

Divorce Financial Issues

By Mimi Stansbury
Certified Divorce Financial Analyst

November 23, 2007

Volume 1, Number 2

In This Issue

- IACP Launched Its New Website
- Splitting Retirement Accounts in a Divorce
- Collaborative Divorce Updates

Contact Us

2001 S Street NW
Suite 300
Washington, DC 20009
dc@satya-artha.com
www.satya-artha.com

IACP Launched Its New Website

Preliminary unveiled at the 8th Annual IACP Forum in Toronto, the [new IACP website](#) became live on November 18, 2007, with a fresh new look and many new and improved features.

Among the new features, the “Locate a Collaborative Professional” feature has been the talk among collaborative professionals in DC, Maryland and Virginia. After some feedback, the “Locate by Zip Code” option will now show all professionals in the county where the zip code is located, as long as the “search county?” box is checked.

One issue with the zip code feature is that if you listed your address with a 9-digit zip code, your name will not show up on the list. This issue maybe resolved soon. In the meantime, however, make sure that you test this feature frequently and use only a 5-digit zip code on your professional profile.

Another issue is that it will only use the first address on your profile. For professionals with multiple offices, this could be a disadvantage.

Overall, the new website is smartly designed and easy to maneuver, containing great resources for professionals as well as the public.

Splitting Retirement Accounts in a Divorce

Retirement accounts are often the largest source of assets for divorcing couples. Here are a few issues to consider when splitting retirement accounts in a divorce:

1. For clients age 70½ over, funds transferred incident to a divorce will not reduce the amount of Required Minimum Distribution (RMD) in the year of the transfer. The RMD will still be based on the prior year-end balance.
2. A distribution of retirement benefits to satisfy amounts owed to a former spouse when that distribution is not required by the divorce agreement will be taxable to the account owner. The amounts transferred in this case will not rollover to the former spouse’s retirement account.
3. Always recommend that clients execute new beneficiary forms for any retirement assets after a divorce.
4. Inherited IRA can never be split in a divorce and still retain its status as an IRA. Under the IRD (Income in Respect of Decedent) rules, the transfer of IRD funds to another individual, including a former spouse, will trigger the recognition of income.

It is important to make sure that your financial analysis includes a careful review of all retirement accounts and retirement plan documents.

Mimi Stansbury

JD, CPA/PFS, CFP®, CDFA™

202-386-6224

mimi@satya-arth.com

Collaborative Divorce Updates

Last month I attended the 8th Annual International Academy of Collaborative Professionals Networking & Educational Forum in Toronto, Canada.



The Forum really brought the term networking up to the next level, allowing me to learn more about the members from DC, Maryland, Virginia and Arizona practice groups (including their footwork on the dance floor!!!). The icing on the cake for me was the dinner after the Forum ended on Sunday, October 28. I found myself sitting next to Stu Webb in a Chinese banquet-style dinner along with a few other professionals from Phoenix, Seattle and Australia.

I look forward to next year's Forum in New Orleans.