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Financial Experts Network

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**GUIDING YOUR CLIENT
THROUGH THE DIVORCE
PROCESS**



The Divorce Process

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The information and/or the materials provided as part of this program are intended and provided solely for informational and educational purposes. None of the information and/or materials provided as part of this power point or ancillary materials are intended to be, nor should they be construed to be the basis of any investment, legal, tax or other professional advice. Under no circumstances should the audio, power point or other materials be considered to be, or used as independent legal, tax, investment or other professional advice. The discussions are general in nature and not person specific. Laws vary by state and are subject to constant change. Economic developments could dramatically alter the illustrations or recommendations offered in the program or materials.



**“Here’s our new retirement plan —
At age 65, we’ll get divorced then marry
other people who planned better.”**



Divorce Statistics

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About 43% of first marriages end in divorce. The divorce rate is higher for 2nd and 3rd marriages.

According to the National Center for Family & Marriage Research (NCFMR), as of 2024–2025, **nearly 40%** of all divorces involve people aged 50 or older

According to a study summarized by AARP, in about **66%** of so-called “gray divorces,” **the woman** was the one who initiated the split.

However, women are more likely to pay a financial price when a marriage ends - with a **45% decline in living standards** in a gray divorce.

Divorce Statistics

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Primary Reasons for Divorce:

- Lack of Commitment: 75%
- Infidelity: 60%
- Domestic Abuse: 21%
- Substance Abuse: 12%

Other Reasons Cited:

- Excess Conflict and Arguing
- Married Too Young
- Financial Problems



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**DIVORCE FINANCIAL PLANNING
IS NOT FOR THE FAINT HEARTED**

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- Recognize the financial and emotional challenges your client will experience.
- Help them understand their rights and financial options.
- Consider whether you are trained and equipped to help your clients through a divorce.
- Encourage your clients to hire professional advisors – divorce attorneys, CPA, CDFA®️, therapists, forensic accountants, business valuation experts, etc.
- Help them visualize their life post-divorce.
- Encourage self-care for clients.

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Discuss Special or Unique Situations

- ❖ Health insurance coverage post-divorce
- ❖ A child with special needs
- ❖ Non-working spouse during the marriage
- ❖ Whether one or both spouses are already retired
- ❖ Assets inherited prior to and during the marriage
- ❖ Complex financial and real estate assets
- ❖ Business ownership
- ❖ Mental health of spouse
- ❖ Financial infidelity and hiding assets.

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- Know Your Client's State's Requirements for Filing for Divorce
 - ❖ Residency requirements
 - ❖ Length of separation before filing for divorce
- Understand Your State Laws Governing Property Division and Support
 - ❖ Equal Distribution (more than 40 states) vs. Community Property (9 states)
 - ❖ Child support and alimony formulas
- Custody is always in the best interest of the children

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Consider The Options for Divorce

- Uncontested
- Mediation
- Collaborative divorce
- Litigation in Court

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Uncontested

- Both spouses agree to amicably resolve all issues related to their divorce: parental responsibility, timesharing, division of property and debt, spousal support, child support, etc.
OR
- One spouse files for divorce and 2nd spouse does not accept service of divorce papers and never appears in court. Court resolves the case by default.

Cost and Time Savings for Both Parties

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Mediation

- Cooperative process where spouses use a neutral third party (a mediator) who assists both parties to reach agreement on issues that must be decided: distribution of assets, child custody, child support, alimony, etc.
- Helps reduce cost of divorce, reach settlement faster, and gives both spouses higher level of input and control.
- Both parties should retain attorneys to review settlement agreement.

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Collaborative Divorce

- A voluntary process where both spouses and their attorneys negotiate a settlement agreement: a “Participation Agreement” which is binding. More professional guidance and input than with mediation.
- Often includes other professionals - a Certified Divorce Financial Analyst® (CDFA®), and a divorce coach or licensed family mental health professional.
- More costly than mediation, but less than litigation if the process works.

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Litigation in Court

- Used when a couple faces contentious or complex situations which require a formal court proceeding.
- Cases often include financial infidelity, abuse, fraud, total lack of cooperation by one spouse.
- Courts dictate the pace of the process and time required to resolve the case.
- Most expensive and time-consuming type of divorce.

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Client Gathers Comprehensive Data

- A prenuptial agreement if your client has one.
- Brokerage and retirement and bank statements
- Monthly bank statements
- Retirement, annuity, and pension plan documents
- Loan documents (mortgage, auto, student loan, credit card statements)
- Pay statements.
- Tax returns for the prior three years – joint or married filing separately.
- Tax payments made/ outstanding.

