

Business

Financial advice in divorce

Specially trained consultants help



Ellen Roseman

Eva Sachs and her husband celebrated their 30th anniversary on Valentine's Day.

"Feb. 14 was the only day available when we got married at the Old Mill restaurant," she says.

"We've been getting two sets of flowers for the price of one for the last 30 years."

Sachs is a certified financial planner (CFP) with Money Concepts in Mississauga. While happily married, she realized that most of her clients were divorced.

A year ago, she decided to specialize. She's now a certified divorce financial analyst (CDFA), helping women understand the financial consequences of a marriage breakdown.

"Divorce isn't easy, but it can be fair. That's what we like to say," she explains about her new set of professional initials. (She charges \$150 an hour as a consulting fee.)

Who should keep the house? What will it cost both spouses to live after the divorce? How much spousal or child support will be paid and for how long? How can pensions and retirement plans be split?

These are key financial issues, often misunderstood or overlooked. And once a divorce settlement is signed, it's too late to change the terms – at least, not without going to court.

Canada has only 85 CDFAs, including 55 in Ontario. It's a growing area of specialization.

"We've been certifying people for only two years," says Diana Shepherd, marketing director for the Institute for Divorce Financial Analysts (www.institutefadfa.com), based in Southfield, Mich.

Most graduates are financial planners, accountants or lawyers. They take four self-study courses, which take four to six months to complete.

Money and marriage breakdown

❑ Number of divorces in Canada: **70,828** in 2003.

❑ Marriages ending in divorce by the 30th year: **37 per cent**.

❑ Peak times for marital splits: **After three years**.

❑ Where to find help: **Institute for Divorce Financial Analysts**, www.institutefadfa.com

❑ What to read: **Finances After Separation**, by Douglas P. Welbanks (\$22.95 at Chapters.Indigo.ca)

Also included is special software, which helps them illustrate the short-term and long-term financial impact of proposed divorce settlements.

Shepherd co-founded *Divorce Magazine* 10 years ago and made it a publishing success. At the time, she was marrying a divorced man with three children and didn't know how to be a stepmother.

"I figured if I needed this information, probably others needed it, too."

Now divorced, Shepherd sold her interest in the magazine last year. Based in Toronto, she's planning a conference for the training institute here next June.

Michelle Smith, a CDFA in New York City, saw her parents split when she was a toddler. She went through her own divorce last year and has a 4-year-old son with special needs.

"I'm acutely aware of the trauma," Smith says. In her view, it's similar to learning a new language.

Financial responsibilities in most marriages are not shared equally. One spouse handles investments, for example, while the other pays bills.

"If you're the spouse who didn't deal with the money, you're now thrown into crisis management with something you've never mastered," she explains. "You're freaking out emotionally and now you're freaking out about money.

Meanwhile, you don't even understand the jargon.

"You feel at the mercy of your ex-spouse. You need to trust your lawyer to get your settlement, but you're not sure what your settlement should be.

"How can you be expected to wade through this when you're in the saddest boat of your life?"

Most family lawyers welcome the intervention of a CDFAs, she says.

"Lawyers have incredible demands on their time and can't communicate every detail. I'm doing the hand-holding and helping people with their intense need for explication."

Smith will take several proposed settlements and show how they compare in the short term and down the road.

"Suppose you want to keep the house. It's an emotional necessity for now. What will this do to your financial situation? I can spreadsheet this stuff five, 10 or 15 years in the future," she says.

She works with her mother, a divorce mediator, and deals with 75 per cent female clients and 25 per cent males.

Eva Sachs, however, works only with women. Her website is www.womenindivorce.ca.

"A lot of my clients are intelligent, educated, running their own businesses. But they still feel an imbalance of power when sitting down to negotiate a divorce settlement."

In one case, Sachs had a client whose spousal support was based on her husband's salary and bonus. Instead of using a three-year average as proposed, she suggested five years (since the bonus was higher in the preceding two years).

"My client said, you've paid all your fees and more. This made a huge difference for her. You never know what you'll uncover."

For anyone whose marriage is heading for splitsville, a CDFAs can help ease the pain. And by taking work off lawyers' shoulders, they can help lower the cost, as well.

Ellen Roseman's column appears Wednesday, Saturday and Sunday. You can reach her by writing Business c/o Toronto Star, 1 Yonge St., Toronto M5E 1E6; by phone at 416-945-8687; by fax at 416-865-3630; or at erosema@thestar.ca by email.