



# Divorce Financial Planning- During the Process and After

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October 6, 2020 | Presented by: Alynne Zielinski, CFP®, CDFA®, MBA  
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# Today's Speakers

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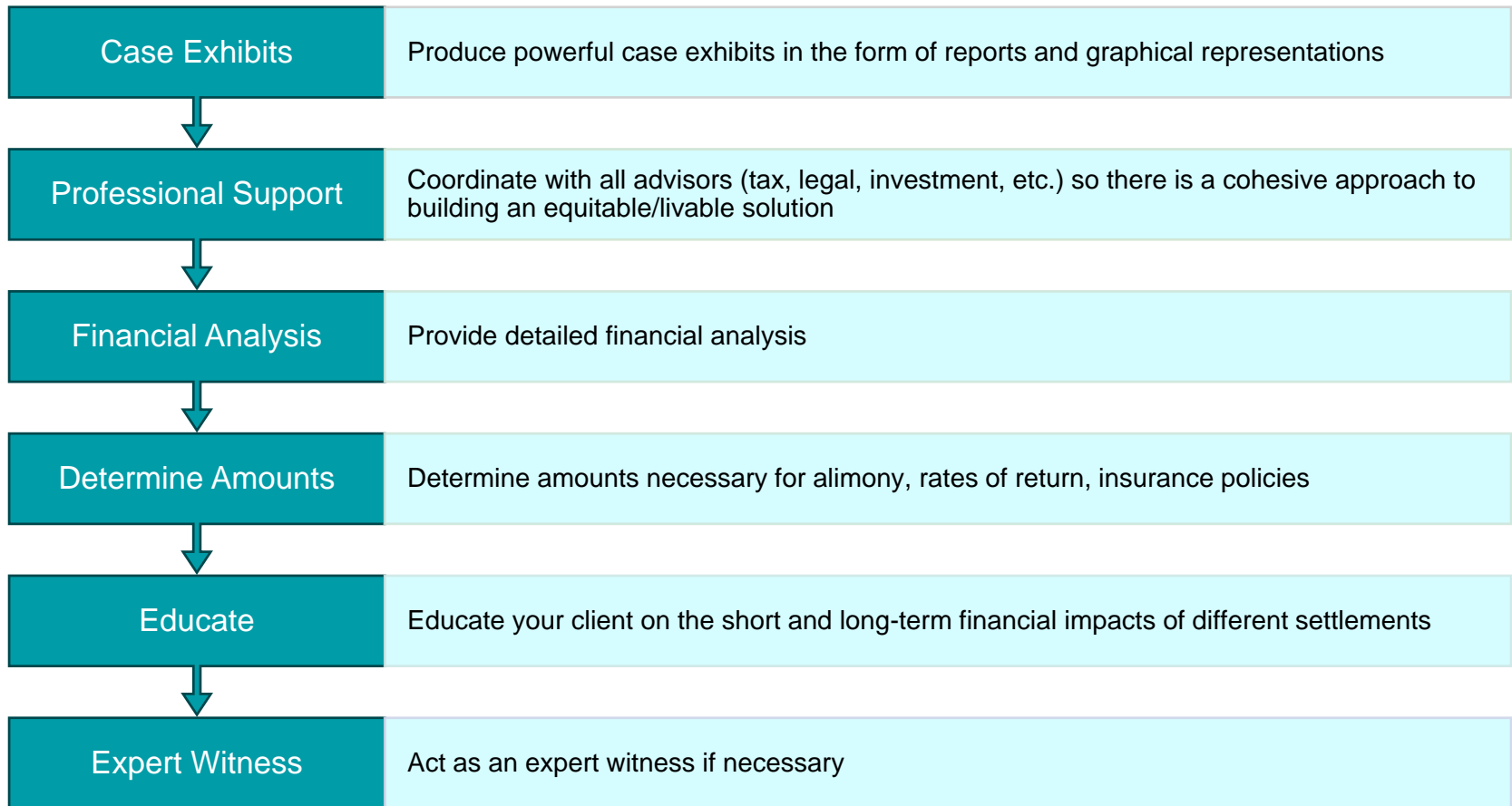
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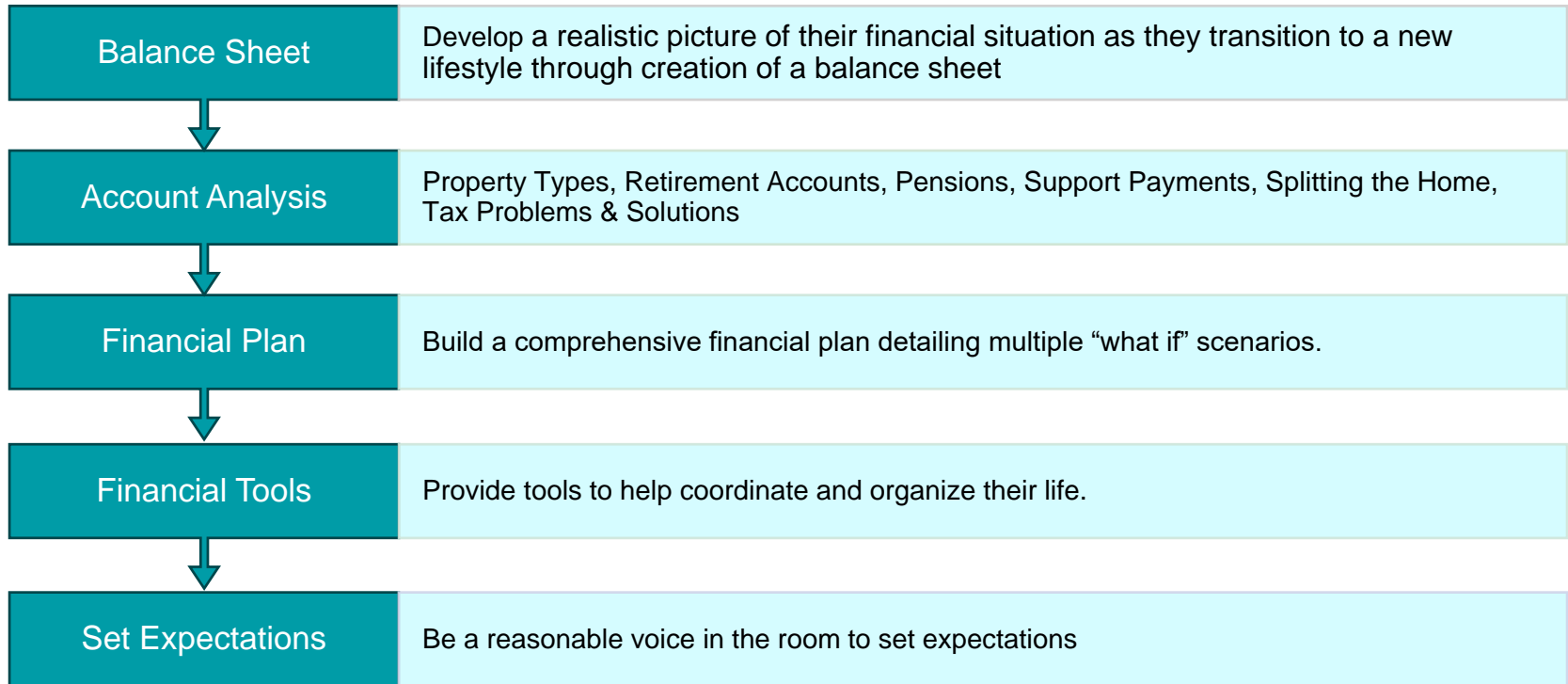
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# How a Financial Professional Can Help Attorneys