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Client Gathers Comprehensive Data

- Vehicle and property titles
- Real estate title documents
- Health, property and casualty, disability, and life insurance policies
- Long-term care insurance policy documents
- Employment or business partnership agreements with financial & tax records
- Estate planning documents
- Safe deposit box contents
- Frequent traveler points

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Help Clients Evaluate their Financial Situation

- Child Support and Custody Arrangements
- Alimony
- Dividing Debts, Financial Accounts and Retirement Accounts
- Maintaining Good Credit
- Housing During and Post-Divorce
- Tax Considerations
- Future Insurance Needs – Health, P&C, Life, Disability, Long Term Care
- Long Term Financial and Emotional Health

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Child Support

- Payments made by the non-custodial parent to help the custodial parent pay for costs to support children with a decreased post-divorce budget.
- Intended to cover costs of food, housing, clothing, medical bills, education, transportation, childcare, extracurricular activities.
- May be required even in cases of shared custody.
- Typically lasts until each child turns 18 or graduates high school - but may last until age 21 or 22.
- Might include contribution to college education.

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Alimony (Spousal Support)

It depends...may or may not be required. Factors include:

- The rules of your state
- Financial situation of each spouse
- Length of the marriage
- Lifestyle during the marriage
- Age of each spouse
- How long it would take for a former spouse to be able to support themselves

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Dividing Debts and Assets

- Joint debt vs. individual debt
- Joint bank and investment accounts
- Individual retirement accounts
 - ❖ Qualified Domestic Relations Order (QDRO) required for an ERISA plan (e.g., a 401(k) plan. Ideally rollover the QDRO to a qualified account to avoid income taxation.
 - ❖ IRAs can be divided according to divorce decree without a QDRO. No 10% penalty if under age 59 1/2.
- Must consider tax impact of division for each asset.

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Maintaining Good Credit

- Obtain a full credit report to ensure there are no surprises or errors. Equifax, Experian, and TransUnion provide free reports.
- If all of credit is in joint names, client should open one or two credit cards in their name solo.
- Protect credit score/ keep the credit score strong. Will need if renting, buying a new home or car, or taking out any loans.

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Housing – If Renting

- Who will stay in the rental and who moves out?
- Can the lease be broken?
- Will both spouses continue to contribute to the rent after one moves out?
- If there are children, where will they stay?

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Housing – If Own Home Together

Options

- One spouse stays in the home and refinances mortgage.
- One spouse stays in the home for a certain period with current mortgage and then sells.
- Nesting – take turns living in the home (with the children).
- Couple sells the home now and split the earnings.

Considerations

- Capital gains tax exclusion (\$250K vs. \$500K)
- Who pays the mortgage if home is kept?
- Refinancing expenses
- Cost of paying for two homes
- Potential loss on sale of home
- Attorney fees

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Tax Considerations

- Filing Status during divorce process:
 - ❖ Married, Single or Head of Household
- Filing Status post-divorce:
 - ❖ Single or Head of Household
- Tax impact of asset division
- Tax impact of support paid or received

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Future Insurance Needs

Health

- Able to stay on group health plan of former spouse?
- If working, considering enrolling in own employer plan.
- COBRA for temporary coverage up to 36 months.
- Affordable Care Act insurance.

Property and Casualty Policies

- Home, Renters, Auto, Umbrella

Disability Income and Life Insurance

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Share With Your Clients

- Be Careful about All Communication, including Emails and Texting.
- Consider a separate email address for communication with attorney.
- Never Put Your Kids in the Middle.
- Do Not Try to Punish Your Spouse.
- Never Sign Anything Quickly or Without Knowing Your Rights.
- Do Not Delay Financial Planning Until After the Divorce is Final.
- Do Not Overlook Future Expenses.
- Do Not Forget about Tax Planning.
- Do Not Try to Devalue Assets Prior to Divorce, Drain Bank Accounts, or Hide Assets.
- Do Not Miss Meetings or Court Hearings or Ignore Court Orders.

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FINANCIAL & EMOTIONAL HEALTH

Encourage your Clients to:

- Develop and Maintain a Solid Support System.
- Rely on their Professional Advisors.
- Practice Self Care during the Divorce Process AND After the Divorce is Finalized.
- Visualize a Positive Future.

What is Mortgage Planning?

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Licensed in Multiple States – Ask as needed.



4 Phases of Divorce Mortgage Planning



A different perspective. A better solution.

Challenges in Divorce Mortgage Planning...

