

1

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While great care was taken to prepare this course, it is not a substitute for legal, financial, medical or other professional advice based on your specific circumstances. Consult with an experienced Family Law Attorney, Mediator, Accountant, Certified Financial Planner® (CFP®), and Certified Divorce Financial Analyst™ (CDFA™) about your specific case. While the author of this course is a Certified Financial Planner® and a Certified Divorce Financial Analyst™, in this course, she is not dispensing financial advice based on your own situation, or legal advice either directly or indirectly. The intent of this course is to help you move through your divorce and avoid becoming a financial victim of your decisions and those of your spouse. Under no circumstances will Adrienne Rothstein Grace or any of her representatives be liable for any special or consequential damages that result from the use of, or the inability to use, the information or strategies communicated through these materials, or any services provided prior to or following the receipt of these materials, even if advised of the possibility of such damages. You alone are responsible and accountable for your decisions, actions and results in life. By your use of these materials, you agree not to attempt to hold Adrienne Rothstein Grace or her agents or employees liable for any such decisions, actions, or results, at any time, under any circumstances.

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2

KEY POINTS

WHAT WE'LL COVER IN THIS SESSION

- In this session, we'll talk about income, expenses and your budget
 - How much money you spend now, to help determine what you'll need to live later, as the single person or single parent you will be.
- Child Support and Alimony: How much? How long?
- If you have young kids, how do you pay for future (present) private school and college expenses?

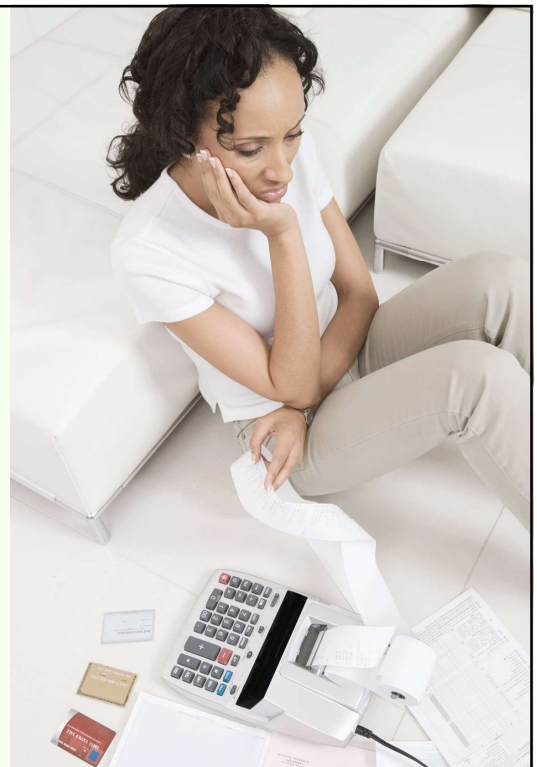
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AT THE OUTSET

- You need to get a handle on the finances of your life. Marriage is about love; divorce is about money, and here we are.
- If you were the financial manager of your marriage, this will be easier; if you did not pay the bills and make the financial decisions, welcome to a new learning experience.
- Now is the time to get out the list of financial documents you'll need, we introduced in Sessions 1 and 2.

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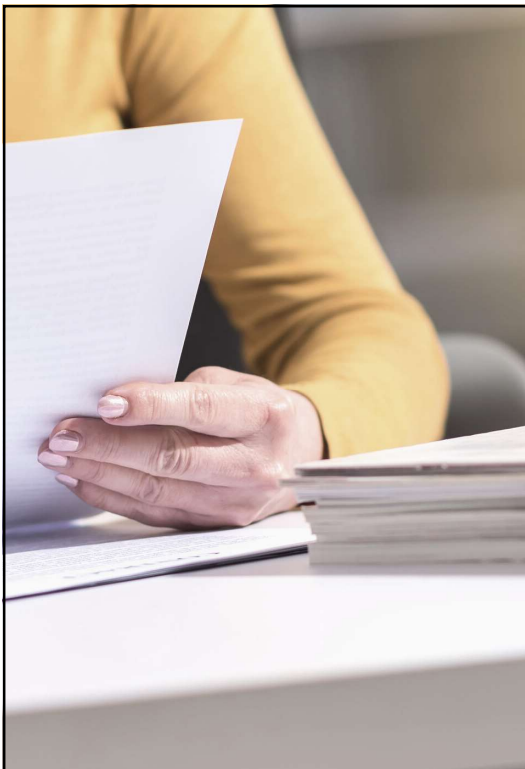
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WHY DO YOU NEED TO DO THIS?

- One of the biggest mistakes women make when they get divorced: they fail to plan for their post-divorce life. We are thinking on two tracks now: what you spend currently and what you will need in the future.
- Income that supported one household will now have to stretch to cover two.
- Women's households face an average loss of 41% of their household income after a divorce, according to a Government Accountability Office study titled, Retirement Security: Women Still Face Challenges.
- Doing this analysis can also turn up unexpected spending patterns, and evidence of hidden assets.

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GATHER UP YOUR DOCUMENTS AND LET'S GET TO WORK!

- What you need to do is gather all the financial documents we've listed for you, both for the Financial Affidavit submitted to your lawyer or in your mediation, and your expense analysis.
- The end result will be that you have the reports properly and accurately completed. The bonus is that you will also have as clear a picture as possible of your current expenses.