# How a Financial Professional Can Help Your Client

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# Build and Divide the Balance Sheet

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- ▶ Asset Analysis
  - ▶ Personal
  - ▶ Investment
  - ▶ Capital Gains, Taxes & Dividing Pensions
  - ▶ Taxable, Tax Deferred, Tax Free
  - ▶ Stock Options, Restricted Stock & Deferred Compensation
  - ▶ Primary Residence
    - ▶ Can you afford to keep it?
    - ▶ Should you sell while still MFJ to utilize exclusions?
    - ▶ Is there an affordable alternative?
- ▶ Liability Analysis
  - ▶ Who owns the debt?
  - ▶ Can you afford to keep it?

# Understand Current Financial Situation

- ▶ Define goals
- ▶ Create an Income Statement
- ▶ Develop a Budget
- ▶ Social Security
  - ▶ Married 10 years or longer
    - ▶ Spousal Benefit – 50%
    - ▶ Upon primary claimant death – spouse receives 100%
  - ▶ Married < 10 years = No benefit on spouse's record
- ▶ Health Care Needs Analysis and Advice
  - ▶ Cobra
    - ▶ Expensive (cannot exceed 102% of prior premiums) but allows up to 36 months of coverage that is not subject to pre-existing condition coverage if the former spouse/employee is covered.
  - ▶ Medicare if you are 65 or older



# Analyze & Divide Retirement Accounts

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- ▶ Pension Calculations
- ▶ Retirement Plan Issues
  - ▶ Defined Contribution Plans (401k)
    - ▶ No Guarantee of future benefit
    - ▶ Some plans do not allow withdrawal until retirement
    - ▶ Some plans have investment options that do not allow withdrawal
  - ▶ Defined Benefit Plans (Pensions)
    - ▶ Pooled money, no individual account
    - ▶ Only a portion of the funds guaranteed by Pension Benefit Guarantee Corporation (PBGC)
- ▶ QDRO Pitfalls to Avoid
  - ▶ Not having the plan in hand to verify its rules
  - ▶ Amount vs. Percentage
  - ▶ Marital vs Non-Marital components – Coverture calculations
  - ▶ Not defining the date of division
- ▶ Growth Potential of Retirement vs Non-Retirement Accounts (FV Calculations)



# The CARES Act Impacted Withdrawals & Borrowing from Retirement Accounts

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- ▶ Penalty free withdrawal of up to \$100,000 per tax year from retirement accounts and permits a 3-year delay of income recognition. If you pay it back within 3 years there is no tax. If any tax was paid you can get a refund.
- ▶ RMDs waived for 2020 for all IRAs. You may return your RMD if you have already taken it
- ▶ 5 Year rule for Inherited IRAs ignores 2020 as a year
- ▶ Qualified plan loans
  - ▶ Increased to the lesser of \$100,000 or 100% of the vested amount (previously \$50,000 or 50%)
  - ▶ Outstanding loans with repayment due by December 31, 2020 have been delayed for one year

