

W *Financial Fitness* | Personal & Family Financial Planning



FINANCES OF DIVORCE

Before, During & After

By John P. Cito, Certified Divorce Financial Analyst on Divorce

I once heard, "Marriage is about love, and divorce is about money." It can also be one of the most traumatic times of your life. So here's a 4 step approach you can take towards working with a Certified Divorce Financial Analyst (CDFA) to make sure you have a plan to empower your independence after divorce.

1. Have a Financial Strategy: Pre-Settlement

At this point, you may feel like everything is a blur and you're at the center of it.

- First, in conjunction with your attorney, you and your CDFA should thoroughly evaluate each and every asset.
- Next, your CDFA should provide you with an expert perspective in the highly specialized field of tax exposure.
- Then your CDFA should replace anxiety with clarity and purpose by preparing a financial projection.
- As the last step in the pre-settlement stage, you'll want your CDFA to deliver a summary of issues and concerns relating to your CIS, lifestyle, valuation and other reports.

2. Action Items: Post-Settlement

Now you're taking control and a plan will become clearer.

- Entitlements and assets should be clearly identified in legal documents.
- Your CDFA should provide you with a summary of your settlement agreement, which is often dozens of pages, into a concise, documented action plan.
- It now becomes easier for you to sever ties because you're focusing on beginning the next chapter of your life.

3. Financial Plan: Develop & Execute

It's at this point that your confidence should begin to grow and knowledge is power.

- The next steps your CDFA should do is educate you on the following: Cash Management, Risk Management, Investment Planning, Tax Reduction Strategies, Retirement Planning and Estate Planning. Your CDFA should develop for you a detailed plan that focuses on your financial independence and guides you through each decision you need to make providing support at every step.

4. Income Taxes: Plan & Prepare

You want your life and your financial planning to be easy, accurate and hassle free.

- Your CDFA should prepare and deliver annual tax returns.
- On a quarterly basis, he or she should review your tax exposure with an eye toward changes in the tax code.
- Know that your CDFA should be a single resource for making your finances clear, comfortable and straight forward.

Divorce, whatever the reason, can turn your world upside-down. By working with a certified divorce financial analyst who can help you tackle one of the most critical times in your life is your first priority in making sure you get what you deserve and determining if it will be enough to begin your life again. What's missing in most divorce cases is financial expertise. By using a certified divorce financial analyst, you'll have a clearer view of your finances in the future. By having the necessary information and analysis, a settlement that clearly details the financial needs and capabilities of each party can be a win-win situation. Don't short change yourself. Make sure to have all of the key components mentioned above. You want to work with someone with whom you feel comfortable with and who will serve as a trusted advisor to proactively plan for your financial independence. **W**

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John P. Cito, CDFA, is a partner in Freedom Divorce Advisors. Mr. Cito has obtained Collaborative Divorce training and has been actively involved in matrimonial cases for many years. He is the Chairman of the Divorce Financial Committee for the NJ Association of Conciliatory Courts, a member of the Institute for Divorce Financial Analysts, a former Board Member of the Association for Divorce Financial Analysts, and the Financial Divorce Association. Mr. Cito has written numerous articles on financial issues pertaining to pre- and post-divorce planning and appeared on the Real Life with Mary Amoroso "Rebuilding Your Life After Divorce" episode and has been listed in the Peer Recommended Professionals section of Divorce Magazine.