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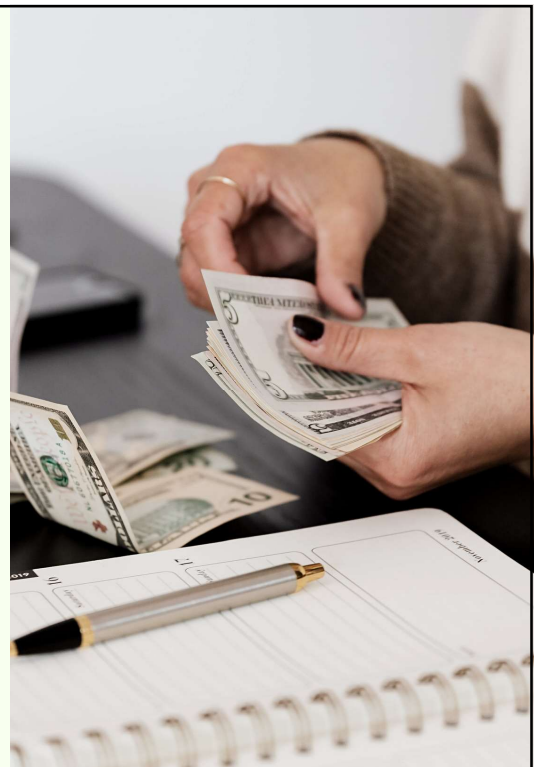


7

INCOME

- What is your household income? Are you employed? Fulltime? Part time? Self employed?
- Your husband- Is he the primary wage-earner, or are you?
- Income from investments? Trusts? Rental property?
- Closely held businesses? Other sources?
- You can find this information on your joint tax return, W-2s, paystubs, and business tax returns
- Note it all down on the **Divorce Expense worksheet**. Your income and your husband's income will be crucial in determining alimony and child support

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EXPENSES

- To get to the summaries in your divorce budget sheet, you need to review the financial documents you've been gathering. How do you make your purchases? Auto-Payments from your bank accounts? Credit card purchases?
- Go through your:
 - Checkbooks (or any online financial tracking program you use, like Quicken or Mint)
 - Credit card statements
 - Bank and investment account statements
 - W-2's also document health insurance, retirement plans and other deductions (expenses)
- Credit union accounts
- Car loan/lease
- Mortgage statements and the applications are important.
- Tax returns from current and past years
- Salary records
- 401(k) and other benefit plan statements give needed information.
- Old statements may be evidence of accounts closed and transferred elsewhere.

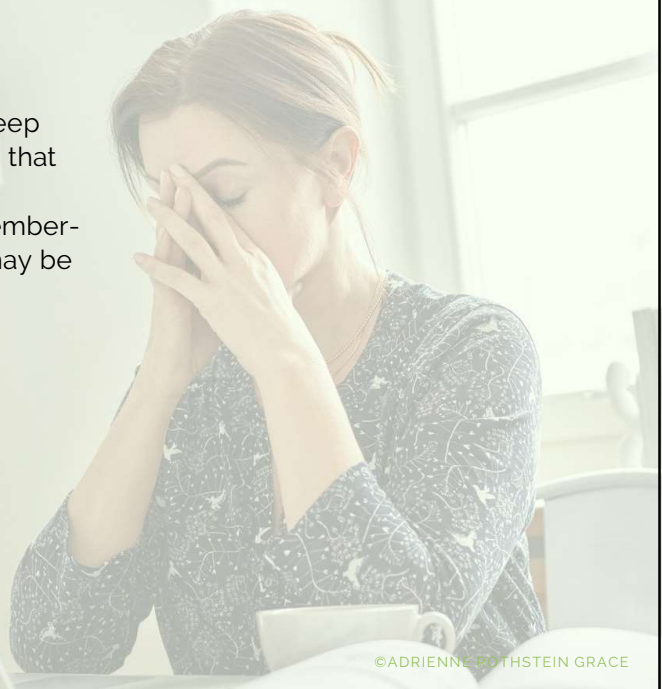


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9

EXPENSES

- Once you gather all the documents you can, keep them in a safe place, somewhere you can lock, that your husband doesn't have access to, or have confidence that they won't be disturbed. Remember- protective behavior kicks in, and each of you may be snooping on the other.



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ARE YOU OVERWHELMED?

- **Don't feel bad.**
- Most women need help with this part. It's complex and comprehensive, conflicting and – well you get the idea.
- *I am happy to help you one-on-one with consolidating all this information into the document you need, at an additional fee.*
 - Email me at: Adrienne@adriennegrace.com and we can talk about it.

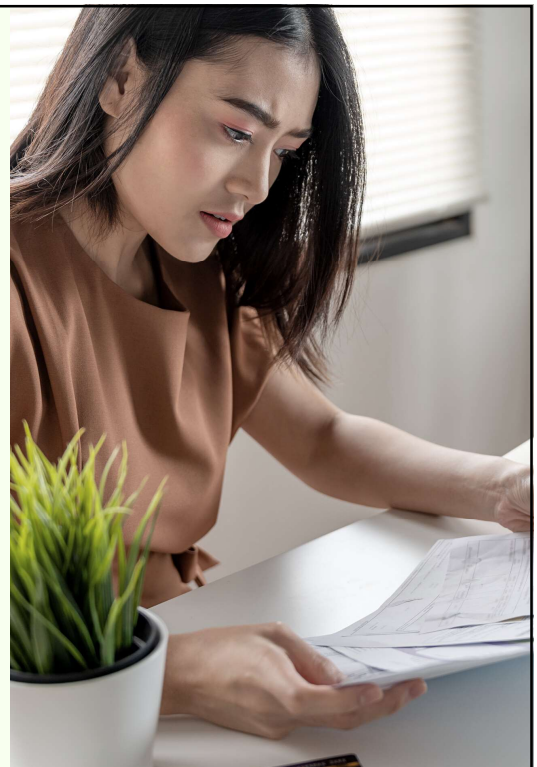
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11

HOW MUCH WILL I NEED?

- Create a spreadsheet with frequently used categories, i.e. mortgage, taxes, your clothing, entertainment, groceries, dining out and travel, to name a few..
 - Put in as much detail as possible, with the categories you use the most.
 - Due to the vast nature of items available at the big-box stores (Costco, BJ's, Target, Walmart, etc.) you can create a category of purchases from these stores, as 'Other', but If you can break them down further, do it.
 - If you have pets, don't forget their expenses.

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CASH

- Cash transactions can be harder to trace.
- Check those bank statements- Where did the deposits come from?
- What about cash purchases?
- ATM withdrawals? If you can gather cash, so can he!

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HOW MUCH WILL I NEED?