# Is the Client's Plan Successful on its Own or Will They Need Support?

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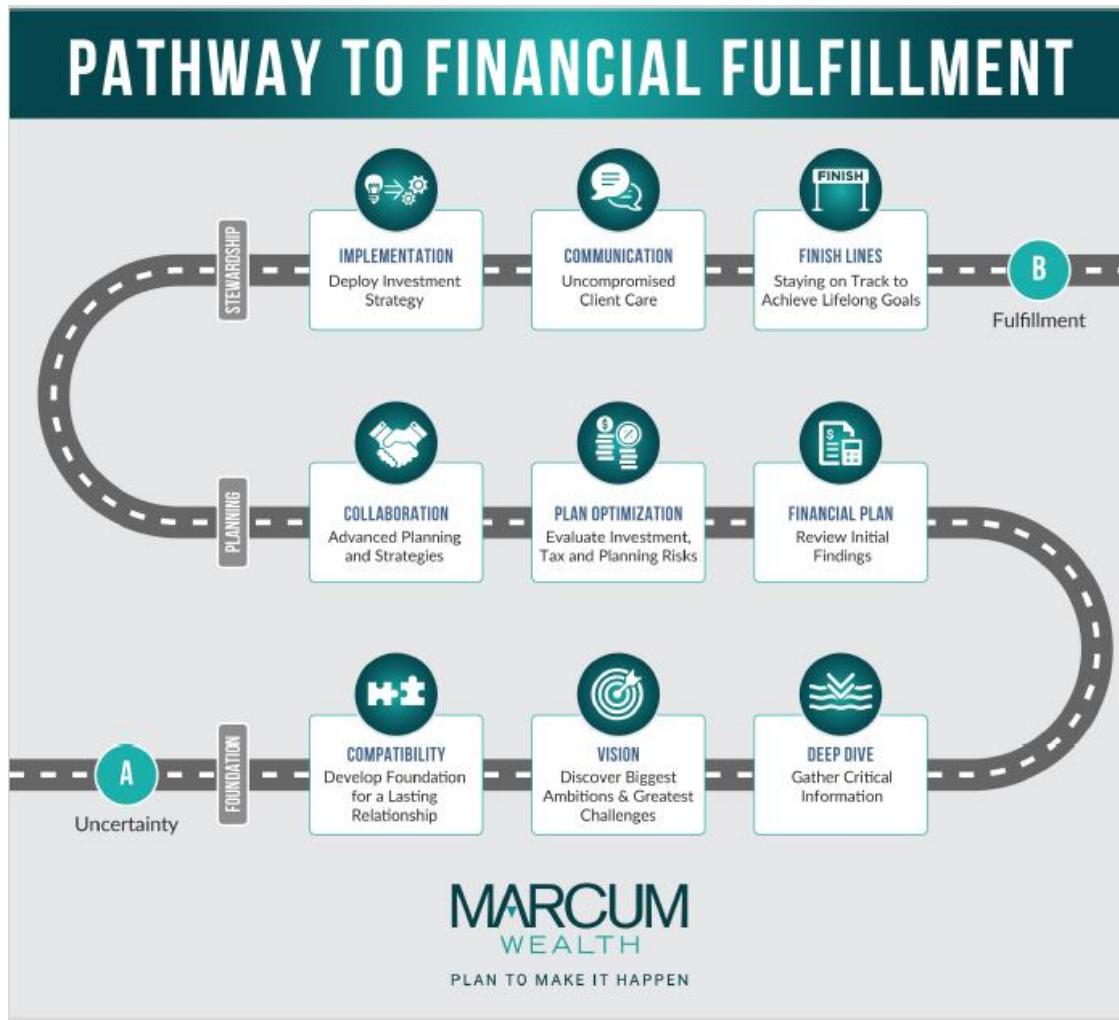
- ▶ Spousal
  - ▶ New tax law removes the alimony tax
  - ▶ Recapture eliminated
- ▶ Child
- ▶ Life Insurance
- ▶ Health Insurance
  - ▶ Staying on spouse's insurance
  - ▶ Cobra
  - ▶ Private Insurance
- ▶ Education Planning
  - ▶ Children
  - ▶ Client

# Mitigate Life Risks

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- ▶ Review Existing Insurance Coverage
  - ▶ Term Policies
    - ▶ Coverage Period
    - ▶ Adequate amount
  - ▶ Whole Life – who owns the Cash Value
- ▶ Implement Required Insurance Coverage
- ▶ Long Term Care
- ▶ Beneficiary Review

# Partner with an Advisor to Develop a Structured Financial Plan



- ▶ How to accomplish your biggest ambitions
- ▶ How to overcome your greatest challenges
- ▶ How to position your assets & generate income to last the rest of your life

