**Press Release**

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# Tax Tips and Traps in Divorce

DURHAM, NC (March 27, 2013) — Here are two topics you'd probably rather not think about: Divorce and Taxes. However, there are the millions of newly separated or divorced individuals living in the USA who are in desperate need of some good financial advice about both. There are a lot of misconceptions when it comes to how the IRS views divorce. Taking advantage of all available credits and benefits as well as making sure the divorce agreement is structured properly from a tax and financial perspective can pay big dividends – and getting it wrong can be very costly.

The Institute for Divorce Financial Analysts™ (IDFA™) recently asked some of the top Certified Divorce Financial Analyst® (CDFA™) practitioners across North America to share some of their best tips for divorcing individuals during tax season.

## Filing status

"Filing status is often more important than dependency exemptions: someone filing as a Head of Household (HOH) can claim a higher standard deduction and lower tax rates than a single filer," says **Heather Smith Linton (CPA, CFP, CVA, CDFA)**, who practices in Durham, North Carolina. "This can often translate into more of a tax savings than a dependency deduction. A couple needs to have at least two children to make this strategy work," she continues. "The general rule for filing as HOH is that an unmarried taxpayer would have to maintain a household that is the principal place of abode for over half the year for a qualifying child." According to **Justin Reckers (CFP, CDFA)**, who practices in San Diego, California, the HOH filing status strategy is a simple and elegant way to reduce overall tax bills and even has some other benefits. "HOH filing status comes with tax brackets identical to those available to the Married Filing Jointly scenario, but also allows for each party to the divorce to file separate tax returns," he says. Talk to your CDFA professional or accountant about the requirements for claiming HOH to see if this strategy can work for you.

## Joint tax returns

If you are still filing joint returns with your spouse, make sure to review your tax return before signing on the dotted line. "Remember – you will be held liable for what is being reported, whether your spouse or a professional accountant prepared the form," warns **Carlton R. Marcyan (JD, MBA, CPA, CFP, CDFA)**, a partner at Schiller DuCanto & Fleck in Chicago, Illinois. "In my nearly 25 years of practicing law, I would estimate that two out of three spouses do not look at their tax returns before signing and are not aware of what they are consenting to."

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Working with clients and their lawyers, a Certified Divorce Financial Analyst forecasts both the short and long-term effects of the proposed settlement, letting the client and lawyer know what the financial future will look like if the client accepts “Settlement A” or “Settlement B”. CDFA professionals also give lawyers the tools they need to help prove their cases.

Founded in 1993, IDFA is celebrating its 20th anniversary this year. The designation and this niche industry are expanding rapidly as the more than two-million people who will divorce this year in the US and Canada search for alternative divorce processes – from collaborative divorce to mediation – rather than litigating their case using lawyers as their only line of defense.

CDFA professionals are found throughout the US and Canada, from Los Angeles to New York to Toronto. IDFA is the premier national organization dedicated to the certification, education, and promotion of the use of financial professionals in the divorce arena.

To read more tips regarding divorce and taxes, go to:
www.institutedfa.com/Professionals.php?Articles-Tax-Tips-and-Traps-69.

To interview a CDFA professional on this topic, email your request to info@InstituteDFA.com.

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