

# FINANCIAL DIVORCE GUIDE



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# A Peaceful Divorce by Design



Neil James Dan Johnson Martha Smith Chris English

Your divorce settlement is important. And how you get there matters a lot.

## Our Collaborative Divorce service makes a difference

When Dan Johnson began practicing family law in the early 1990s, he knew there had to be a better way to help clients than taking their cases to court. “Divorce litigation cost a lot of money and dragged cases on for months,” he recalls. But he soon learned about Collaborative Divorce — an alternative method of dispute resolution outside the adversarial system. Johnson and his partner, Martha Smith, are both seasoned collaborative attorneys who are trained to resolve divorce cases using this process. With their Collaborative Divorce service, you can get through your divorce with less stress, expense, and conflict.

## A high rate of out-of-court settlement

Today, the law firm of Johnson & Smith has a stellar reputation in Los Angeles County for resolving the vast majority of its cases through collaborative family law. “In Collaborative Divorce, you and your spouse retain your own separate attorneys who will work together with settlement as the only goal,” Smith explains. “The best part is: both attorneys sign an agreement stating that they will resign should the process break down and you want to litigate. So everyone is committed to finding a non-adversarial solution.”

## Serving you with top-rated legal skills

Johnson and Smith are highly respected by not only clients but also other divorce lawyers and judges. Johnson is a Fellow of the American Academy of Matrimonial Lawyers and has an AV

rating in *Martindale-Hubbell*. Smith is a past-president of the California Bar Association, is listed in *Best Lawyers in America*, and has been profiled in *Newsweek* and *The Los Angeles Times*. Both have represented numerous celebrities in their divorces.

## Financial and child-custody expertise

“I also have training in asset valuation,” Johnson adds, “which is extremely valuable if your divorce involves significant property issues. And if your case warrants it, we will bring in a financial advisor. Furthermore, Martha has experience as a child advocate, so we cover different aspects of your divorce.”

“Come to us for peaceful divorce resolutions,” says Smith. “We can help you design a divorce settlement agreement that is best for the future of you and your family.”

**Contact us today to book a free initial consultation and start designing your peaceful divorce.**

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During divorce, organizing your financial documents, making informed cost-benefit decisions, and striving to keep your costs under control are critical to your long-term financial stability.

In this special **Financial Divorce Guide**, you'll find articles, book excerpts, advice and more on key financial issues that often emerge during divorce. Together with other resources and experts, use the information here to help you make it through your divorce with your finances intact, and your future secure.



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# Organizing Your Finances

Thinking of getting a divorce? Start getting involved with your finances and accumulate the necessary financial information.

By Deborah Moskovitch

All lawyers agree on how important it is for their clients to be as financially aware as possible. It's the best way to learn your rights and obligations and to determine realistic expectations early in the divorce process. Once you have a handle on your financial situation, your lawyer can give you informed opinions based on fact, not on speculation. And the more you can manage and organize your information for your lawyer and establish realistic financial goals, the more you can help reduce your lawyer's billable hours.

Organizing your finances can be difficult if you were not the one responsible for them during your marriage — if you were what some lawyers call the noninformed spouse. If possible, try to become more financially aware before you separate:

Get more involved in your finances. Know the basics — pay the bills and file the statements. Learn how your daily and monthly expenses are managed.

Determine where the money is coming from and how it is applied toward your budget.

Take part in setting up investments such as retirement funds, and understand where and what the other assets are.

Many lawyers suggest that if someone is contemplating a divorce or separating, one of the first things he or she should do is accumulate the financial information.



## Gather Your Financial Documents

Once the divorce process is under way, your lawyer will need ready access to all relevant financial documents. Start by locating and gathering together the following records pertaining to both you and your spouse:

- social security numbers
- income tax returns for the past three years
- retirement savings plans statements for the past three years
- bank account statements
- insurance policies (life; automobile; house; other)
- stock certificates
- credit card bills
- employment payment stubs
- brokerage statements
- pension statements
- health insurance and work-related benefits
- real estate records
- receipts and monthly statements documenting household expenses and everyday expenses (groceries, gas, heat, water, personal grooming, transportation, gifts, clothing, laundry and

cleaning supplies, entertainment, miscellaneous expenses, and so forth)

- list of all assets and liabilities
- date of separation (the date of separation, or “valuation date,” is the date that is used to determine the value of particular assets — the matrimonial home, bank statements, investments, and so forth)

Photocopy everything, and store your set in a separate folder from the original records. Don’t just keep the originals for your own personal use; the other side is entitled to these documents, too. If you do withhold these records from the other side, sooner or later you are going to be asked to provide them, which will cost you even more in legal fees.