- Don't overlook bills that are paid infrequently: quarterly, semi-annual, or annually, like car and life insurance.
- Get a copy of your mortgage application, and car loan/lease applications, as well, for good information about your financial position at that time.
- Get a copy of your credit report, and your spouse's also, if possible. They can be invaluable in verifying open credit accounts and other liabilities. You may even find a surprise or two here, in hidden accounts or reporting errors.
- Under federal law, you are entitled to a copy of your credit report, at no charge, from all three credit reporting agencies: Experian®, Equifax® and TransUnion®, once every 12 months. Your quickest option is to contact the Central Source online at www.AnnualCreditReport.com,

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14

NOW SIT BACK AND

TAKE A BREATH

This is a big job, and you don't have to do it all in one day!

If this is too much for you, contact me for one-on-one help to get through it.*

*OPTIONAL AT ADDITIONAL COST

15

EXPENSES

- Let's get the data for a whole year, at least, even if you span 2019-2020 or 2020-2021 or 2021-2022.
 - If things are turning out differently than you thought, feel free go back another year.
- Expenses you might overlook:
 - Timeshares, country club memberships, season tickets. (sports, cultural events)
 - Storage fees: self-storage, dock fees, boat, etc. storage fees
 - Medical Expenses:
 - Gather up all the Explanation of Benefits statements from your health insurer to track your co-pays and out-of-pocket medical expenses for yourself and your children, as 'Unreimbursed Medical Expenses'.
 - If you don't have the statements, request them from your insurer. If you are not certain everything is there, contact your doctors (dentist, chiropractor, therapist, optician, allergist, etc.) for copies of your bills for the time period you are tracking.

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16

EXPENSES

- Verify copays, perhaps paid in cash. Remember to include the annual deductible as an out-of-pocket expense.
- If you have a high-deductible insurance plan, there may also be a Health Savings Plan to save for the co-pays, pre-tax. This is an asset which can be utilized or divided, as you negotiate.
- Tax Returns
 - Did you receive a refund last year? Are you sure?
 - You can get a copy of the actual filed tax return from the government .You can download Form 4506 from www.irs.gov. and get copies of returns as far back as seven years. (There may be a small fee) If you do have the tax returns-bring them with you when you meet with your CDFA™ and attorney.

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EXPENSES

- Expenses paid from a business/ company account or credit card:
 - These include 'perks' which pay many household expenses. Did you use a company card to pay for personal expenses which should be included in your analysis? Auto leases, gasoline, cellphones, entertainment expenses, memberships and electronics.
 - These count as expenses, of course. But they also may represent undeclared/ undocumented income from the company.



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18



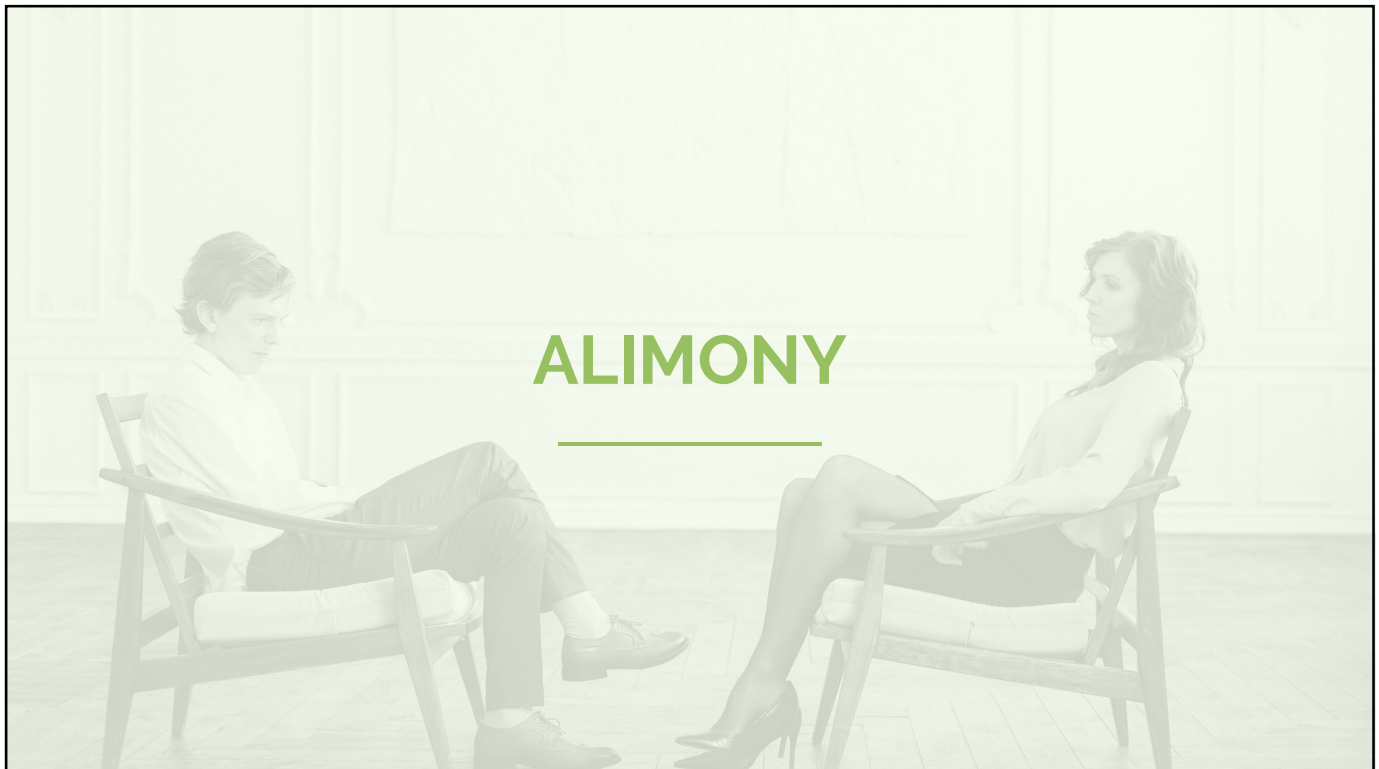
SUMMARIZE EXPENSES

- Add up all your entries by category, by column on your spreadsheet.
- Divide by the number of months you tracked, to find the average monthly amount.
- Transfer these sums to the Summary sheet

Any surprises?

