Collaborative Divorce :-- breaking up doesn't have to mean breaking the bank

The collaborative process, started by Minneapolis family lawyer Stuart Webb in 1990, provides alternative dispute resolution using a team of professionals working jointly for the couple, rather than in adversarial roles. It is just now hitting the radar screen in Illinois, where practitioners estimate that about 300 divorces have been handled this way in the last several years. The state averages about 35,000 divorces a year, records show.

Both parties agree not to enter litigation. Couples often hire attorneys trained in collaborative law and bring in shared accountants, financial planners, business valuation experts, child psychologists and even life coaches to help the couple. Unlike impartial mediators, the attorneys can advise their clients as advocates.

Proponents say it dramatically cuts the tension--and the costs--involved in traditional contested divorces.

There are skeptics, however. Among the critics are those who say the peacefulness of the process encourages divorce and attorneys who say the best representation for any divorcing spouse is a vigorous offense.

Participants in a collaborative divorce sign documents promising to disclose all assets, and their attorneys agree to walk away from the case if the parties end up going to trial.

An average contested divorce can run about $30,000, but it's not uncommon for some to reach six figures, attorneys say.

Collaborative costs vary widely, depending on the number of professionals involved and the number of meetings it takes for spouses to agree on a settlement. Collaborative attorneys estimate that most of these cases settle for half to a third of what their bill would have been with a court battle. Settlements must be reviewed and approved by a judge.

Costs ranged from $5,000 to $21,000, representing as high as 15 percent of annual household income.

Even friendly divorces come with costs that reach beyond the courtroom, however, and women especially tend to feel the strain. Divorce Magazine reported the drop in standard of living for women after divorce was 45 percent in 2000. About 20 percent of people filing personal bankruptcy had been recently divorced, according to Harvard University law professor Elizabeth Warren, who has studied families in dire financial straits since 1986 and who is considered one of the leading national authorities on bankruptcies.

Your staff: In addition to consulting attorneys, divorcing couples are turning to specialized financial planners to run living cost estimates, decide the value of family businesses and prepare investment return projections on proposed settlements.

Typically these are accountants, certified financial planners or other financial advisers who offer a specialized divorce practice. Someone who has a Certified Divorce Financial Analyst designation has also taken a self-study course and completed four exams related to divorce finances, but be sure to inquire what other credentials he or she has. Training is done through the Institute for Divorce Financial Analysts in Southfield, Mich. (800-875-1760).

If you'll need help valuing assets or a business, or suspect your future ex may be hiding money you also may need to contact a forensic accountant.

If you are the primary breadwinner but are considering a lower-paying job as you go through the divorce transition years, tread carefully. Some judges will require you to maintain your family's previous standard of living. A judge may rule you're more than capable of a high earning power and decide to award less alimony.

Your portfolio: If you think you'll have to draw down some retirement money to cover expenses in the first few years of divorce, do it sooner rather than later, this way you can take a distribution at the time of divorce without a penalty,

Your tax return: Be sure to consider the tax consequences of your divorce settlement. The more money a primary breadwinner doles out as alimony instead of child support, the more he or she can deduct from income, experts say. The spouse receiving the alimony will have to pay income taxes on the money, but usually it will be at a lower tax bracket. Child support, on the other hand, isn't deductible from income.

About the Author

Munish Rathee working for Ferris consulting, some of the client sites he is working on are Seattle divorce attorney, Sonoma County Divorce Attorney, and st. louis mediator.