The financially noninformed spouse is often the one who is left in the house in the first days or weeks after separation. That would be a good time to make copies of all of these records. Keep your set outside of your home — perhaps at a trusted friend’s house or in your own personal safety deposit box. Return the original documents to the family files, but build the paper trail while you have access to the documents.

What if your former partner has made off with the financial records? Before you start sending letters back and forth, try doing what you can to find them or to reassemble the information yourself. Look in a shared safety deposit box or in the family filing cabinet. Ask your banker, broker, or financial advisor to provide the missing data. Retrieve household statements from the companies that provide the services, such as the phone company. The more financial information you can pass along to your lawyer, the better.

## Set Up a Financial Filing System

When my lawyer’s office asked me to fill out a financial statement, they were extremely surprised at how quickly, accurately, and efficiently I was able to do so. My secret was an extremely simple filing system that I’ve now been using for twenty-five years: an expandable file folder with thirty-one tabs on it. Each tab

## Organizing your finances can be difficult if you were not the one responsible for them during your marriage.

corresponds to a different item or company that is relevant to my personal finances. I start a new one every year, and store the old ones away.

To start a filing system of your own, label the front of your file folder with a key for easy reference. Here’s an example of a system you might use:

- Year \_\_\_\_\_
1. income tax receipts
  2. property tax assessments
  3. mortgage statements
  4. home insurance statements
  5. life insurance policies
  6. bank account statements (savings and checking) retirement fund statements
  7. other investments (you could have one tab per investment)
  8. credit card statements (you could have one tab per credit card)
  9. loans or lines of credit
  10. medical expenses
  11. children’s bank or investment accounts
  12. children’s school information and expenses
  13. children’s summer program information and expenses
  14. children’s other program information and expenses
  15. children’s extraordinary expenses
  16. car costs (insurance statements, maintenance receipts, etc.)
  17. phone bills (home and cell)
  18. cable/satellite, internet, and other computer-related information and expenses
  19. home alarm system information and statements
  20. gas, water, and other utility statements (you could have one tab per utility)

21. other home expenses
22. charitable donations
23. miscellaneous receipts
24. other

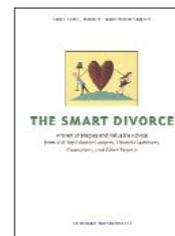
If you can pull all of this information together and organize it yourself, you’ll gain credibility when you fill out your financial statement, because you’ll have documentation to support the information you submit. You’ll also have an easy way to forecast next year’s expenses. In addition, you will be able to fill out your financial statement on your own, without the assistance of legal staff, which will again save you time and money.

You may have specific documents that you’ll want to refer to five years from now, and if you put them in your annual folder they may be forgotten. In this case, you may want to create another file folder for any documents that you don’t file away at the end of the year.

Here’s an example of the system you might use for this folder:

1. divorce decree
2. final separation agreement
3. final parenting plan
4. last will and testament
5. bank accounts
6. property deeds
7. other

You can also use computer programs such as Quicken to help you organize your financial information. ■



*This article has been edited and excerpted from the book The Smart Divorce by Deborah Moskovitch, copyright © 2007, published by Chicago Review Press, Inc.*

*Deborah Moskovitch is the creator and facilitator of the Smart Divorce, a consulting service that provides tools and strategies for individuals contemplating or going through divorce. For more information, visit [www.thesmartdivorce.com](http://www.thesmartdivorce.com).*

For more articles to help with your financial before and after your divorce, visit [www.divorcemag.com/articles/Financial\\_Planning/](http://www.divorcemag.com/articles/Financial_Planning/).