When you're negotiating your divorce settlement, preparation is the key to success. Are you really ready to negotiate your future?

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During the course of your marriage, you accumulated both assets and liabilities. Although there are regional differences when it, comes to who gets what, basically, everything purchased, received, or saved during your marriage must be divided when you divorce. So now you're about to sit down and negotiate a financial settlement with your ex -- but are you truly ready to do so?

As with any negotiation, preparation -- including a thorough understanding of the situation, as well as assistance from professionals to ensure your interests are being protected -- is the key to success. Here are a few questions you need to be able to answer before sitting down to negotiate.

Do you know what your marital assets are?

You can't divide the marital assets fairly if you don't know what's there. The discovery process, which can be informal or formal, is important in every divorce. The informal way is to exchange lists of your assets and debts in an affidavit form. This method should only be used if you are sure that you know everything that exists in your estate; if you're not sure, then a more formal means of discovery should be utilized. One such method is called "interrogatories," in which each lawyer has their client list, under oath, information about assets, liabilities, and income. This process provides everyone involved with a complete economic picture before starting negotiations. In some cases where more discovery is needed, depositions are taken. Depositions are statements under oath with a court reporter present.

What if there's a business or professional practice involved?

A business or professional practice tends to complicate a divorce. More often than not, the value of the business becomes a focal point of contention. Couples need to seriously consider getting a professional and objective valuation of the business. The costs of a professional valuation are usually steep, but you can't divide something fairly if you don't know its true worth.

Then comes the question of what to do with the business. There are a few options, such as:

- One spouse keeps the business and gives the other a reciprocal dollar value using other assets.
- Sell the business and split the proceeds.
- Keep ownership in the business at 50/50.

In a business-owner situation, the business is usually most or all of their net worth, so there aren't enough other assets to compensate the other spouse. Even if selling the business is an option (it usually isn't), finding a buyer to pay the right price within an acceptable time frame is practically impossible. Most divorcing couples don't want to maintain a relationship -- not even a business relationship -- after the divorce. So what do you do? The only real options are a property settlement note (one spouse buys the other's share in a series of installment payments at a market-interest rate) or a spousal-support arrangement to compensate for the difference.

What about a budget?

It is critical to determine the incomes and expenses of the parties and to try to estimate what the future expenses will be after the divorce is final. If there are children, one spouse will probably pay child support to the other, and in many marriages, one spouse will also pay spousal support ("alimony"). It is important to determine both income levels and future needs before you start negotiations. A Certified Divorce Planner (CDP) can play a critical role in determining both a budget and cash-flow needs. A CDP can also help to plan a course of action for the future by preparing different scenarios utilizing assumptions based upon needs and projections with different income levels.