

# DIVORCING YOU WHEN THEY DIVORCE THEIR SPOUSE?





# DIVORCE EXPERT(ISE)



- ◆ A child of divorce at age 9
- ◆ Divorced in 1999 after a 28 year relationship
- ◆ First case in 1990 as a CFP® student
- ◆ Began focusing on divorce financial planning as a niche in 2010
- ◆ Designations: CFP®, CDFA™, AIF®, MS in Financial Planning
- ◆ 29 years of experience, working on an average of 10-14 cases each week
- ◆ Clean regulatory record
- ◆ Author of “Love-Jacked, Divorce Your Spouse, Not Your Dollars”
- ◆ Speaker at the monthly nonprofit Second Saturday workshop in Fairfax, VA
- ◆ National speaker on divorce financial planning
- ◆ Use math modeling to show one or both parties’ outcomes

“We are agnostic as to the outcome – our job is to demonstrate the financial impact of what is being considered.”

# “We’re getting a divorce, now what?”



The client(s) you had  
vs.  
The client(s) you  
now have



How to serve them  
best as they go through  
one of life’s toughest  
transitions



Taxes  
Trials  
Testimony



Woulda  
Coulda  
Shoulda

*Preparing your  
marrieds now*

# THE LANDSCAPE

In 2013, in Virginia, there were 29,465 divorces. In the Northern Virginia counties where we focus, there were 8,211 divorces. (Source: <https://www.vdh.virginia.gov/HealthStats/documents/2010/pdfs/DivCC13.pdf>)

In 2017, in Tennessee, there were 55,301 divorces. Here, in Davidson County, 6,060 divorces. (Source: <https://www.tn.gov/content/dam/tn/health/documents/vital-statistics/marriage-divorce/TN%20Marriages%20Divorces%20-%202017prel.pdf>)

**2,245,4040**

NUMBER OF MARRIAGES

**6.9 PER 1,000**  
TOTAL POPULATION

MARRIAGE RATE

**827,261**

NUMBER OF DIVORCES

**3.2 PER 1,000**  
TOTAL POPULATION

# CHOICE OF PROCESS

Kitchen  
Table

Attorney  
Negotiation

Mediation/  
Collaboration

Arbitration

War  
of the Roses

# CASE STUDY

## #1

*The couple was married for 23 years. They have three children – 19-25. They have a \$6 million estate, 2 homes. Wealth is from husband's executive position at Fortune 100 company for almost 40 years.*

*My client is the wife.*

- Neither party understood their estate
- Capital gains
- Big difference in value of two homes
- Stock Options major sticking point
- Client's effective tax rate vs husband's
- Alimony
- Transfer period is 5+ years
- Our fee was \$38,500.00 representing 110 hours of work over a period of 11 months

## WHAT HAPPENED TO THE CLIENT?

- ◆ *Client's \$6 million estate became \$3 million*
- ◆ *Client spent \$200,000 from the estate*
- ◆ *Client's investments were hostage to the process*
- ◆ *Client left the advisor*

## WHAT HAPPENED TO THE ADVISOR?

- ◆ *Advisor spends unpaid time on client divorce*
- ◆ *Advisor must obey subpoena*
- ◆ *Advisor must manage investments to process*
- ◆ *Advisor losing fees with accounts*



## What happened to the spouse client?

- ◆ Client received a little over \$3M in her own name
- ◆ Client lost \$100,000 to the process
- ◆ Gained \$506,000 in stock options in the process
- ◆ Client's investments were hostage to process
- ◆ Client found a new advisor



# WHERE DID MY CLIENT(S) GO?

DIVORCE  
FOG

TRUST ISSUES  
(INCLUDING YOU)

FEAR

CHANGES CAN  
BE FAST,  
CONSTANT,  
AND DEBILITATING

# REWRITING HISTORY

## What *could* have been different

- ◆ Advisor insists on a relationship with both parties
- ◆ Advisor keeps copious notes
- ◆ Advisor addresses investments during the process
- ◆ Advisor provides information (saving clients \$\$)

## What *should* have been different

- ◆ “I’m sorry you’re going through this”
- ◆ “How can I help you?”
- ◆ Advisor has a three person list of the best divorce financial planners in the US
- ◆ Advisor retains one or both clients

# DOCUMENTS MAKE THE DIFFERENCE

- DATE OF MARRIAGE AND DATE OF SEPARATION
- TWO YEARS MOST RECENT TAX RETURNS
- BIRTHDAY OF YOU AND YOUR SPOUSE
- NAMES AND BIRTHDAYS OF ALL CHILDREN
- PENSION STATEMENTS WITH PAYOUT OPTIONS
- MOST RECENT ACCOUNT *STATEMENTS*, NOT INTERNET BALANCES
- ALL RETIREMENT ACCOUNT STATEMENTS
- CREDIT CARD STATEMENTS

