

The 7 Most Frequently Asked Questions Regarding the Financial Settlements of a Divorce

Q: Should the primary parent keep the house?

A: The answer is **“it depends”**. It is critical to pinpoint exactly what it will cost to maintain the home, factoring in taxes and inflation. The next step is to analyze whether there is enough money coming in, to live comfortably in the home - in other words, pay the bills each month and not be “house poor”. Once that has been determined, the advisability of retaining the home must be compared to the advisability of giving up other assets such as liquid accounts, retirement plans, etc. Finally, all decisions need to be weighed against current economic and stock market conditions. Certified Divorce Financial Analysts TM are trained to analyze this issue from many angles to help clients make informed decisions before committing to a settlement that is irrevocable and could have a long lasting negative financial impact.

Q: What If I bring a house into the marriage that is in my name only, and I add my spouse's name to the deed?

A: In this case, the whole house could be considered marital property. You might have made a "presumptive gift" to the marriage and should consult with a family law attorney to discuss your options.

Q: Is my IRA considered marital property since it is in my name only?

A: Everything acquired during the marriage, no matter whose name it's in, is typically considered marital property and is placed in the "marital pot" for division. In some states, (equitable division states), the increase in value of separate property could also be considered marital and subject to division. If you are going through a divorce, it is important to evaluate the pros and cons of having your IRA included in the list of assets you retain, post divorce. Remember, the funds in the IRA cannot be accessed before age 59 1/2 without paying a 10% penalty for early withdrawal, and they are 100% taxable as ordinary income.

Q: How do we calculate how much child support should be paid?

A: Every state has Child Support Guidelines that are mandated by the State. However, the guidelines get tricky when one (or both) spouse is an independent business owner who can control their wages. In this situation, it makes good sense to bring in a divorce financial or tax expert who can help determine the true potential income of the parents. Child support is affected by the amount of maintenance (alimony) that is paid, and is also affected by day care expenses, health insurance premiums for the children, and other extraordinary items.

Q: Will I be eligible to receive maintenance (alimony)?

A: The test for alimony (also referred to as maintenance or spousal support) is based on “need” (can you support yourself on your earned income and any investment income?) and “ability to pay” (will the payor of alimony have funds sufficient to pay alimony and support him/herself?). Other factors that are considered include length of the marriage, and health of the parties. However, keep in mind that no two cases are the same, so it is important to seek advice to determine how the facts specific to your case may impact your ability to receive maintenance.

Q: Will I lose my pension?

A: Pensions and retirement plans are marital assets. The marital value of your pension is subject to division, just as are all other assets. It is possible, however, to keep your pension and have it offset with other assets.

Q: I have never worked. Can I get Social Security?

A: If your spouse has worked and if you have been married for 10 years or more, then you are entitled to one-half of your spouse's Social Security or your own, whichever is higher, provided you are not remarried when you apply for social security. Your spouse still retains 100% of his/her social security. This is an automatic guarantee and therefore it is not a negotiation point in the divorce.

Q: What is a QDRO and why do I need one?

A: A QDRO (or Qualified Domestic Relations Order) is the legal document that is used to divide qualified pension or retirement plans (including 401k's) pursuant to a divorce. The Judgment of Divorce in and of itself is not sufficient to divide qualified plans. Therefore, a QDRO is needed. QDRO's are very complex and their accuracy is very critical to protect your rights to future retirement assets. Always obtain qualified advice in this area from a specialist.

The 6 Most Frequently Asked Questions About Certified Divorce Financial Analysts and the Divorce Resource Centre of Colorado

Q: What does CDFA mean?

A: Certified Divorce Financial Analyst is a professional designation conferred by the Institute for Divorce Financial Analysts. CDFA's are trained to address the often overlooked financial and tax issues related to a divorce. They are able to educate and empower those who are in the process of divorce. CDFA's can also provide litigation support for attorneys, to assist them with financial research and projections needed to settle a case.

Q: I already have an attorney; do I need your services?

A: Our services complement those offered by an attorney in that we have the financial expertise to craft a comprehensive forward-looking budget, taking into account factors such as inflation, tax consequences, changing child care expenses, health care costs, etc. In addition, we explore the "if/then" financial scenarios, to provide projections that assist our clients in making informed decisions about their financial future.

Q: How soon should I seek the services of a divorce financial planner?

A: Ideally, the sooner the better. It is important to surround yourself with the right "team" of people to help you make sound decisions at this emotionally difficult time. We are there for our clients before, during, and after the divorce.

Q: What if my divorce is already final?

A: At Divorce Resource Centre of Colorado, LLC, we can assess your current financial situation, discover what may have been overlooked in your divorce, and work with you to achieve a more secure financial future.

Q: What other resources does DRCC offer in addition to divorce financial consulting?

A: We provide a variety of workshops that address all aspects of your financial well-being , and empower you to take control of your finances. In addition, we provide investment advisory and money management services.

Q: What sort of expertise does DRCC have in the area of divorce financial planning?

A: [The founders of DRCC](#) are highly qualified with impressive educational and career credentials. They possess 35 years of combined experience assisting clients with navigating the choppy financial waters when divorce is inevitable.