you reach, but experts suggest that a CDFA is most appropriate for couples with a net worth of at least $250,000.

Fees for CDFA services vary. The vast majority of CDFAs charge an hourly rate, but some charge a fixed fee to handle a divorce, so you'll have to shop around. There are also CDFAs that will handle your situation for free -- but the catch is they'll want you to purchase financial products from them, such as insurance, or they'll want to become your financial adviser. Be sure to select a CDFA based on his or her ability to safeguard your interests -- not based on the cost.

Carole Peck, a licensed CDFA in Florida and Illinois, says interest in her specialty is growing. That's because it's difficult for many people to navigate through financial issues while they struggle with the emotional aspects of their lives during and after a divorce. Many breakups are also quite complex. Rarely do they involve just splitting assets down the middle, perhaps also including legal, tax and retirement issues that require more than just a divorce lawyer.

"An attorney's objective is to give legal advice, not tax advice or financial advice," says Noah Rosenfarb, a licensed CDFA and managing director of Freedom Divorce Advisors in New

Jersey. "Often, an attorney will say 'this is the best deal that I can get you,' but that may not be the best deal for living your life after the divorce."

Rosenfarb, whose practice only handles high net worth clients, points out that there are four different ways to go about getting a divorce, and not all of them involve a lawyer. But the approach taken could have significant financial ramifications:

Litigation: Going through the adversarial court system. This process can be long, drawn-out, public and painful.

Mediation: Both parties actively work together for a solution that works for them. This doesn't guarantee a fair solution, just one that both parties agree on. It can also put the party with less information at a disadvantage.

Collaboration: Both parties agree to have their attorneys and a team of people, including a financial professional, work together to find a solution without going to court.

Arbitration: Both parties agree to allow their case to be decided by someone who acts like a judge -- mainly because they want to keep their financial issues out of a courtroom.

"Figure out which path you want to go down, and get educated about the pros and cons," says Rosenfarb.

The Five-Point Checklist

Once divorcing spouses decide on the approach they plan to take, Peck says they should review five financial areas before entering into negotiations. She says going through this checklist before divorce proceedings can help both men and women understand their advantages. It can also help them determine any financial needs their divorce settlement must meet. This information, she says, could be critical in helping you negotiate a settlement you can more easily live with. "At least, get a clear picture before you get into negotiations," Peck advises.

1. Check Your Credit Report: This will alert you to any outstanding credit, liabilities or other debts that may be in your name -- but that you may not have been aware of. Peck says you want to verify the accuracy of all accounts and determine if any lines of credit have been opened in your name without your approval. Your spouse may have created debts that you are legally liable for, even though you weren't responsible for paying those debts during the marriage.

"In a worse-case scenario, I've known two people who have actually had second families concurrent with the first family. So, there were lots of credit card accounts that the first spouse didn't even know about," Peck says.

Checking your credit report before the divorce will also let you know if your spouse has affected your personal credit profile. Joint accounts may show up on your credit report and may

damage your credit. Responsibility for joint accounts must be established and resolved as part of the divorce settlement.

Peck says some couples may need to maintain joint accounts for some time after the divorce, because one spouse may be unable to maintain credit cards or bank accounts alone and to eliminate them would cause an unacceptable hardship -- especially if minor children are involved.

Rosenfarb says it's always a good idea for all individuals to establish at least one personal credit card -- and if you know a divorce is possible (or imminent), establish an account as soon as possible. He also recommends married couples with joint credit card accounts make sure to reduce their credit limits to small, manageable amounts. If you already have high limits on your joint credit cards, call the card company and lower them now. "That way, you don't have the opportunity for one spouse to go out on a shopping spree," he says.

With the obvious exception of child custody matters, dealing with the division of assets is always the main area of stress during divorce proceedings. Determining the real value of assets isn't always as easy as people would like to believe. But you can take concrete steps that will take at least some of the pain out of the process. Part One of this series explained what to do in the first step, checking your credit report. Here are steps two and three of the process.

2. List All of Your Assets: When getting a divorce, you need to tally all your financial assets so that you know where they are and what they're really worth. This often can serve as a wake-up call about what each party has to lose in the negotiations. Because both spouses will need to list all of their assets, forgotten pensions or stock-trading accounts that spouses may never have mentioned also need to be disclosed before the negotiations begin.

Carole Peck, a licensed certified divorce financial analyst (CDFA) in Florida and Illinois, notes that married couples can sometimes use tax returns to determine assets that their partner has. Capital gains on all investments must be reported to the IRS, and that's generally done through the tax return. On a personal tax return, Schedule B (Interest and Ordinary Dividends) shows interest earned from any stock brokerage accounts or other investments that a spouse has.

Additionally, if your spouse owns a business, you'll need to gain access to its tax records to determine how profitable it has historically been, if possible. The business could be a valuable asset that produced significant income for allowing the married couple to maintain a particular lifestyle. For example, if one spouse had access to a company car that the business paid for, should she continue to get that perk after the divorce if the business isn't dissolved?