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19



ALIMONY

20

INCOME: ALIMONY

- Maintenance, spousal/separate maintenance, and spousal support are often used interchangeably with alimony. This is the money paid to the lower-earning spouse from the higher earning one. Although women are making major strides toward income and opportunity equality, most often it's still our husbands making more, so that's how we'll word this for the most part.
- 'Manimony' is added to our vocabulary as more women 'lean-in' and become the primary wage-earners of their households.
 - This means that you may have to pay alimony to your stay-at-home husband.
- When do you qualify for alimony? When there is a significant difference between your income and earning capacity vs your ex's.

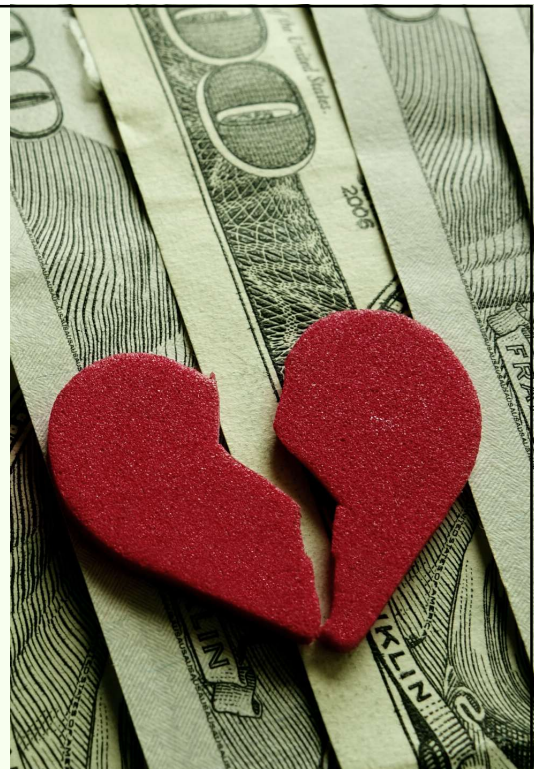
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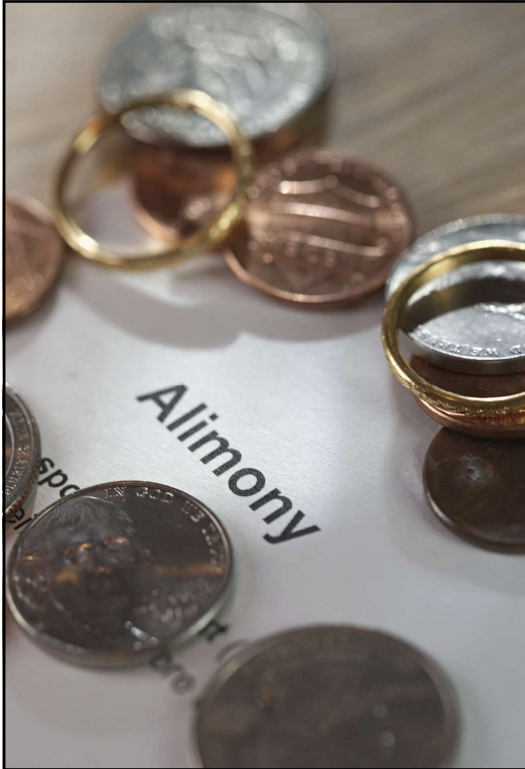
INCOME: ALIMONY

- Punishing a guilty spouse is not the basis for awarding maintenance. Spousal maintenance is designed to help support the lower-earning spouse, or one who has been out of the workforce, to transition into becoming self- supporting.
- Alimony is awarded on a number of factors including the length of marriage and the income disparity between you. The longer your marriage, the longer you may receive alimony, often based on a formula.

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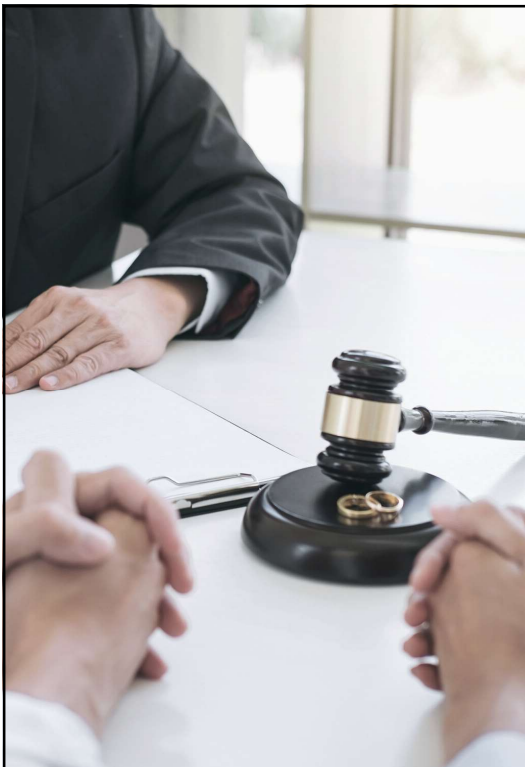


ALIMONY

- If your incomes are close to the same, and both of you are employed, there may be none.
- Maintenance payments end as specified in the agreement, or when either the payer or recipient dies, and often when the recipient remarries, or lives with a new partner (cohabitation).
- Maintenance is paid in addition to the assets you keep as a part of your distribution, tax-free, although the income-producing potential of these assets is counted in figuring the amount due.

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ALIMONY

- Alimony is paid with no tax break to the payor and is not taxable income to the recipient.
- Before you start negotiating with your spouse about alimony, consider what judges look at when awarding spousal support.

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24

ALIMONY: WHAT JUDGES CONSIDER

- Here is the **California statute**, for example. Each state's guidelines are different- check what is considered in yours.
- In ordering spousal support under this part, the court shall consider all of the following circumstances:
 - (a) The extent to which the earning capacity of each party is sufficient to maintain the standard of living established during the marriage, taking into account all of the following:
 - The marketable skills of the supported party; the job market for those skills; the time and expenses required for the supported party to acquire the appropriate education or training to develop those skills; and the possible need for retraining or education to acquire other, more marketable skills or employment.
 - The extent to which the supported party's present or future earning capacity is impaired by periods of unemployment that were incurred during the marriage to permit the supported party to devote time to domestic duties.
 - (b) The extent to which the supported party contributed to the attainment of an education, training, a career position, or a license by the supporting party.
 - (c) The ability of the supporting party to pay spousal support, taking into account the supporting party's earning capacity, earned and unearned income, assets, and standard of living.
 - (d) The needs of each party based on the standard of living established during the marriage.
 - (e) The obligations and assets, including the separate property, of each party.

