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## Professional Divorce Planners Help Illuminate Financial Concerns

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When Mark Hill goes to speak before an audience and is introduced as a certified divorce planner, his title often elicits a few chuckles from people who aren't quite sure it's real.

Not only is it real, but a growing number of the 1.1 million Americans who get divorced every year are calling on the services of divorce planners. These specialists, who are usually certified financial planners or certified public accountants as well, are trained to help clients understand the financial implications of getting divorced and to make certain they don't get shortchanged.

"Everybody has financial issues in divorce," says Hill, who is also a certified financial planner with Lockwood Pacific Investment Group in Carmel Valley. Hill says clients shouldn't necessarily expect their attorneys, who are experts in the law, to understand complex financial matters.

It used to be that financial advisers were told to stand on the sidelines and wait until the dust settled after the divorce, says Steven S. Hansen, a certified divorce planner with Comprehensive Financial Group in the Golden Triangle.

Now there's a growing realization that people should understand the consequences of selling the family home or splitting a pension. "People need to know they have options," Hansen says. "If you're faced with a life-changing, traumatic event, you need help."

Hansen and Hill are two of only a handful of divorce planners in San Diego County certified through the Institute for Certified Divorce Planners, which is based in Southfield, Mich. Since 1993, the institute has accredited 500 planners nationwide; 700 more are in training.

Locally, fees average \$150 an hour. Hill says a typical case usually runs about \$1,000, although more complicated ones can cost three times that.

Divorce planners stress that they are not looking to replace attorneys. They want to work with them and, in fact, many of their referrals come from attorneys. Planners say their clients are not necessarily affluent. Some are middle-class people who want to ensure they're going to be OK after the divorce.

Cinda Jones, a certified divorce planner who is also a certified financial planner with WM Financial Services, a Washington Mutual company in the Mission Bay area, has been helping individuals going through divorce for the past 10 years. She says understanding the financial consequences and being in a better position to negotiate can help take the anger out of the divorce settlement: "It puts people in the driver's seat."

1

When divorcing, individuals tend to cling to certain assets and face certain financial fears. And these tend to fall along gender-specific lines. "The emotional attachment for the man is the pension," Hill says. "He worked for it and it's his. Just like the house is hers. She decorated it and raised the kids in it.

"The fear of every woman is, 'I don't want to be a bag lady.' For the man, it's, 'Will I ever be free of support payments?'" A divorce planner provides a long-range plan showing how a divorcing spouse could live though more modestly perhaps and eventually retire.

But there has to be an understanding of how the divorce will affect finances before the settlement is reached. As many ex-spouses find out too late, not all assets are created equally, though they might seem so on paper. Here are some of the assets that can trip up one or both spouses:

**The family home:** This is often a major marital asset. It's not uncommon after 25 years of marriage that a house in, say, Point Loma or La Jolla has appreciated in value from \$200,000 to more than \$800,000.

If both spouses want to get the maximum monetary benefit, they'll have to sell before the divorce to take advantage of the \$500,000 exemption on capital gains taxes on the sale of a principal residence. If one spouse keeps the home and sells later, the exemption covers only \$250,000.

It's very common for women to want to hang on to the large family home, especially if they have younger children, and buy out the husband's share using other community assets such as retirement accounts, say divorce planners.

But it's often a big mistake. Planners say some women simply can't afford the payments and the upkeep. They become house-poor. They take in renters. Eventually they're forced to sell. And they've bartered away their retirement savings in the divorce. "I admire so much the strength of a woman who says, 'I can't afford this,' and goes to live in a condo," Jones says.

**Pensions:** Retirement benefits earned during marriage are community property. Dividing them can be tricky, especially in the case of traditional or defined benefit plans that will pay out in the future. It takes an expert to figure their present value. And if the paperwork to divide the assets is not done precisely in certain cases, it will be disallowed, Hansen says.

**Investments:** Can \$200,000 in stocks divided in half be unequal? Yes, if the first \$100,000 contains stocks that have a \$30,000 embedded loss (because its value fell from \$130,000 to \$100,000) and the second \$100,000 has \$50,000 worth of gains (because it has risen from \$50,000 to \$100,000).

If the wife gets the first half and sells immediately, she will have some valuable tax breaks that will save her many thousands of dollars. If the husband, on the other hand, sells his half, he will owe thousands of dollars in capital gains taxes.

**Ongoing payments:** If one spouse will receive payments from the other over time, it is often a good idea to have the receiving spouse take out a life insurance policy on the ex-spouse and pay the premiums to ensure the policy remains in effect.