# MORE (BUT NECESSARY) DOCUMENTS

- LOAN DOCUMENTS (TERM, INTEREST RATE, PAYMENT, AMOUNT BORROWED)
- INSURANCE POLICIES DECLARATION PAGE(S)
- STOCK OPTION STATEMENTS
- DEFERRED COMPENSATION
- SOCIAL SECURITY STATEMENTS
- EMPLOYEE BENEFIT BOOKLET OR SUMMARY DESCRIPTION
- DIVORCE PROPERTY SETTLEMENT AGREEMENT
- PRENUP

# IS THERE ANYTHING ELSE?

- CURRENT INCOME (PAYSTUBS)
- REAL ESTATE OWNED (LOCATION, DATE PURCHASED, COST, MKT VALUE, USE OF PROPERTY)
- KNOWN OR PROBABLE INHERITANCES
- RENTAL INCOME
- PROMISED CHARITABLE GIFTS
- BUSINESSES
- PARTICIPATION OR OWNERSHIP IN ANY CRYPTO-CURRENCIES

WHAT YOUR CLIENTS  
*REALLY* SPEND



# THE ACCOUNTS

Net Worth

**\$21,442,904**

as of today

Investments

**\$15,830,224**

as of today

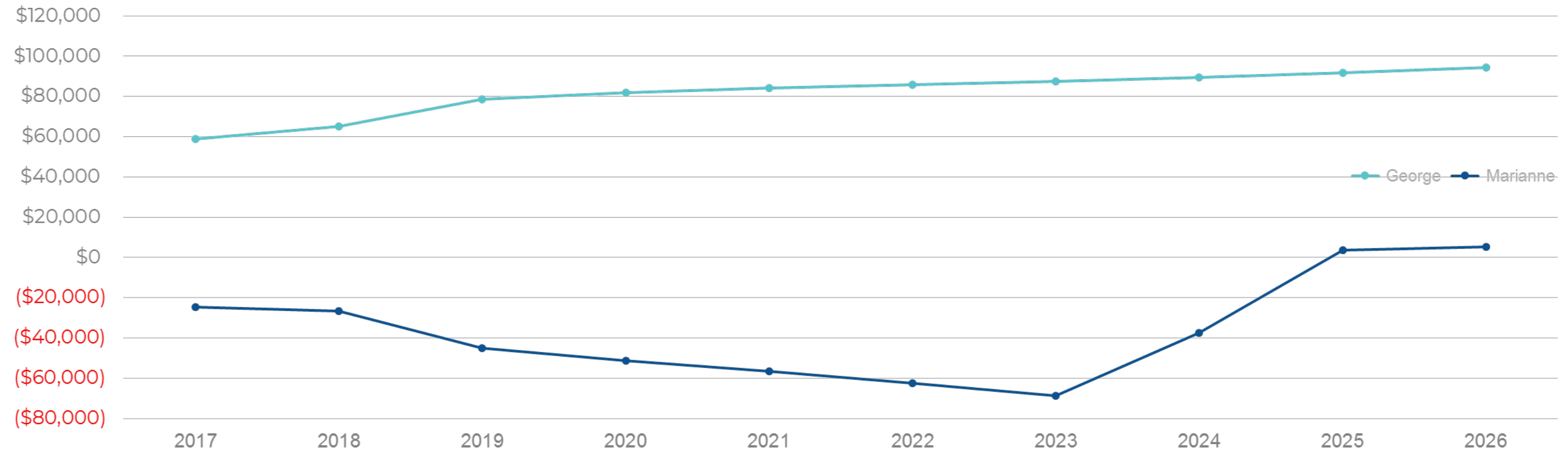
## Asset Allocation



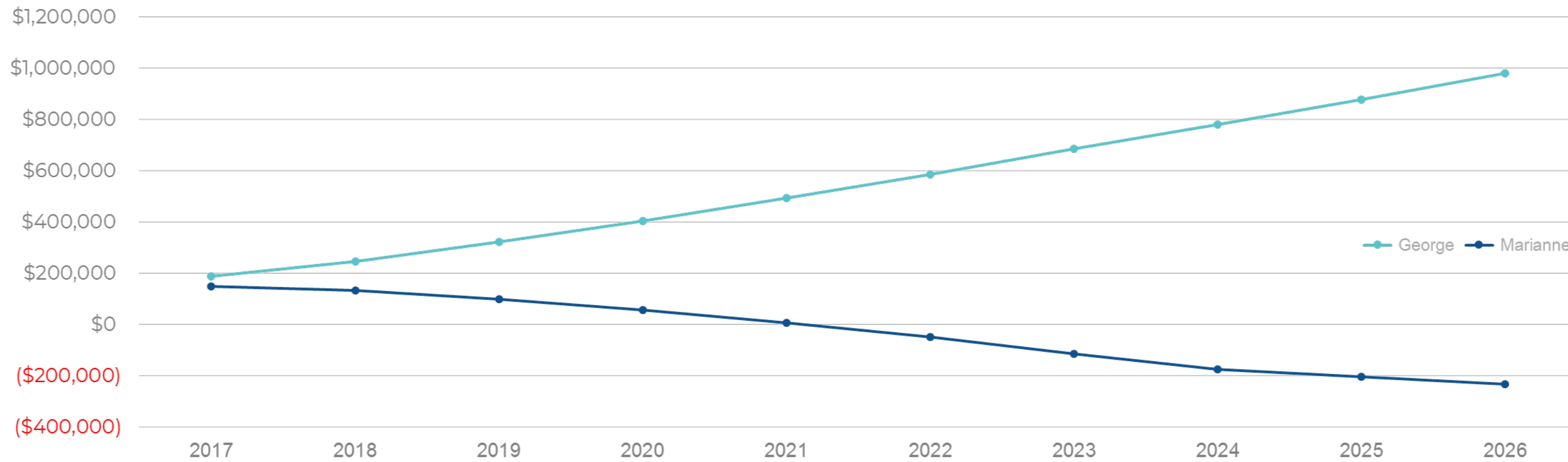
● Equities	\$11,441,601.20	64.63%
● Taxable Bonds	\$4,369,130.80	24.68%
● Cash	\$1,068,777.11	6.04%
● Other	\$821,365.29	4.64%
● Tax Exempt Bonds	\$3,226.95	0.02%

# {GEORGE V. MARIANNE}

ABILITY TO  
PAY BILLS

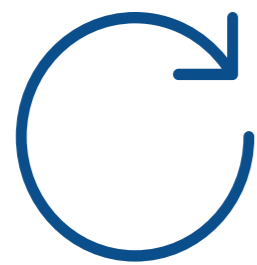


FINANCIAL  
FOUNDATION





# UNCHARTED TERRITORY



HEALTHCARE GAP  
+  
COVERAGE



COST OF  
INVESTING



“PACK YOUR BAGS,  
WE’RE GOING ON  
A GUILT TRIP!”

# CASE STUDY

## #2

*The couple was married for 23 years. They have two children – 16 + 13. They have a \$45 million estate, 4 homes, and a profitable business. My client is the wife.*

- Tax opportunities in the settlement
- Capital gains
- Deferred taxes in alternatives