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ALIMONY: WHAT JUDGES CONSIDER

- (f) The duration of the marriage.
- (g) The ability of the supported party to engage in gainful employment without unduly interfering with the interests of dependent children in the custody of the party.
- (h) The age and health of the parties.
- (i) Documented evidence of any history of domestic violence, as defined in Section 6211, between the parties, including, but not limited to, consideration of emotional distress resulting from domestic violence perpetrated against the supported party by the supporting party, and consideration of any history of violence against the supporting party by the supported party.
- (j) The immediate and specific tax consequences to each party.
- (k) The balance of the hardships to each party.
- (l) The goal that the supported party shall be self-supporting within a reasonable period of time. Except in the case of a marriage of long duration as described in Section 4336, a "reasonable period of time" for purposes of this section generally shall be one-half the length of the marriage. However, nothing in this section is intended to limit the court's discretion to order support for a greater or lesser length of time, based on any of the other factors listed in this section, Section 4336, and the circumstances of the parties.
- (m) The criminal conviction of an abusive spouse shall be considered in making a reduction or elimination of a spousal support award.
- (n) Any other factors the court determines are just and equitable. (California Code - Sections: 4320, 4324, 4330)

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26

HOW MUCH WILL I GET?

- Alimony calculations vary state-by-state.
- Your state may have an online calculator available to estimate your amount. Check it out.
- Many states use a formula that focuses on the relationship between your husband's income and yours to determine how much.
- Many states use a formula based on the length of your marriage to determine how long (duration) your maintenance payments will last.

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27

ALIMONY DURATION DIFFERS BY STATE

NEW YORK

For marriages lasting 0-15 years, support should last 15%-30% of the length of the marriage (ex. 10 year marriage- 2 years of alimony)

For marriages that lasted more than 15 years to 20 years, support should last 30%-40% of the length of the marriage.. (ex. 20 year marriage-8 years of alimony)

For marriages more than 20 years in duration, the court should order support to last between 35%-50% of the length of the marriage. (ex. 25 year marriage-12.5 years of alimony)

NEVADA

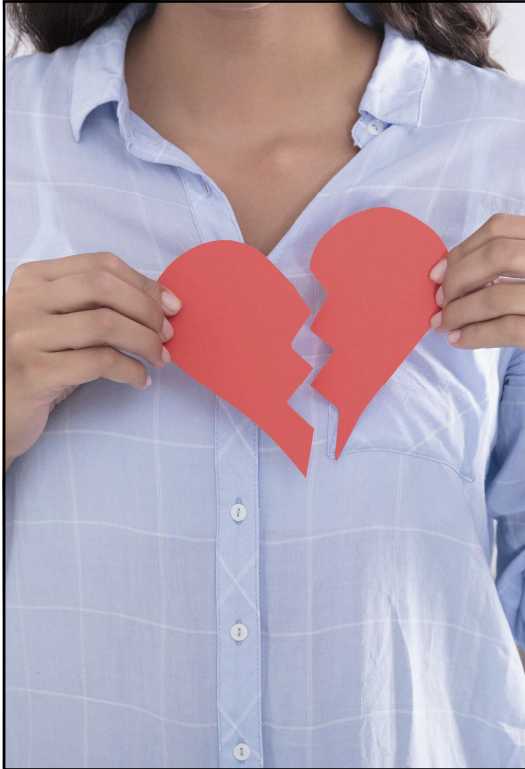
If the marriage is from 3 to 20 years, alimony could be granted for as many years as half of the length of the marriage, ex, if married for 10 years, alimony is paid for five years. If the marriage was longer than 20 years then permanent alimony is highly possible.

CALIFORNIA

A general rule is that spousal support will last for half the length of a less than 10 years long marriage. However, in longer marriages, the court will not set alimony duration. The burden will be on the party who pays to prove that spousal support is not necessary at some future point in time.

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28



ALIMONY: DURATION

- Most bad behavior: lying, cheating, having an affair, not listening, being irresponsible, not meeting your needs or not being there for the children- are not usually factors for awarding alimony. Do not expect the Judge to consider these in calculating how much you will receive, unless this behavior resulted in economic damage to the marriage.
- Some states allow courts to consider marital fault (bad, 'egregious' behavior) and domestic violence/spousal abuse, in determining whether and how much maintenance should be granted.. Check your state's rules to see if this will impact you.

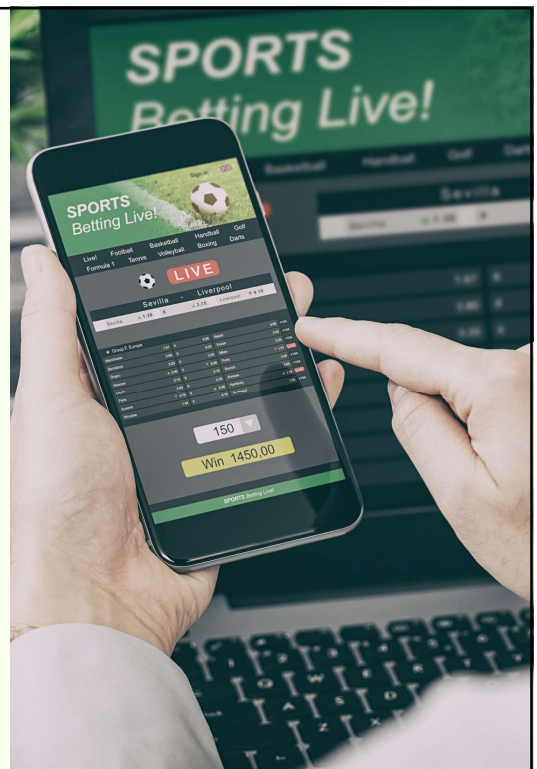
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ALIMONY: ECONOMIC DAMAGE= WASTEFUL DISSIPATION

- 'Wasteful dissipation' of assets refers to wasting marital funds by extravagant personal spending, gambling, overuse of credit cards, speculative stock trading, and funding extramarital affairs, etc
- Discovering wasteful dissipation is one of the main reasons you go through your expenses by reviewing bank records, credit card reports.
- If you discover evidence of inappropriate spending, you may be awarded half of the amount mis-spent in your settlement

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30

ALIMONY: SPECIAL NEEDS

- If you have special needs, these would be considered, such as:
 - A serious medical condition which requires on-going medical treatment or care
 - A learning or other disability.
 - An issue for which you are receiving therapy, counseling or psychological care
- If this is the case, it is likely that your attorney will need a copy of the medical records from your doctor, psychologist, therapist or other provider to back-up your claims.

