Role of the Financial Professional

Collaborative Settlement Process

for Separation & Divorce

G. Section 1

In order to prepare you for financial settlement discussions and meetings, the following is information to explain the role of the Financial Professional.

The Neutral Financial Professional will provide strong advocacy for balance in the process by providing an objective review of the financial issues relevant to both parties. The Neutral Financial Professional is often divided between two major areas of specialization, being family finances and business valuation.

While the role and duties of the Neutral Financial Professional (both family finances and business valuation) will be tailored to the specific needs of both parties, they will generally assist both parties in the areas as outlined below:

- ✓ Understanding of the financial issues at stake when each spouse has a different level of knowledge, experience & history with the family's finances.
- ✓ Understanding complex financial situations, such as: pensions, tax liabilities, secondary properties, businesses, excluded assets/debts, high debt levels.
- ✓ Understanding "messy" finances, such as assets in the name of one spouse with corresponding debts in joint name or the name of the other spouse.
- ✓ Understanding financial issues that may be viewed differently under the law and assisting in evaluating alternatives that may provide a better solution in your circumstances.
- ✓ Understanding how emotional issues could drive inappropriate financial decision-making.
- ✓ Balancing the need for each spouse to be heard and generating multiple options to resolve issues.
- ✓ Questions about non-family related expenses and post-separation expense sharing.
- ✓ Calculation of Guideline income to assist in determining child and spousal support.
- ✓ Assisting in structuring equalization settlements.
- ✓ Forensic analysis, such as lifestyle analysis, asset & income tracing.

- ✓ Potential for identifying savings through effective use of available tax credits & deductions, such as Child Canada Benefit (CCB), Eligible Dependent Credit (EDC).

Neutral Financial Professional – Family Finances – This professional will usually have a designation such as a Chartered Financial Divorce Specialist (CFDS). They offer a wide range of services. In addition to the services described above, they will help you with:

- ✓ Gather, organize, analyze, report and share full financial disclosure using a Draft Joint Net Family Property (NFP) report and Draft Income Sharing calculations for support purposes.

- ✓ Understanding issues that arise when there is a significant passage of time since the date of separation.

- ✓ Recent or anticipated change in the financial situation (either by choice or circumstances), such as: job change, job loss, pending retirement, estate planning.

- ✓ Post-separation expense reconciliation to ensure all relevant disbursements have been considered in the discussions.

- ✓ Post-separation spending plans (budgets) for cash flow (income and expenses).

- ✓ Future Financial Settlement Projections to help illustrate various scenarios for income support, living expenses, taxes and net worth division, to help you answer the question, *" Will I be financially OK if I agree to these terms?"*

- ✓ Prepare various income &/or net worth reports, such as comparative reports for child &/or spousal support for specific time periods (i.e. retroactive), net worth for different dates of separation, child related special extraordinary expenses (i.e. special needs child).

Neutral Financial Professional – Business Valuation – This professional will usually have a designation such as a Chartered Business Valuator (CBV). They offer a wide range of services. In addition to the services described above, they will help you with:

- ✓ Valuation of businesses. During the valuation of the business(es) the valuator will work mutually with both spouses to ensure neutral and active participation in the process.

- ✓ Valuation of securities, derivatives, including stock options, and restricted share units (RSUs).

- ✓ Calculation of Guideline income to assist in determining child and spousal support, involving the complexities associated with corporations, family trusts or other structures.

Further Things to Consider Regarding the Involvement of Financial Professionals:

Depending on your financial complexities, other financial professionals may be needed for some aspect of settlement, such as an Accountant, Actuary (for Pension Valuations & Taxes), Financial Planner, Insurance &/or Mortgage Representatives. These professionals are agreed upon by both spouses and hired by mutual consent.

Created by Gail Belchior with assistance from Rob Smith and Bronwen Bruch.