- Filing status
- Client's effective tax rate
- Net check on sale of business
- Alimony
- Testimony
- Fee was \$84,000 representing 240 hours over 2 years



LOWER INCOME  
OR  
ABUSIVE DIVORCE  
REALITIES

# CASE STUDY

## #3

*Lower income case study*

*\$1 million+ estate, the main breadwinner retired early at age 60. My client, the wife, wanted to keep her pension*

- Used an inexperienced attorney to save money
- Victim of her own work ethic
- Her fee \$3500 (10 hours work), we were successful in modeling why she had to keep her pension. She received \$250k in other retirement accounts. She was able to keep the home and refinance.
- Today, she's a managed client and we manage her portfolio for income until age 70 when her pension kicks in and she takes Social Security. It is likely she will also inherit 1/3 of her mom's substantial estate.

# CASE STUDY

## #4

*Typical client case study*

*Both parents are aged 51 and working. 4  
children aged 15-23.*

*Both spouses are my client.*

- Income difference: \$34,000/month vs. \$5,800/month
- \$1.6 million estate
- Over \$950,000 in the marital home
- This is an alimony case. Fee was \$2,350.

# WHERE ARE THEY NOW?

1

Became a WM client. We had additional legal fees because of the transfer process, but otherwise moving forward.

2

Became a WM client for assets that have transferred. Possible law suit going forward.

3

Became a WM client. Happy in her life, looking forward to her future.

4

Did not become a client. He has since inherited, her status in unknown.