Qualified Income



Employment Income

- Gaps in Employment
- Part/Full Time

Support Income

- Alimony/Maintenance/Child Support
- Documentation/Receipt 6/36 Rule

Lump Sum Payment

- No Monthly Income
- Assets as Income/Trust Income

Challenges in Divorce Mortgage Planning...

Marital Debt



Court Ordered Assignment of Debt

- Omitted from other party's liabilities for a mortgage application
- Verbiage is Key in the orders

Sharing Joint Debt – Student Loans

- Specific as to how paid and % otherwise....
- Could be looked at 100% debt obligation for both parties

Marital Home – Equity Buy Out vs. Purchase

- Rate and Term Refinance/Cash out Refinance
- Terms of the new mortgage and % of equity that can be accessed

The Divorce Maximizer™ A Case Study



Client Scenario

- Divorcing Couple in their mid 40's
- \$1,250,000 Home – 550k 1st Mortgage
- HELOC of \$95,000 (Husband's business)
- Wife has 71K Student loans
- Husband not working/business has failed
- \$300,000 needed to buy out equity

Client Plan

- Refinance to an amount she can afford and qualify for
- The refinance includes the HELOC and Student loans
- Overall cashflow savings of \$491/mo
- She provides him a smaller lump sum in exchange for taking the HELOC and Student loan debt
- They defer a promissory note for balance to be paid to him at sale or payments beginning in three years

Client Goals

- Wife would like to keep home for stability
- Husband wants a lump sum
- Wife cannot afford a mortgage to buy out equity
- Husband will leave title with an agreement
- They are at odds over who owes the HELOC and Student loans

Client Results

We had to start with the end in mind to arrive at a mortgage amount that also improved cash flow. Both parties had to settle for less than they wanted or face a protracted court ordered settlement process. Mediation worked well in this case.

Key Results:

- Improved cash flow with debt consolidation
- Wife was able to keep the home for family stability
- Husband was able to get out of debt and get an initial settlement to move on, while deferring additional funding to a later date.

The Divorce Maximizer™

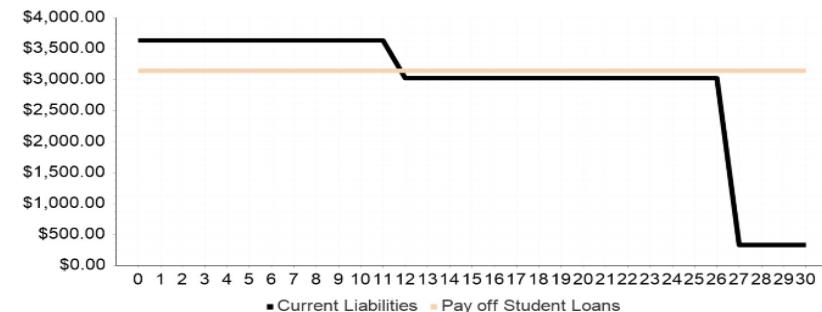
A Case Study



Monthly Payment Impact – Does This Make Sense Monthly?

Pay off Student Loans		
Rate Comparison		
Total Borrowing:	\$713,417	\$723,000
Rate:	3.587%	3.250%
Rate Difference:		-0.337%
Payment Comparison		
Interest Payment:	\$2,133	\$1,958
+ Principal Payment:	\$1,505	\$1,189
= Net Payment:	\$3,638	\$3,147
Payment Difference:		\$491

Minimum Payments Over Time

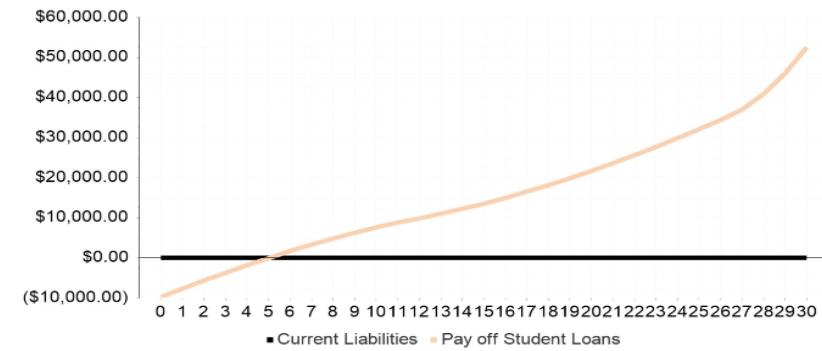


Wealth Impact After 10 Years – Does This Make Sense Over Time?

