Important information to know during divorce negotiations

Separation and divorce are stressful events for everyone. Sadly, many women and some men will find themselves on the short end of the proverbial stick. Unless you have been managing 100% of the family funds, you risk an uneven distribution of assets and an unfair settlement for child and spousal support.

Whether you go through mediation, arbitration or court, you should be aware of some common methods used to reduce guideline income—the baseline figure that will be used for support calculation and as well can lead to unequal distribution of familial assets.

When beginning negotiations, you and your spouse do not necessarily have to present proof of what you are claiming. This means that no matter what, you need to do your homework and do not sign anything that is legally binding unless your information is reasonably close to what is being presented. Sometimes these negotiations can go on for days and you will be tempted to give in and walk away. Instead, take a step back, gather more information as necessary and then start over. When you need more information, ask for it and don't go back to the table until you get it.

Below are some basics to keep in mind when starting to review you and your spouse's positions:

Potential Assets

- Income coming primarily from a corporation controlled by you/your spouse
- Secondary investment income sources
- Secondary and/or income generating properties
- Primary residential property
- Secondary and/or vacation residential property
- Vehicles
- Recreational vehicles (boats, cars, RVs, etc)
- Cash, Cashable Investments, Bonds, RSPs, Pensions
- There are an infinite number of possibilities, but this is a fairly comprehensive list normally

Determining Guideline Income

- Income Tax Returns—personal and notice of assessments
- Corporate Income Tax Returns and notice of assessments
- Financial statements for any corporations which the spouse has 20% or more ownership stake. (Some expenses may need to be backed out in order to determine true income.)
- Investment income statements
- Bank account statements

Dissipation of Assets

Dissipation of assets is the wasting of assets, such as borrowing against the home or selling vehicles at a loss, in order to reduce overall marital assets.

There are many roads to the dissipation of assets – they include not only selling off assets in advance of a separation, but also excessive borrowing, extravagant spending and other methods of depleting familial assets.

- Selling off assets in advance
- Selling assets at a loss
- Renting out properties or other assets at a loss
- Taking equity out of properties
- Taking equity out of the familial ability to borrow via personal lines of credit
- Investing in 'sure deals' which lose money in the end
- Creating additional debt for the family via credit cards, lines of credit and loans.

To help you get the fairest deal, you may need to hire additional professionals—including accountants, actuaries and others. By being well informed, you will prepare yourself for the next steps on the road to independence for you and your children.

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