Subject: Fall 2012 News from Divorce and Money Matters, LLC

Reply: lili@divorcematters.com

Divorce & Money Matters LLC

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**Dear Lili,**

"Courage isn't having the strength to go on - it is going on when you don't have strength."

- Napoleon Bonaparte

### Fun at Divorce and Money Matters

If we're lucky, we're able to choose a career that's a reflection of who we are. Through my career, I have the privilege of meeting some of the most incredible, inspiring women, with a wide, fun, and interesting array of occupations. I wanted to invite you all to attend an evening that showcases just that - who you are, what you do, what your passion entails. I want to provide a warm, casual environment for women to share with one another their careers, and also hopefully to provide a wonderful chance to network. There will be wine, too, as an added incentive.

I would like to aim for February of next year for this event, so please keep your eyes open for additional information. I do hope you can attend.

## DivorceMatters.com Now Has Free Downloads

Divorce and Money Matters, LLC is now providing new free downloads from Lili's website www.divorcematters.com that will help you and your friends before, during and after divorce. These downloads are various checklists and tips to help you move through the divorce process.

## LILI RINGING THE FAMOUS CLOSING BELL AT

## THE NEW YORK STOCK EXCHANGE (AFTER HOURS)

### In This Issue



### Quick Links

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**NEW WEBSITE**

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and improved website

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Lili recently attended the FT Investment Management Summit at the New York Stock Exchange on October 17th.

## Divorce and the Special Needs Child

**Published in: Domestic Law Journal**

**By: Lili A. Vasileff, CFP(tm), CDFA(tm)**

**Family Law Section Volume 23, Number 1**

**September 2012 Issue**

**Westchester NY County Bar Association**

There are few challenges more difficult than going through a divorce while having a special needs child. When a special needs child is involved, issues of child custody, visitation, support and property division can be significantly more complex.

Divorcing parents with a special needs child confront singular issues. For example, that child often has more expenses than a child without special needs. The uncertainty about the nature, cost and predictability of future care expenses makes enumerating child related add-on expenses relating to a disability challenging in a divorce agreement. Particularly important, the child's eligibility for governmental agency benefits may be threatened or reduced by providing a custodial spouse child support or maintenance. Parents also need to be aware of how to navigate the educational system and take advantage of estate planning strategies to maximize necessary support for their child.

Family law legislation does not yet sufficiently recognize the unique considerations of these families in the areas of custody and support. Child support guidelines may be inadequate for resolving lifelong issues for families with a special needs child. "The U.S. court system is overwhelmed when it comes to dealing with all divorces, child custody, and child visitation and support issues. As a result, it cannot adequately address the unique needs inherent in family law cases involving children with special needs - an especially critical situation as the number of special-needs children is skyrocketing." Until the law of divorce provides properly for special needs children, family law attorneys have an unparalleled opportunity and responsibility to educate their clients and provide viable resolutions by agreement.

READ LILI'S ENTIRE ARTICLE FROM THE DOMESTIC LAW JOURNAL

## The New Age of Divorce Financial Planning

**Published in: NAPFA Advisor Magazine**

**June 2012 Issue**

**By: Lili A. Vasileff, CFP(r), CDFA(tm)**

Divorce is a time of great emotion, transition and planning. Your client may be the initiator of the divorce or the party who is on the receiving end of notice - but either way, the financial union is soon to be over, and your client will need expert financial guidance. Most likely, you will need to provide advice, either by outsourcing to an experienced divorce financial planner or by acquiring new skills yourself.

Divorce financial planning is an evolving niche practice in which financial advisors work with clients and allied divorce professionals before, during and after divorce. A divorce financial planner is a fee-only practitioner who charges an hourly fee for unbiased and objective financial expertise. Like a NAPFA-Registered Financial Advisor(TM), a divorce financial planner places the clients' interests first and provides comprehensive financial planning that guides individuals to a reasonable, practical and workable outcome. Combining a CFP(r) with additional certification, a Certified Divorce Financial Advisor (TM) is trained specifically in the financial issues of divorce and has an interdisciplinary knowledge of practical standards and state divorce laws.

Divorce financial planning is similar to financial planning, but with the added challenges of highly charged emotional and unique divorce laws of the jurisdiction in which parties live. A divorce financial planner works within a legal setting, as we supplement the efforts of the legal professional in litigation, mediation, or collaborative divorce.

