

Do I Need a Certified Divorce Financial Analyst?

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Attorneys are expensive, so why would you want to pay yet another professional in your divorce case? If you're concerned about money and how you'll continue to make ends meet post-divorce, a certified divorce financial analyst might be exactly what you need.

You decided to hire an attorney who understands the law and can advise you about the long-term impact of settling or litigating your case. However, most family law attorneys aren't financial experts. Typically, divorce attorneys aren't able to explain all of the financial and tax implications of divorce settlements but divorce financial analysts can. Learn more about how hiring a divorce financial analyst may save you money in the long run.

The Role of a Certified Divorce Financial Analyst

A certified divorce financial analyst (CDFA) is more than an accountant, financial planner, or a stockbroker. Also called a divorce financial specialist, CDFAs have extensive knowledge of tax law, financial planning, and divorce-related asset distribution. These professionals can review your financial information and project how much money you need to maintain your lifestyle following a divorce. A CDFA can also advise you about the tax consequences of a settlement. CDFAs provide you and your attorney with a clearer picture of your finances. For example, many couples over or underestimate the true value of their assets. A CDFA will help clear up any confusion and can ultimately save you time and money by giving you the information and tools you need to understand and resolve the financial issues in your divorce.

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When to Hire a Certified Divorce Financial Analyst

Couples who own a business together or have significant property may want to hire a certified divorce financial analyst to better understand the value of their assets and debts. Additionally, if you don't know how to create a post-divorce budget, a CDFA may be able to help you. Specifically, a CDFA can research, outline, and explain the following issues that may come up in your divorce:

- valuing assets and debts
- valuing the marital home
- dividing retirement and pension accounts
- the amount and duration of alimony
- tax implications of alimony and property division, and
- setting up a budget for life after the divorce.

Reducing Stress with a Certified Divorce Financial Analyst

One of the biggest barriers to resolving a divorce case is misunderstanding finances. Many couples don't know what their assets are really worth, which can be stressful to divorcing spouses or parents that are worried about how they will cover expenses on one rather than two incomes. Moreover, some divorcing spouses get set on receiving a certain amount of money as part of a divorce settlement, even if it's not really what they need or are entitled to. A CDFA can help spouses create reasonable expectations for the cost of supporting family members and covering personal living expenses following a divorce. When you know how much money you and your spouse have and what you will need to meet your basic expenses, it's easier to reach a compromise in a divorce.

Your divorce settlement will have a long-term impact on your financial future. Asking a CDFA to prepare a thorough analysis of your finances and future needs will help prevent you from agreeing to a settlement you'll later regret.