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31

ALIMONY: LUMP SUM PAYOUT

- Alimony is most often paid monthly, for a set period of years. An alternative is Lump-sum alimony, or alimony buy-out.
- You can agree to a lump sum up-front. Other than child support, this ends the financial link between you and your ex.

Why would you do that?

- When relations have deteriorated to the point of discomfort, and you can't rely on his conforming to even a court order without a fight.
- When his income is variable, such as on commission or bonus, and production can vary widely from year-to-year.
- When there are sufficient assets on hand now, which may not remain.

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32



ALIMONY: LUMP SUM PAYOUT

- Discuss this option carefully with your attorney, CDFA™, and your CPA to determine the tax and other consequences of this arrangement.
- It will now be your responsibility to provide for your own income. Your CDFA™ may be able to help you invest your lump sum amount to provide the income you need

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33

ALIMONY MODIFICATIONS

- There's one way to modify your settlement agreement around alimony, but only if circumstances have changed.
- If you want to modify your order for spousal support, you must show the court that financial circumstances have significantly and unexpectedly changed for you as the payer or as the recipient.
- Commonly accepted grounds for modification are:
 - Three years since the agreement was signed and
 - 15% involuntary increase or decrease in either party's income or
 - Substantial unanticipated change of circumstances
- Note: under New York law. Check your state's rules

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34

ALIMONY

WHEN IT ENDS



The amount and duration of alimony is set in your settlement agreement. That will continue as defined unless :

- A change in circumstances, discussed previously
- You pass away
- Your ex who pays the alimony passes away
- You remarry
- You live with an unrelated person, acting as a couple (Check carefully with your attorney on this one. There is a wide variation on how this is treated, state to state).

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35

ALIMONY

- **Warning:** If your ex does not abide by the terms of your agreement, enforcing spousal support payments can lead you back to court, and it's an expensive trip. If he's at fault, he can be required to pay those additional legal fees- but you have to make sure that's included in the agreement..
- Most maintenance awards do not have inflation clauses, so look toward the end of your support term- and plan for the future.
- If alimony is short term, take advantage of the time to prepare to become self-supporting. Take classes, renew certifications, consult a vocational counselor to help figure out what kind of work suits you best.
- **Don't allow yourself to be caught unprepared when your maintenance comes to an end and your income drops dramatically.**
- When you are ready, contact me for a post-divorce financial plan. So you can move on with confidence and security.

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36



37



CHILD SUPPORT

Alimony is paid to help you become self-supporting, so It's for you.

Child support is paid to ensure that your kids have the benefit of all the resources available for their welfare.

It's all about the children.

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38



CHILD SUPPORT: CUSTODY

- Physical custody/primary residential custody, establishes where the child will live most of the time, usually with one parent.
- Joint Legal custody gives the both parents the right to make major decisions about the child's welfare, up to age 18 or 21.
- Often one parent will have physical custody, while sharing joint legal custody with the other parent. The noncustodial parent is generally required to pay child support to the other parent.
- Parenting time, also called 'visitation' or 'access' is arranged to suit the parents' schedules and the children's needs.

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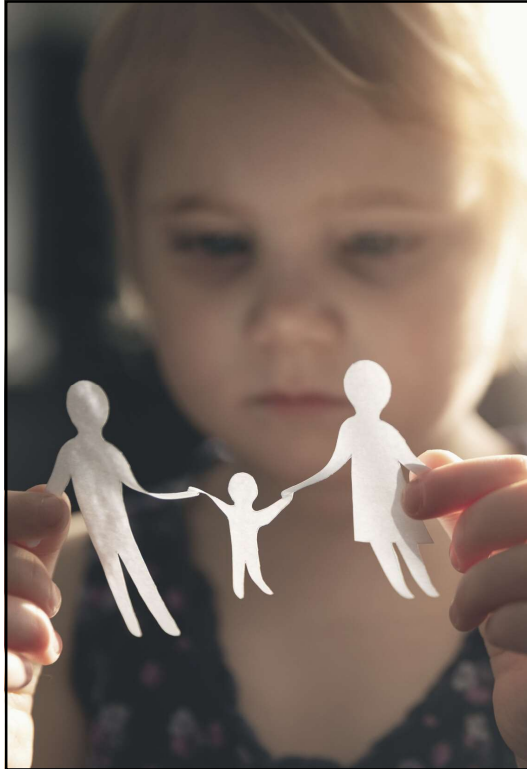
39

CHILD SUPPORT

- The amount of child support paid is based on the income of both parents, the number of children, the expenses of the custodial parent, and any special needs of the child. In many states or counties, a chart is provided online that factors in all this information. Health insurance coverage, school tuition or other expenses may also be included. Child support continues by law until:
 - The child reaches an emancipation age of 18 or 21;
 - By agreement- often defined as graduation from high school or college or after 4 years of study;
 - At a specified age, like 22 or 23;
 - or is otherwise emancipated. For example, if she marries, enlists in the military or is removed from disability status by a court order.

