

Must Divorce End in Acrimony?

By Ellen Roseman -- *The Toronto Star Sunday March 18, 2007*

In a Money 401 series that began in January, we've looked at how disputes about money can tear a family apart.

Today, we'll talk about divorce. Can spouses split without acrimony, if not alimony?

Kathryn Jankowski is a financial divorce specialist. She's trained to help people avoid making costly mistakes when dividing their assets and planning a future on their own.

Divorced herself with two children, she's getting remarried in the near future. So, she thinks a lot about these issues.

The lawyer you choose is very important, she says. Some are adversarial and some are collaborative.

Jankowski works with lawyers who use a collaborative approach to family law. This is a new way to help families who are in the midst of separation and need legal assistance to settle the issues.

During negotiations, spouses make a commitment to be principled, dignified and respectful. They agree to exchange information, explore options and resolve issues without going to court.

The lawyers work as a team to find creative solutions. And if they can't help the spouses reach a settlement without going to court, both lawyers must resign from the case.

Outside experts may be hired to value certain family assets, such as real estate and pensions. Financial divorce specialists may be asked to show the long-term results of the decisions couples make in dividing up assets. Therapists may be consulted about the children's needs.

Still, a collaborative process, typically costs less than going to court, says a Toronto group representing lawyers and other professionals using this approach.

A certified financial planner with TE Wealth in Toronto, Jankowski spends 10 per cent of her time doing divorce counselling.

"Most of my clients are women. They're used to being taken care of and now they have to make financial decisions at a time of great emotional upheaval," she says.

"The value I bring is to help them make realistic decisions. For example, most women want to keep the family home. But when I do the calculations, I can see they will deplete their resources in five years and will have to sell the home anyway.

"So, I encourage them to look at other options. This might be to work full-time rather than part-time or to buy a smaller home in the same area.

"I just did a financial plan for a divorced woman, who will be about \$10,000 short of her needs each year. I talked to her about buying a house farther away from her children, a 25-minute drive, and getting a new car."

Divorce usually means a lower standard of living. Two households are more expensive to maintain than one. It's all about trade-offs, learning how to track your expenses and how to cut back.

Eva Sachs is a certified financial planner and a certified financial divorce analyst. She's also trained in collaborative family law, but spends most of her time meeting with clients at an early stage.

"Three out of four clients come to me before they talk to anyone else. They say, 'I'm contemplating divorce and I want to see what my financial life will look like before I do anything.'

"They're women over 45 years old, married for 20 years plus, and facing the empty nest syndrome. They recognize they're still in the financial position to do something with their lives."

In Canada, there's a trend toward grey divorce. *Maclean's* magazine ran a cover story recently on "the 27-year itch," which described older couples as unwilling "to live out their final years imprisoned in stony indifference or mutual misery."

But middle-aged divorce can present financial challenges not encountered by those who split earlier in their lives.

"At 50, your kids are almost grown, but you have to budget for university costs," Sachs says. "You may have aging parents to support. You have no major promotions in view and your career isn't expanding as it did when you were 30."

"Retirement is in sight and you may find the pension plan isn't as great as you thought it was."

Going through a divorce means balancing income and expenses to see if there's a gap – and if so, addressing the gap in a separation agreement.

However, you may have trouble filling out the required legal forms if you've always let your spouse take care of family finances.

"Many of my female clients say they don't have the tools to address these kind of financial issues," says Sachs. "They're not used to feeling incompetent."

"When forced to clarify what they need and want at a time when emotions are riding high, they want everything. They can't cut anywhere. The club memberships are a priority and the kids' programs have to stay in place."

"But often, what they're trying to do is get back at someone."

She goes through their credit card and bank statements with them and sets up a budgeting system they can use. (She calls it a tracking system, preferring to avoid the B word.)

A year later, she will check back with them to see if they have remortgaged the house to get a lower rate or downsized the family car.

"I've learned that some expenses fall through the cracks. For example, I created a budget category for dining in. That's when family members order food from the gourmet shop down the street."

"I help keep them on track and make them accountable to me. It's not a lawyer's role to do that."