Our skills might be called upon from the outset of the divorce process (or even in the preparation for a divorce), at any point during the process, or post-divorce to assist with implementing the terms of the agreement. Therefore, it is important for the planner to define the scope of the engagement and the tasks to be performed, and to have all the parties acknowledge and confirm that agreement. (The tasks may change over time, as new needs arise.)

Read Lili's Article "The New Age of Divorce Financial Planning"

## Lili's Money Saving Year End Tax Tips

**By: Lili Vasileff, CFP(r), CDFA(tm)**


**QUICK TIPS:**

**1. You CANNOT file married for the year if you are officially divorced as of 12/31/2012.**

**2. You and your ex-spouse MUST agree on who claims which deductions and which children as dependency exemptions.**

**3. If you receive alimony you MUST start paying quarterly taxes as estimated by your CPA.**

**Watch Lili's appearance on CNN Money!**

## 3 Ways To Cut Your Tax Bill

**THREE STRATEGIES:**

**1. Defer Income**

a. Ask employer to pay bonus next year

b. Sell any Investments with gains next year

c. Hold off taking any distributions from retirement plans or IRAs until January

d. Max out savings to retirement plans

CONVERSELY ACCELERATE INCOME IF NEXT YEAR TAXES WILL BE HIGHER

e. Convert any traditional IRAs to ROTH IRAs

f. Sell any exercised incentive stock options to add to AMT income

g. Sell all investments gains at lower capital gains rate than next year

h. Reallocate to tax exempt investments and minimize taxable income subject to new 3.8 % tax

**2. Accelerate Deductions**

a. Prepay mortgage property taxes and mortgage insurance premiums.

b. Prepay state income taxes

c. Prepay tuition, student loan interest payments.

d. Pay alimony in advance

e. Pay all medical bills (7.5 % AGI hurdle to 10 % in 2013)

f. Make gifts or charitable donations this year, especially with fiscal cliff looming that sharply cuts allowable amounts to $ 1 MM from $ 5 MM exemption

g. Bundle tax prep professional fees, and investment advisory fees to accumulate costs

**3. Take Advantage of Expiring Tax Credits & Breaks**

a. The American Opportunity Credit provides a refundable tax credit of up to $ 2,500 for undergraduate education that expires at the end of 2012

b. School Teacher Education Credit of $ 250 halved expires

c. Child Tax Credit is halved from $ 1,000 to $ 500

d. End of Payroll Tax Cuts

e. AMT Tax Fix will be erased

f. Tax breaks expire for those who refinanced mortgages to restructure and avoid short sales

***MINIMIZING TAX LIABILITY SHOULD BE A YEAR ROUND PURSUIT AND NOT A YEAR END EFFORT***

## Planning Basics Ways to Reduce Your Taxes

### By: William Perez

### Published By: About.com


The goal of tax planning is to arrange your financial affairs so as to minimize your taxes. There are three basic ways to reduce your taxes, and each basic method might have several variations. You can reduce your income, increase your deductions, and take advantage of tax credits.

**Reducing Income**

Adjusted Gross Income (AGI) is a key element in determining your taxes. Lots of other things depend on your AGI (or modifications to your AGI)--such as your tax rate and various tax credits. AGI even impacts your financial life outside of taxes: banks, mortgage lenders, and college financial aid programs all routinely ask for your adjusted gross income. This is a key measure of your finances.

Because your adjusted gross income is so important, you may want to begin your tax planning here. What goes into your adjusted gross income? AGI is your income from all sources minus any adjustments to your income. The higher your total income, the higher your adjusted gross income. As you can guess, the more money you make, the more taxes you will pay. Conversely, the less money you make, the less taxes you will pay. The number one way to reduce taxes is to reduce your income. And the best way to reduce your income is to contribute money to a 401(k) or similar retirement plan at work. Your contribution reduces your wages, and lowers your tax bill.

You can also reduce your Adjusted Gross Income through various adjustments to income. Adjustments are deductions, but you don't have to itemize them on the Schedule A. Instead, you take them on page 1 of your 1040 and they reduce your Adjusted Gross Income. Adjustments include contributions to a traditional IRA, student loan interest paid, alimony paid, and classroom related expenses. A full list of adjustments are found on Form 1040, page 1, lines 23 through 34. The best way to boost your adjustments is to contribute to a traditional IRA.

Read More About Tax Planning Basics


**Warm Regards for Happy and Healthy Holidays,**

*Lili*

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