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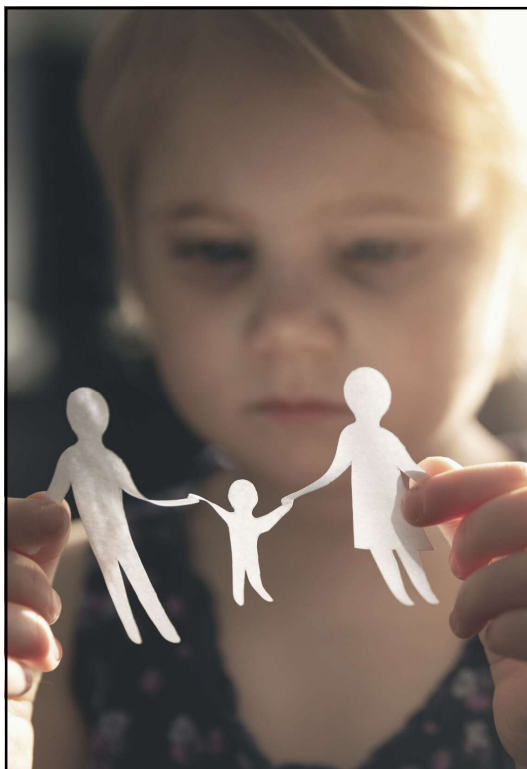


CHILD SUPPORT: CUSTODY

- As with spousal maintenance, once it's established, the amount of child support can only be modified by a court order, if a change of circumstance relating to the parents or the child is proven:
 - Substantial unanticipated change in circumstances,
 - Three years have passed,
 - And a 15% + change in income of either parent.
- **Note:** this is New York law. Please check your state's rules.

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41



CHILD SUPPORT: HOW MUCH?

- As with most issues of divorce, it varies state by state. In New York, Child Support Percentages of both incomes:
 - One Child 17%
 - Two Children 25%
 - Three Children 29%
 - Four Children 31%
 - Five + Children no less than 35%
- The earnings considered include just about everything: workers compensation, disability payments, unemployment and retirement benefits, salary and rental income, commissions, bonuses, and many other forms of income. In calculating income, any amount paid for spousal maintenance is deducted from the payer's income, and added to the recipient's income before doing the child support calculation. Required basic support usually is increased to cover children's health care expenses not covered by insurance, and reasonable child care expenses if the custodial parent is working, in school, or in a vocational training program. Also considered are special or enhanced educational expenses of the children.

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42

CHILD SUPPORT: HOW MUCH?



- In many states, the Court can use its discretion to determine the 'presumptively correct amount of child support,' on a case-by-case basis.
- A support order will be issued by the court.
- The support of a child is held in high regard in our society. A person who fails to pay ordered child support can be held in contempt of court, with a high degree of enforcement.
- In negotiations, Mediation or Collaborative, you may set your own amount and add-ons, as long as the court would not find them "unconscionable".
- Normally, the payer of child support makes payments directly to the parent, or to a specified service provider (like a school), or it can be done through the state child support agency or support enforcement unit - never to the child!

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43

CHILD SUPPORT ADJUSTMENTS

- If the court finds its guidelines unjust for a particular case, considerations for adjustments may include:
 - Special or unusual needs of the child;
 - Obligations for other minor or handicapped children;
 - Other court-ordered payments;
 - Extended visitation or extraordinary expenses for visitation;
 - Mandatory wage deductions;
 - A great difference in income in the two parents' households;
 - Benefits that either parent receives from remarrying or from sharing living expenses with others;
 - Taxes;
 - Significant contributions from a parent toward the child's expenses;
 - The financial resources and earning power of the child;
 - The standard of living of each parent and the standard of living the child would have enjoyed if the marriage had continued;
 - The age and the physical, emotional and general needs of the child;
 - The medical and educational needs of the child;
 - Comparing the earning power, financial resources, assets, needs and obligations of each parent;
 - The educational aptitude of the child and any educational opportunities;
 - The responsibility of each parent for the support of others;
 - The value of services contributed by the custodial parent;
 - Other relevant factors.
 - Private school tuition, for instance, is a deviation factor.

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44

CHILD SUPPORT: PREPARE FOR IT'S END

It's often a challenge to make ends meet, even with alimony and child support. The danger lies in forgetting that each of those payments will have an end date, and in not preparing for that day.

- So as soon as you have a clear picture of what your finances will look like- it's time to start planning for the next phase of your life.
- Post-divorce financial planning can give you the tools for a comfortable life after divorce. Contact me for more information at Adrienne@adriennegrace.com.

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45

CUSTODY: PETS

- Are you also a 'Pet Parent'? If so, the next heartbreaking question is: Who gets the dog?
- The best outcome is for you and your husband to come to an agreement about how this will work for you.
 - Does the dog/other pets go with the kids when they sleep at his house, or stay home with you?
 - Can you have a pet(s) in your new apartment?
 - Can one of you provide 'doggy day care'?
- Try to reach your own arrangement, as the laws in most states regard pets as property, and can't direct shared custody or visitation issues.

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46



47

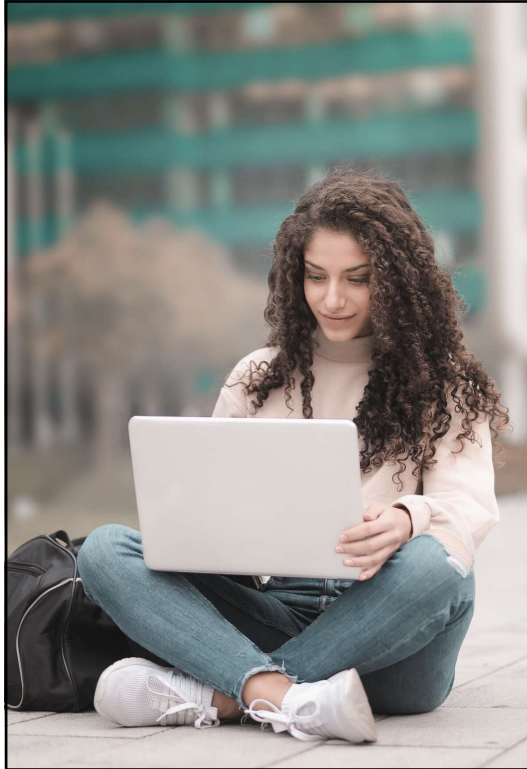
COLLEGE



- Even if your children are young now, you still need to keep college in mind.
- College tuition is likely to be one of the greatest future expenses you'll face. Even if you get full custody of your children, this shouldn't be a burden borne by you alone. Many state courts agree.
- The following states have laws or case law that give courts the authority to order a non-custodial parent to pay for some form of college expenses:
 - Alabama, Arizona, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Maryland, Massachusetts, Mississippi, Missouri, Montana, New Jersey, New York, North Dakota, Oregon, South Carolina, South Dakota, Utah, West Virginia and Washington.
- Even if your state doesn't require it, and child support stops at graduation from high school or age 18, both parents may make an official, enforceable agreement to pay for college