Property Appreciation Rate: 2 % / After-Tax Savings Rate: 2 %

Pay off Student Loans		
Minimum Payments:	\$3,638	\$3,147
Additional Payments:		+ \$491 Monthly
Annual Comparison		
Payments:	\$436,559	\$436,505
House Value:	\$1,563,135	\$1,563,135
- Mortgage Liabilities:	\$485,194	\$554,754
- Other Liabilities:	\$12,079	\$0
+ Savings Balance:	\$0	\$65,165
= Equity:	\$1,065,862	\$1,073,547
Cash Needed To Close		
Equity - Payments - Cash To Close =	\$629,303	\$636,862
Wealth Impact:	\$0	\$7,559

Wealth Impact Over Time



CDLPTM Divorce Mortgage Planning and Real Property Report

Prepared for
 Phone
 Email

Attorney/Financial Planner/Mediator
 Phone
 Email



Prepared by
 Phone
 Email
 NMLS ID

Date Prepared 4/22/2021

Subject Property

Street Address
 City, State Zip
 County
 Property Type
 Lis Pendens
 ATROs

Property Ownership

Owner(s) of Record
 Tenancy Type
 Deed Type or Other Conveyance
 Date of Deed
 Owner's Title Insurance Policy
 Financing Spouse on Title > 12 Months ←
 Specialty Lien Information
 Legal Description:

Property Valuation

Valuation Method	<input type="text" value="Licensed Appraiser"/>
Opinion of Value	<input type="text" value="\$700,000.00"/>
Contact Name	<input type="text"/>
Company Name	<input type="text"/>
Phone	<input type="text"/>
Email	<input type="text"/>
Copy of Report	<input type="text"/>
Estimated Property Equity	<input type="text" value="\$223,000.00"/>
Current Loan to Value (LTV)	<input type="text" value="50%"/>
Equity Buy-Out Amount or % of Equity	<input type="text" value="\$111,500"/>

Property Tax Information

Annual Property Tax \$

Status

Homeowner Association

Management Company
 Phone
 Email
 HOA Monthly Payment
 HOA Annual Payment

Property Insurance Information

Annual Premium	<input type="text" value="\$3,600.00"/>
Copy of Dec Page	<input type="text"/>
Copy of Policy	<input type="text"/>
Named Insured(s)	<input type="text" value="John Smith"/>
Insurance Company	<input type="text" value="GEICO"/>
Agent Name	<input type="text"/>
Phone	<input type="text"/>
Email	<input type="text"/>

Mortgage Planner Designations

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"YES, THERE ARE TWO PATHS YOU CAN GO BY BUT IN THE LONG RUN, THERE'S STILL TIME TO CHANGE THE ROAD YOU'RE ON."





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• IMPORTANCE OF POST-DIVORCE PLANNING

- Critical steps are almost always missed in the divorce process itself.
- The follow up list might touch every aspect of your life: financial planning, investments, insurance, legal, estate, etc.
- Legal counsel often do not always address the myriad of ancillary issues in the divorce process itself.
- Failure to follow up on post-divorce loose-ends can undermine your financial security, retirement goals, and much more.
- Being in a place of abundance instead of scarcity.
- Lastly, post divorce planning enhances your relationship with your client and increases the opportunities for referrals



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- **WHY ADDRESSING THESE ISSUES ARE USUALLY NOT COMPLETED**

- Divorce is often a difficult, costly and an unpleasant process. Many recently divorced simply do not have the desire or strength to deal with more issues once the divorce is finalized.
- Many don't understand the importance of post-divorce issues and therefore fail to understand how important the “clean up” process to the success of their post-divorce lives.



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- **REVIEW YOUR DIVORCE DOCUMENTS**

- General Caveat: This is critical as one should not make any changes that aren't in compliance with their divorce decree
- Consider a Modification of the Divorce Documents if needed
- Bear in mind, this means additional legal expense but may be worth it



Post-Divorce Planning

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- **THE FAMILY HOME**
 - Affordability
 - Home ownership issues. i.e. repairs
 - Capital Gains tax exclusion 250k/500k



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THE 7 STEPS





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- **STEP 1. CREATE A BUDGET**

- Divorce changes every aspect of financial planning. Budgets change radically. Living separately is more expensive than living together. What are the new numbers?
- Assets are often divided in divorce. Sometimes these division of assets create a drop in income.
- One needs to create a post-divorce budget that reflects new economic realities.
- Do This Today. Its imperative one has a good handle on this.



