

The cost of divorce

Don't let the end of your marriage ruin your finances

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Elliot Raphaelson Elliot Raphaelson welcomes your questions and comments at raphelliot@gmail.com.



Divorce is expensive, often ruinously so. You don't need an expert to tell you that. However, an expert can help couples going through it to soften the blow.

Lili Vasileff is the author of "Money and Divorce: The Essential Roadmap to Mastering Financial Decisions" (American Bar Association), the most comprehensive book I have read on the subject. Vasileff, a certified financial planner, is co-president of the Association of Divorce Financial Planners. She went through a divorce over 25 years ago, with two small children, one of whom has special needs. Her advice is practical and easy to understand. The book will be invaluable not only to those facing divorce but also to divorce attorneys. You don't have to be an expert in finance to understand this book.

Vasileff covers every aspect of divorce in the book, including the first steps to consider when contemplating divorce and the pros and cons of various legal options. Readers will also learn the financial phases of divorce, practical tips for dividing investments, retirement

assets, real property issues, child support, how to protect your credit, taxes, strategies for negotiating settlements and much more.

Divorce as it's usually done is not the only option. Vasileff discusses the pros and cons of various legal options, including "pro se" (do it yourself without an attorney), mediation and collaborative divorce, as well as litigation.

Regardless of which legal avenue you might choose, divorce is fraught with financial mistakes. Here are some recommendations on how to avoid them:

- Don't believe in the "lawyer knows best" myth and let your attorney dictate your goals and your best short- and longterm options. Take full responsibility for making life-changing financial decisions.
- Don't try to be thrifty by cancelling your health insurance. Keep your existing health policy as long as possible, while investigating insurance alternatives.
- Don't cancel your or your spouse's life insurance. The cost to replace may be more expensive or more difficult to obtain because of health issues.
- Don't borrow against your retirement assets. There are tax implications and possible forfeiture of employer-matching benefits.
- Don't believe you can renegotiate the terms of your divorce after it is final. Specific legal criteria may affect your ability to renegotiate.
- Don't fail to thoroughly discuss all financial items that affect your budget once you are divorced.

If you use the litigation option, your divorce will be nearly impossible to obtain without complete financial disclosure and skilled negotiation. Each party must prepare and present bank statements, historical tax returns; proof of employment income; business financial statements; records of other income; records regarding monthly expenses; employee benefits; wills and trust documents; insurance information; real estate records; debt and liability information; and credit reports.

Vasileff also discusses the role of a divorce financial planner, and how to find a competent one. You'll likely need the guidance. For example, a planner might help you decide whether to sell, keep or transfer ownership of your home and any vacation or rental properties. They can help you understand and mitigate the tax implications. Also, divorces that occur late in life – an increasingly common occurrence – have their own complications. Vasileff includes a very useful discussion of this in her chapter on spousal support.

Child support is an omnipresent source of contention in divorces. Vasileff covers the waterfront here, including a chapter on divorce and children with special needs. Special needs children normally incur more expenses than other kids, and the question of future care expenses adds to the complexity of a divorce agreement.

Even if you have an excellent attorney, Vasileff's book will help you throughout the divorce process, including when it's time to rebuild your finances after the divorce.