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48



COLLEGE: HOW MUCH WILL IT COST

- During 2019-2020 academic year the average yearly price of tuition, fees, room, and board was \$30,500 but can vary widely:
 - \$12,720 for public 2-year institution (in-state rate)
 - \$49,879 for private nonprofit 4-year institution
- The average total price for a 4-year degree is approximately \$122,000.

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49

COLLEGE

- Get it in writing: Clarify who pays for what, and how much
- Your divorce settlement should clearly indicate who will be responsible for which costs. For example, you may simply agree to split all costs 50/50, or as proportionate to your incomes
- Identify what the costs will cover: tuition, room and board, books, travel, and possibly a small stipend.
- Do you have 529 plans? Consider including contributions to them as a part of your agreement.

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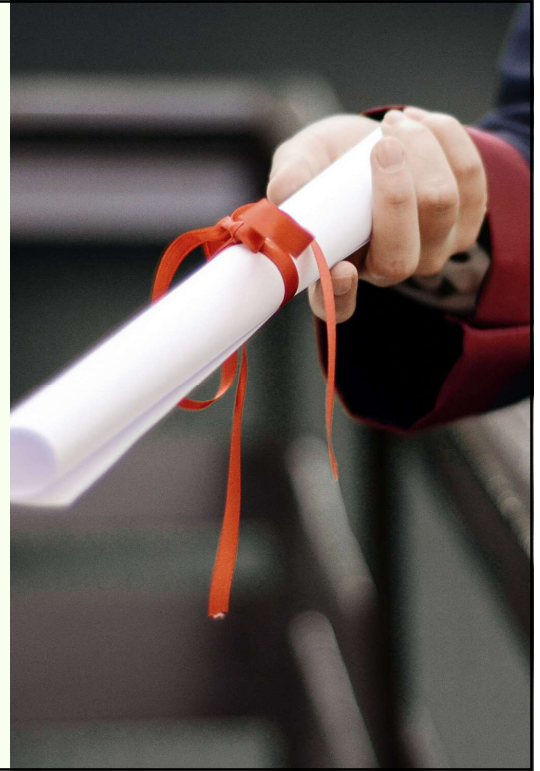


50

COLLEGE

- Control the costs:
 - How much of the bill will you and your husband pay? How much will be the student's responsibility, via savings, part time work, scholarships, loans?
 - Options: Specify that parents will cover a percentage (ex. 75%) of the cost of a state school. If your child chooses to attend a more expensive private school, he/she is responsible for the additional cost, unless both parents agree to cover more. You may put a cap on how long you will pay for, i.e. 4 years, undergraduate only.
- See the college expense worksheet in your workbook for help in figuring out how much you need.

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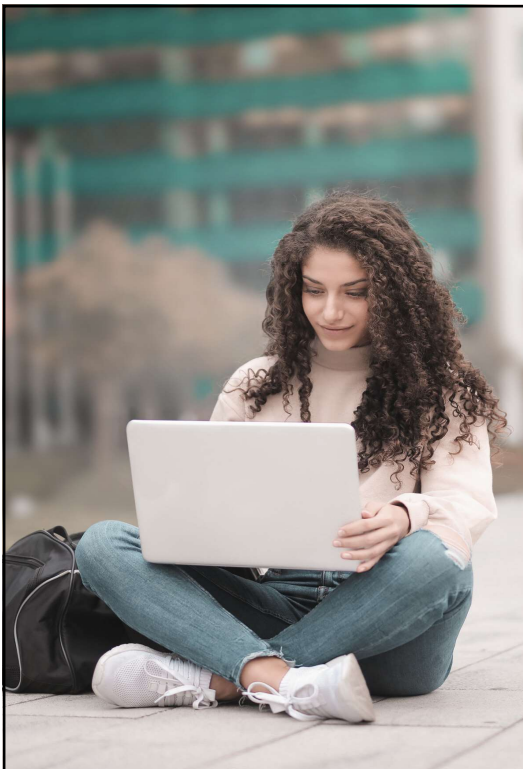


51

COLLEGE PLANNING ANALYSIS

- Complementary College Planning Analysis for all Course participants. **Normally \$197!**
 - Calculate your Expected Family Contribution
 - Financial Aid Analysis of #1 School
 - Find out if your EFC can be lowered
 - All Your Financial Aid Questions Answered in a 30 Minute Zoom Video Consultation
- Go to [Howtofindmoneyforcollege.com](https://www.howtofindmoneyforcollege.com) to get started.
- Put Adrienne Grace in the referral name field.

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52



PROTECT YOUR INCOME

- **Require life insurance and disability insurance**
- It won't matter what your divorce settlement says if your ex-husband dies or loses his lucrative job before your children complete their education.
- Both parents should be required to obtain/maintain existing life insurance, and disability insurance to cover maintenance, child support and education payment obligations. This way, if anything happens to your ex-spouse, your financial security can be assured.
- There is specialized disability insurance to cover the entire amount of your settlement, even if it's quite substantial and covers a long period of time. Ask me for more information!

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53

IN REVIEW

WHAT WE COVERED IN THIS SESSION

- **We've covered a lot of ground here.**
- You've worked on (maybe completed?) all the financial information needed for the expense part of your Statement of Net Worth (Financial Information Statement/ Financial Disclosure Statement)
- Reviewed Alimony and Child Support
- Highlighted the need to protect your settlement against death or disability
- Reviewed the need to negotiate future education expenses, if you have young children.

In Session 4, we'll review Assets and Debts-Splitting it Up!

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54