# Build Scenarios to Evaluate Potential Settlement Solutions & Evaluate Lifestyle Post Decree

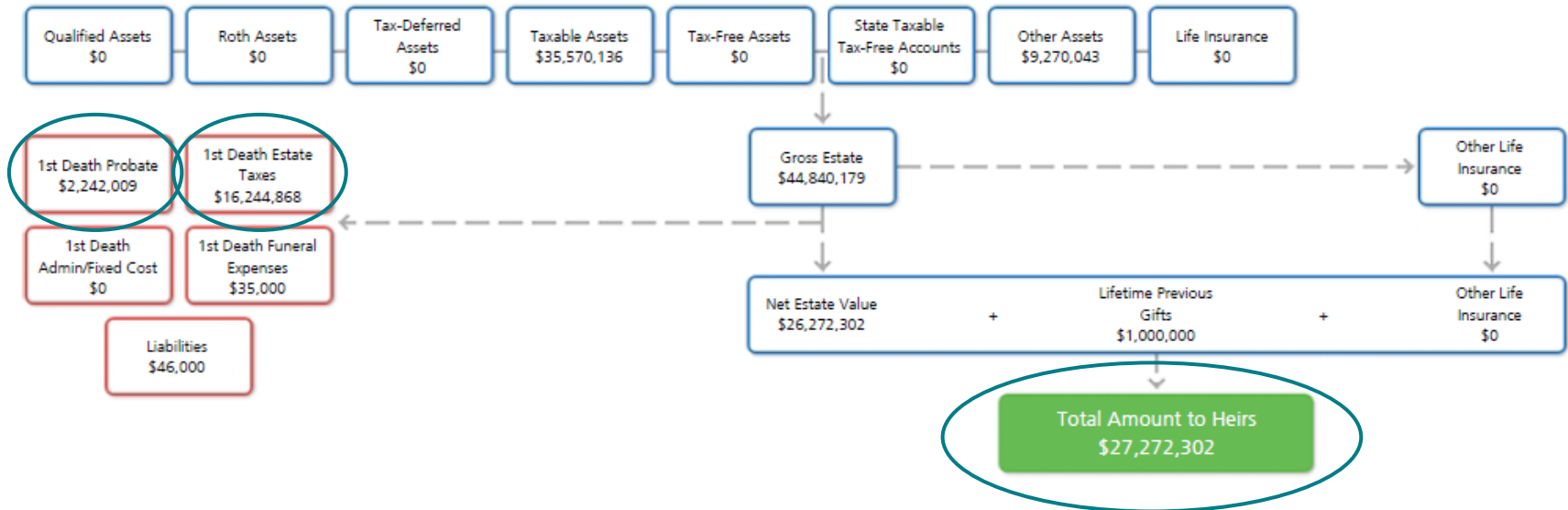
Amount you can spend if spousal support continues until you are 85*				
	\$ 220,000	\$ 225,000	\$ 230,000	\$ 235,000
Income	90%	84%	76%	65%
Conservative	91%	86%	81%	75%
Balanced	91%	87%	83%	78%
Moderate	90%	86%	83%	79%
Growth	88%	85%	82%	75%

Amount you can spend if assets are paid out by April 2022*				
	\$ 100,000	\$ 105,408	\$ 110,000	\$ 115,000
Income	92%	86%	79%	70%
Conservative	93%	88%	81%	75%
Balanced	92%	88%	83%	78%
Moderate	91%	86%	83%	78%
Growth	88%	85%	81%	78%

# Tools – Estate Analysis Flowchart

## Estate Analysis Results Flowchart

Using Balanced - Die at life expectancy, Current Estate - Will without Bypass Trust



# Tools – Digital Financial Diary



Dynamic Planning



Beneficiaries Children



Financial Assets



Business Interests



Life Insurance



Pension & Survivor Benefits



Legal



Authorized Users



Pre-Paid Funeral Expenses



Health Insurance HIPAA Authorization



Long Term Care Insurance



Disability Insurance



Property & Casualty Insurance



Miscellaneous & Final Instructions



Tax

- ▶ Create estate plan and beneficiary strategies
- ▶ Organize financial assets

- ▶ Detail survivor benefits
- ▶ Upload trusts, wills, living directives etc.
- ▶ Authorize users

- ▶ Store information on Insurance
- ▶ Identify accountant and store tax returns

# Help Managing the Investment Process

## Rebalance

What should you be overweight or underweight?  
As you make changes what impact will it have on taxes?