Compensation received from the business is also considered an asset. "If the business was paying your spouse $100,000 a year, and now that the divorce is coming they switch to paying $50,000, you must find out why," says Peck. "This could be creative accounting or might indicate money is being diverted to other places."

3. Have Assets Appraised: When dividing property, some jointly held items may have to be appraised to determine their real current value. The perceived value of assets such as furs,

jewelry, paintings, memorabilia and family antiques can become sticking points during the settlement process. Peck says it may be necessary to prove what individual items are worth because your spouse may set a very high value for an item in the expectation that you'll have to give them cash compensation to keep it.

For example, if a husband owns sports memorabilia and his wife isn't a sports fan, she may claim the items in the collection are very valuable, when in fact, their true worth is rather modest. An appraisal will solve that conflict.

"You want to know what things are worth because you want to know if they are worth fighting for," says Peck. If a "treasured" family heirloom is only worth $500, you can reason that it's not really that important. However, if items are authentic and valuable, then the cost of insuring and safeguarding them may be factored into the settlement as well.

Noah Rosenfarb, a CDFA and managing director of Freedom Divorce Advisors in New Jersey, says he encourages his clients to educate themselves on the pros and cons of owning certain assets prior to getting a divorce. Some assets come with hidden costs and devaluation risks, so individuals should know what it may cost to own an asset over the long term before fighting hard to get it.

For example, Rosenfarb points out that many people going through divorces don't realize the risks involved in accepting money in retirement accounts. Money accepted in this manner is subject to taxation when you withdraw it, so it's actually worth less than its face value at the time you receive it. This becomes an extremely important consideration if one needs to use the money immediately -- early withdrawal penalties can reduce the settlement's value even more.

So before agreeing on a settlement, Rosenfarb warns: "Make sure that you do not take all of the assets where you must pay the burden of taxation while the other party is getting assets that are regular cash."

It's certainly not easy, but for those who can do it, calculating expenses jointly helps clarify points in the negotiation that should be acceptable to both parties. And any post-divorce expenses will need to consider all manner of child care costs

During divorce negotiations, calculating living costs, including child care, that were incurred during the marriage and projecting those expenses into the future can have a major impact on who gets how much in the settlement and why. While it might be difficult to do, Noah Rosenfarb, a licensed certified divorce financial analyst (CDFA) and managing director of Freedom Divorce Advisors in New Jersey, suggests that both parties in a divorce find a way to work together at the outset of negotiations to jointly determine their total household expenses during the marriage, because it will save time and money later.

It can also be helpful to jointly negotiate the cost of some of the ongoing expenses that will occur after the divorce is final. This can eliminate duplication of costs such as buying two video-game consoles for the children or buying excessive amounts of clothing for them.

While determining expenses jointly is great when it works, it isn't common. Often, divorcing parties can't agree on what expenses will be after separation because they rarely see

eye-to-eye on how lavish their former lifestyle was.

"The higher income earning spouse tends to minimize the couple's expenses, while the person seeking alimony, tends to exaggerate the expenses," Rosenfarb says.

For those who can do it, calculating expenses jointly helps clarify points in the negotiation that should be acceptable to both parties. However, creating your own expense estimates and budget projections is an essential exercise because you must come to the negotiations with someplace to start.

4. Project What Your Expenses Will Be After The Divorce: The budget you had prior to the divorce will definitely change afterward, so determine if your income plus the settlement will accommodate your expenses. Many newly separated people find themselves shocked, having failed to realize how expensive a lifestyle they'd been leading until they have to pay for it on their own. Be prepared to document your expenses so that you can receive a fair settlement, but also be prepared to trim your expenses, because alimony payments may not be what you expect.

Contrary to what most people might expect, Carole Peck, a licensed CDFA in Florida and Illinois, says the spouse who gets the house in the settlement often gets the worst of the deal. That's because the house comes packed with huge extra expenses such as property taxes, higher energy bills and repair and maintenance costs that typically run into the thousands of dollars annually.

Peck says because they must use a larger portion of their income to pay for the mortgage and associated costs, the spouse who gets the house in a divorce often winds up making smaller contributions to a retirement account, which can be a long-term negative.

"The person who is going to keep the house for the children's sake deserves to be compensated for keeping the house for a longer period of time," says Peck.

Additionally, in today's real estate market, property values aren't appreciating like they did five years ago -- indeed, in some markets, values have the potential to fall again in the near future. "Whomever gets the house may actually be getting a financial burden," Peck warns.

5. Determine How Child Care Will Affect You Financially: Whether it's paying for babysitters, day care or expenses for child visits, you're likely to face new costs that you've never had to budget for before. Arranging for help to care for small children in the home is a sizable expense that you don't want to leave out of settlement negotiations. It may also be necessary to add to your financial outlay during the negotiations the cost of additional food, clothing and other items needed to raise a child properly.

Being the custodial parent for a child can also have an indirect affect on salary increases and career advancement. Working late frequently or constant traveling for the job to earn a promotion may not be possible if you have to take care of a small child at home. Determining how you'll deal with those situations and the cost for appropriate help to care for your child will

also need to be factored into your overall expenses.

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