FROM BOB MITTON, CDFA®

EVEN ISN'T ALWAYS FAIR

Dividing it together, so it still feels fair five years from now.

You're not fighting. You want to divide things fairly, protect the kids, and move on with as little damage as possible.

> Fair is harder to calculate than it sounds. Two piles that look equal on paper can be worth very different amounts once taxes, timing and the cost of carrying them are counted.

START WITH ONE SHARED LIST

Build one list of everything you own and owe, together, so you both work from the same numbers:

- The house, what it's worth, and what's left on the mortgage
- Bank accounts, in either name or both
- Retirement accounts: 401(k)s, IRAs, and any pension from either job
- Investment or brokerage accounts
- Cars, other property, any business
- Debts: car loans, credit cards

Last year's tax return is a good cross-check: interest, dividends and retirement distributions on it point to accounts.

LEARN HOW THE PROCESS WORKS WHERE YOU LIVE

Most state court systems, and many counties, publish a free step-by-step guide to divorce: the forms, the steps and the deadlines. Search your state or county court's website for "family court self-help" or "divorce guide."

It's worth reading together, whether or not either of you hires an attorney.

WHY EQUAL ON PAPER ISN'T EQUAL

Ask four questions of each asset:

- **How is it taxed?** Money in a traditional 401(k) or IRA hasn't been taxed yet. Money in checking has.
- **What does it cost to reach?** Selling a house costs commission and closing costs. Some retirement money carries a penalty if taken early.
- **When can you use it?** Cash is available now. Home equity arrives when the house sells or refinances. A pension may pay decades from now.
- **What does it cost to hold?** A house has to be carried every month: mortgage, taxes, insurance and repairs.

The house for one of you and the retirement for the other is the most common plan. It can be fair. It's rarely equal dollar for dollar.

THE HOUSE

Keeping the house for the kids makes sense if the numbers work:

- Can one income carry the mortgage, taxes, insurance and upkeep?
- If one of you buys the other out, where does that money come from?
- Taking a name off the deed doesn't take it off the loan. Make sure the plan deals with both.

RETIREMENT ACCOUNTS NEED THEIR OWN PAPERWORK

Workplace plans like a 401(k) or a pension are usually divided by a separate court order, often called a QDRO. IRAs usually move under the divorce decree itself. Done correctly, the transfer isn't taxed. Done wrong, it's expensive and slow to fix.

BUDGET TWO HOUSEHOLDS, NOT ONE

The same income now covers two homes. Build a monthly budget for each of you from a year of bank and card statements:

- Housing for each household
- Health insurance for whoever comes off the family plan
- The kids: school, activities, childcare, and two of some things
- Cars, phones, groceries, utilities

Test any support figure against both budgets before you agree to it.

TEST IT FIVE YEARS OUT

Ask of any plan you're considering:

- Can each of us live on this, month by month?
- What does each of us have in five years, and in ten, after tax?
- Would we both still call this fair if we looked back on it?

Whatever you agree, have an attorney review it before anything is signed. A financial plan and a legal agreement aren't the same document.

IF IT STOPS FEELING AMICABLE

Working together only works while you can both talk openly. If that changes, each of you should get your own advice. That's the right call, not a failure.

WHERE A CDFA FITS

A Certified Divorce Financial Analyst® can work with both of you as a neutral: one set of numbers, and the options laid out side by side, after tax, years out. You're both the client.

Couples who split everything down the middle without checking often find the gap years later, when the house needs a roof or the retirement money is taxed on the way out. Seeing it first is how you choose together and both know why.

> If this sounds like where you are, the first conversation is complimentary, and you're both welcome on it. Let's walk through it together.

TIDAL POINTE
SOUND GUIDANCE THROUGH THE SHIFTING TIDES

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