

Negotiating Your Divorce Settlement

By Tom Norton, CPA, CDFA

In order to negotiate the best possible financial settlement in your divorce, you need three things:

1. The right divorce lawyer
2. Knowledge of the financial and tax aspects of divorce, and
3. Accurate financial information, in a format you can use

Hiring the right divorce lawyer is the topic of another article on this site.

As for getting the knowledge you need, that's the purpose of this site. For a complete arsenal of tips and traps, make a small investment in [The Divorce Financial Survival Series](#), and you'll know more than 99% of the people out there, including your spouse.

Getting accurate financial information is up to you and your attorney. Putting it in a format you can use can be done by a Certified Divorce Financial Analyst (CDFA), or another financial professional who specializes in divorce. If you're comfortable with numbers and computers, you can buy software and do it yourself.

The key factor in analyzing your financial situation is cash flow. Will you be able to pay your bills once the divorce is over? Money in and money out, including taxes, is your primary concern. And don't focus just on the first year or two. Project out at least 5 years into the future, and more if possible.

Your second priority is net worth. You compute your net worth by adding up the value of all your assets and subtracting all of your debts. Obviously, over time you want your net worth to increase.

With software specifically designed for this purpose, you or your CDFA can run various reports, charts and graphs. You analyze different offers and proposals by changing the variables in the software, and seeing the result on your cash flow and net worth. How to use the software effectively is covered in another article in this section.

Armed with this information, you will know in a few seconds whether your spouse's offer is worth considering, or if it will leave you in the poor house. That could be worth tens of thousands of dollars to you over the next few years.

For more information:

[Finding A Good Divorce Lawyer](#)
[The Divorce Financial Survival Series](#)
[Divorce Software](#)