## Research

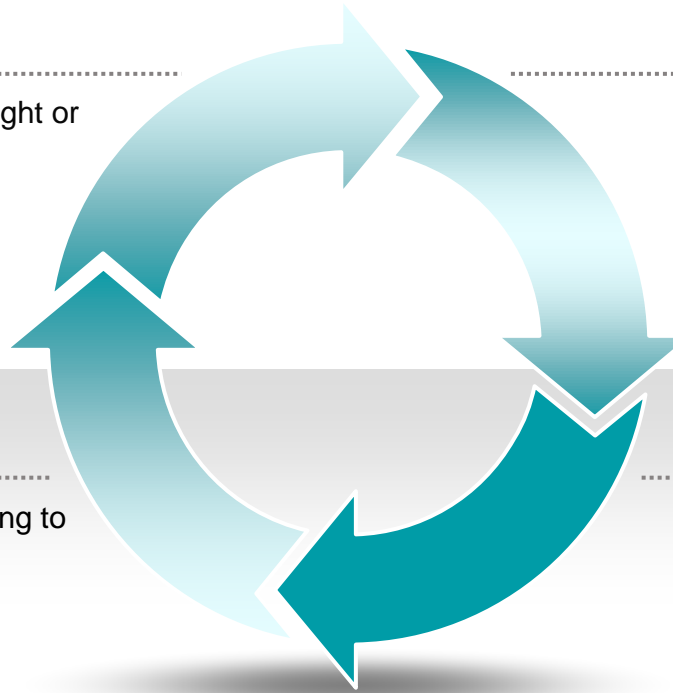
Where are we in the current market cycle?  
What are the technical indicators suggesting?  
What are interest rates headed?

## Monitor

How am I performing according to my financial plan?  
What are the corresponding benchmark returns?

## Investment Strategy

How do I invest for the return I need?  
How much risk should I take?





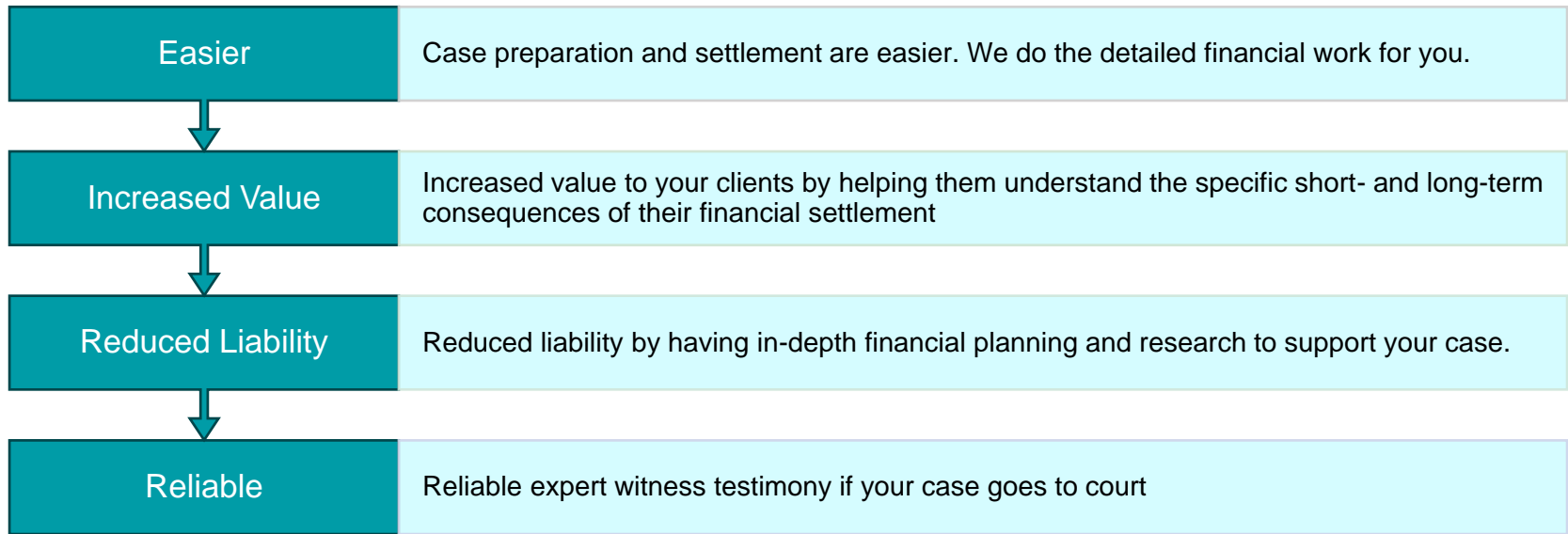
# Estate Planning

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- ▶ Philanthropy
- ▶ Trusts
- ▶ Wills
- ▶ Beneficiaries

# Benefits of Working With a Financial Professional

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