

LIFE SPANS

THE BRIDGE DIVORCE STRATEGIES NEWSLETTER

INTERESTING INFO YOU CAN READ OVER A SINGLE CUP OF COFFEE!

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LIFE IN AFI LAND, PART 2: THE HUSBAND

In my last newsletter, I addressed the topic of the AFI: the Affidavit of Financial Information. More specifically, I addressed it from the point of view of a woman facing divorce, and the challenges that she (and by extension, you) face when trying to complete it.

As you know, that's hard. The AFI asks the woman to list all her income and expenses, not just for the present, but also for the future, and a most uncertain future, at that.

You would think that that would be intimidating enough.

(You know where this is going, don't you?)

Any divorce proceeding also requires that the woman—let's call her Jane—exchange AFIs with the other party. And so now the husband's AFI comes into play.

Which begs the question: Can you trust it?

Okay, okay. Attorneys can get jaded. Ditto for judges. You've seen it all by now, haven't you? But despite all the common scams and attempts to game the system and "plead poverty," there are loopholes and opportunities. In other words, there's also a lot of stuff that will either 1) fly under your radar, or 2) not be worth your time to delve into.

I'm a CPA. With a decade's worth of experience ferreting out details like these. I live for this stuff.

Case in point: Annualizing income. Are your eyes glazing over already? Some of it seems really straightforward. But it isn't. Let's say that the husband—let's call him John—gets a paycheck every other week. So that's "twice a month." Or 24 payments. Right?

Wrong. It's 26.

Ditto for issues like 401(k) withholding. You need to work with the gross when you're annualizing, and also account for annual contribution limits.

And what about expenses, such as the taxes and insurance on the house? You can't simply look at a monthly mortgage statement, grab the "escrow" number and multiply by 12. It doesn't work that way.

Speaking of expenses, beware of padding and/or accounting for child expenses on the husband's AFI that the wife will actually end up paying, such as private tutors, sports, trips, and summer camp.

On the income side, we've all seen the "sudden income dip before the divorce." It's hardly shocking. Even John's boss, in a small company, may provide a note saying that "due to a change in the business forecast, we'll be reducing your salary," only to wink at the knowledge that it will miraculously be restored, post-divorce.

You know this scam. So do the judges. But my job is documenting it. I'll be the one asking for Social Security statements, tax returns, and W-2s, showing trends over years. If that trend line doesn't match the "current situation," or if John's girlfriend mysteriously appears on the company payroll, I'll find it.

In short, let me at 'em! You—and Jane—will be delighted to have me on your side, helping you to build an iron-clad case.

THERE REALLY IS A FREE LUNCH

Given today's COVID-19 environment, we are now offering online CLE, and will order lunch for the attorneys in your office who would like to participate from their remote locations. What a tasty way to learn things about the financial side of divorce that fly under your radar—and help you earn from one to three hours of CLE credit in the process!

Simply give us a call at (480) 378-2383 (or send an email to carma.hall@bridgefinancialstrategies.com) and say, "Hey! We'd love to take you up on that ingenious remote lunch-and-learn opportunity!" There's no obligation. Call us today!

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