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• **STEP 2. A NEW ESTATE PLAN**

- Revise, all estate planning documents to reflect the divorce.
- Revocable trust, Will, removing ex-spouse and family members as fiduciaries or beneficiaries, etc.
- Medical directive or healthcare power of attorney
- Powers of attorney. Attempt to collect any original powers the ex-spouse holds for destruction. You should sign new powers naming new agents.
- Reconsider gift strategies and other provisions in light of your new financial realities.
- Review ALL beneficiary titles on all accounts and life insurance
- Don't forget TOD registration accounts
- Don't forget your retirement plan at work and employer life insurance



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- **STEP 3. REVIEW YOUR RETIREMENT AND INVESTMENT PLAN**

- 529 College Savings Plans. Bear in mind, the owner can change the beneficiary or remove all funds
- Remove ex spouse from all jointly held accounts
- Remove ex spouse from deed if client received house (Be mindful of the 500k exclusion)
- Remove ex spouse from any TOD accounts
- Rerun retirement projections to see if your client is still on course



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- **STEP 3. REVIEW YOUR RETIREMENT AND INVESTMENT PLAN (CONTINUED)**

- Make sure client's tolerance for risk is in line with their accounts
- Be mindful changes in non-retirement accounts could have tax implications
- Beneficiaries
- Check on automatic deposits into exes accounts
- Remove ex as authorized signer on all accounts including credit cards.



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• **STEP 4. INSURANCE**

- Life insurance. Review beneficiaries (workplace as well) and reevaluate the amount of coverage. Bear in mind, your decree may require you to continue coverage. This also applies to disability coverage.
- If the ex is required to have life insurance, try to obtain notification from the insurance company if it's about to lapse.
- See if client can be added to receive a statement annually showing the current beneficiary.



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- **STEP 4. INSURANCE (CONTINUED)**

- Health Insurance. Find out if your client can remain on their ex's policy. Help client explore other options if needed.
- Long Term Care insurance. Lapse notices, spousal discount shared care.
- Update property, casualty, and liability insurance to reflect changes. i.e. boat was sold or jewelry rider or ex was given a car.



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- **STEP 5. CREDIT**

- Have client obtain credit if they don't have any. If still married, use household income
- Remove ex-spouse from any credit cards
- Once removed, obtain new cards
- Check your credit reports by going to <https://www.annualcreditreport.com>
- Freeze credit if not obtaining a loan soon



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• STEP 6 SECURITY

- Change access codes and passwords, for all accounts.
- Web or app that holds passwords (e.g., Keeper Security or LastPass).
- Web based access (e.g., bank, brokerage)
- Credit, debit and ATM Cards
- Frequent flyer accounts.
- Email accounts or Social Media accounts.
- Personal safe.
- Alarm and security codes for properties such as residence, vacation home, public storage facility.
- Change locks



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• STEP 7. CHILDREN

- Kid's should always be top of mind
- A great resource is JoAnne Pedro-Carroll's "Putting Children First: Proven Parenting Strategies for Helping Children Thrive through Divorce." "The Divorce Talk: How To Tell the Kids" by Vikki Stark is also very good.





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- CASE STUDY TEST
- SALE OF PRIMARY RESIDENCE

- Monica receives the home in the settlement in 2024
- She has lived there with her ex for the last 19 years
- She sells the house in 2025
- She has a capital gain of 425k
- Does she or her ex have to pay capital gains tax on the sale?



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- CASE STUDY TEST
- WHAT IS THE MOST IMPORTANT ITEM FOR YOUR CLIENTS TO CONSIDER POST DIVORCE?

- Having a budget
- Updating all accounts to the correct beneficiary
- Updating their estate plan
- Seeking guidance from a good therapist if struggling emotionally



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• RICK'S TIPS

- Ensure deposits from Zelle, Venmo etc. go to correct account
- Update direct deposits if needed
- Remove ex as signer on accounts
- Monitor HELOC if still open
- One can no longer use alimony to qualify for IRA contributions
- Manage streaming services like Netflix
- HSA balances should be discussed with ex



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- **TRIVIA QUESTION**

- Name a famous celebrity that divorced at least 6 times.





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- **CHRISTIE BRINKLEY - 4**
- **JERRY LEE LEWIS - 4**
- **JOAN COLLINS - 4**
- **LIZA MINELLI - 4**
- **MARTIN SCORSESE - 4**
- **BILLY BOB THORTON - 5**
- **ROBERT EVANS - 6**
- **LARRY KING - 6**
- **ZSA ZSA GABOR - 7**
- **MICKEY ROONEY - 7**
- **ELIZABETH TAYLOR - 7**
- **LANA TURNER - 8**



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