

The Role of the Financial Consultant in our Collaborative Process

When couples separate they need to review and to rearrange their family finances in order to achieve a smooth and workable financial separation.

A collaborative lawyer does not have the right knowledge and experience to advise on such financial matters.

A neutral financial consultant is often invited to join the collaborative team if they can add value. It is not every case that needs the input of a financial consultant, but in many cases this experience is invaluable. It is not uncommon for one or other of the separating couple to have taken the lead in the financial planning and organising during the relationship. In our collaborative process we need to ensure that the other person is brought up to speed with the nature and extent of the financial assets and to ensure that they are able to engage properly in the search around the collaborative table for an acceptable financial solution.

Reasons for using a financial consultant around the collaborative table:

1. The consultant can assist the couple to secure relevant financial information and can educate and inform them about the current financial structure.
2. Clients will achieve well informed independent advice delivered in a cost effective way (the hourly rate will be lower than that of the collaborative lawyers and is it a cost which is shared between the couple).
3. The financial consultant chosen to work collaboratively will be truly independent and dedicated to working around the collaborative table.
4. The financial consultant will have suitable knowledge and experience to assist the couple with the generation and reality testing of options/possible solutions.
5. The financial consultant is a truly neutral advisor who will not work with the couple beyond the collaborative case and will maintain their neutrality at all times.

Case Outline

Below is a case outline of a couple working collaboratively who benefitted from the input of a financial consultant in their case (the characters are fictional).

Wife – Charlotte, aged 48 years, who is a part time teacher.

Husband – Toby, aged 64 years, who is a surgeon facing retirement in the next 12 months.

Charlotte and Toby have been married for twenty years. They have two children, Matthew aged 18 years, who is in his first year at University and Grace, aged 15 years who is in private education and has just commenced her GCSE year.

Charlotte and Toby have the following capital:

- Equity in their family home - £500,000
- Equity in a holiday home - £115,000
- A variety of investments in their joint and sole names - £100,000
- Charlotte has a teacher's pension.
- Toby has an NHS pension.

Charlotte and Toby are concerned about their financial future. When Toby retires he will receive a healthy NHS pension but it will still represent a significant reduction in his annual income. Charlotte wonders whether a return to work full time is on the cards for her. Charlotte and Toby are united in their wish to ensure that the children's education and lifestyle is in no way affected by their decision to separate.

During the course of the marriage, Toby has been responsible for organising the family's financial planning and Charlotte has been responsible for the day to day organisation of the family household.

- A financial consultant is introduced into the collaborative process at meeting number two, and by this stage Toby and Charlotte has cooperated in the gathering together of financial information and documentation.
- The financial advisor has helped Toby and Charlotte to complete and refine their estimated budgets for the future for themselves and the children in order to establish the family income needs going forward.
- The financial consultant helps to bring Charlotte up to date in relation to the nature and extent of the assets and pension in the case. He also has the role of demystifying the pension position and explaining and advising about the future pension options.
- The financial consultant then attends meeting 3 when Charlotte and Toby are exploring a variety of options open to them and is of great assistance in reality testing the financial impact of some of those options.
- Charlotte and Toby find the input from the financial consultant invaluable. They both understand that his status is completely neutral within the process and his early introduction to them assists in the building of a rapport.