# DANGER ZONE

FOR YOU, THEIR TRUSTED ADVISOR

*ALL OF THE PEOPLE WHO MAY REVIEW YOUR  
WORK:*

1. Attorneys on both sides
2. Judges + the court
3. Divorce Financial Planners (we use your work to get ours done)
4. Estate planners
5. Family
6. Friends





## TESTIMONY + TRIALS

- ◆ If done well, our work can prevent court
- ◆ You may be called
- ◆ I may be called
- ◆ The court experience



# PREPARING YOUR CLIENT FOR DIVORCE

## THE PAST

Title mattered

Mostly male

Spouse in the dark

One person ends up broke

## THE PRESENT

Power in the purse

Male + female

Very fast learning track

One person ends up broke – less  
often!

## THE FUTURE

Blockchain

The entire family

Digital difference (easier to  
learn)

All parties are able to move on  
financially



## Client A.D. (after divorce)

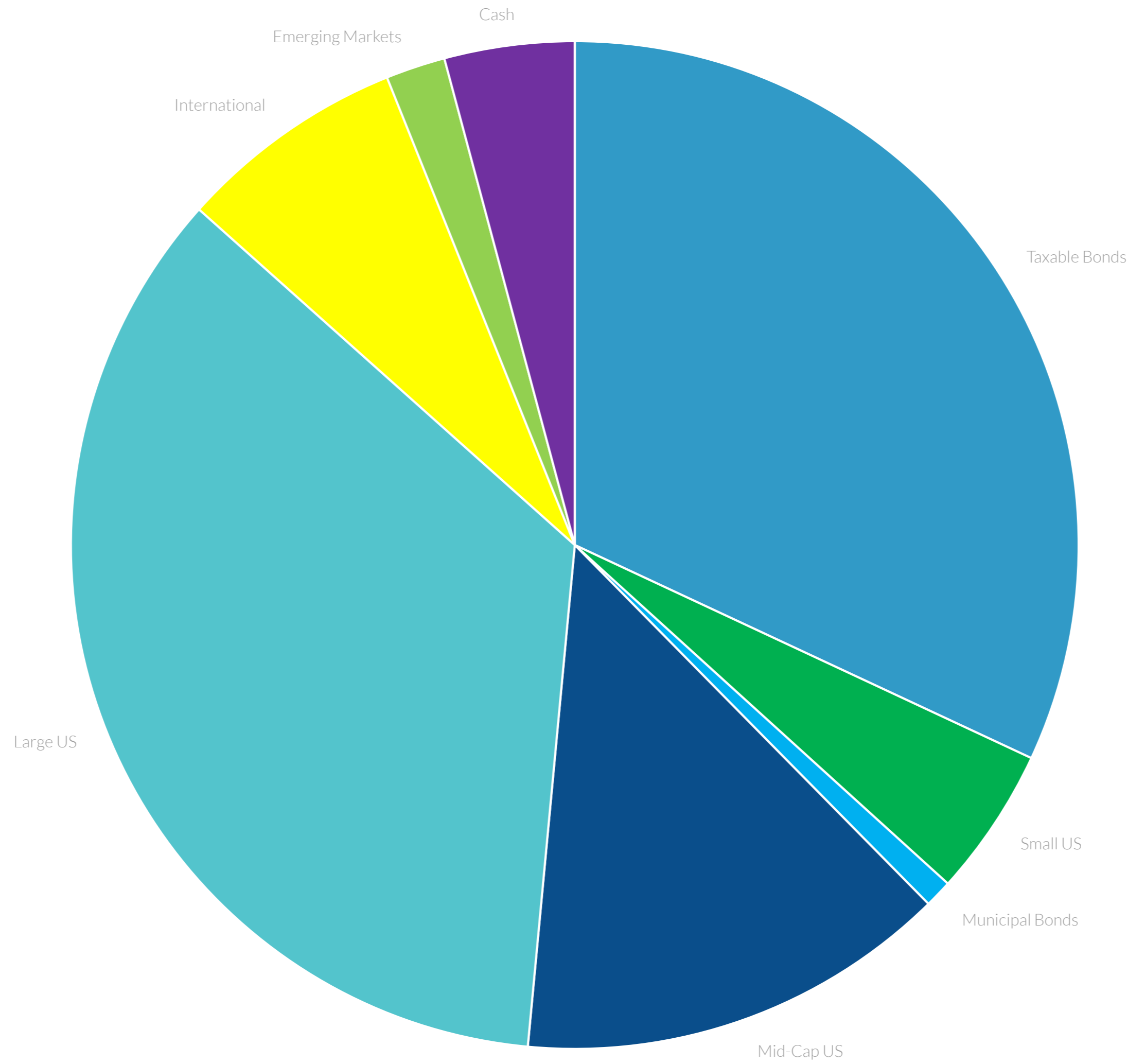
Divorce Fatigue



# MAP TO THE FUTURE

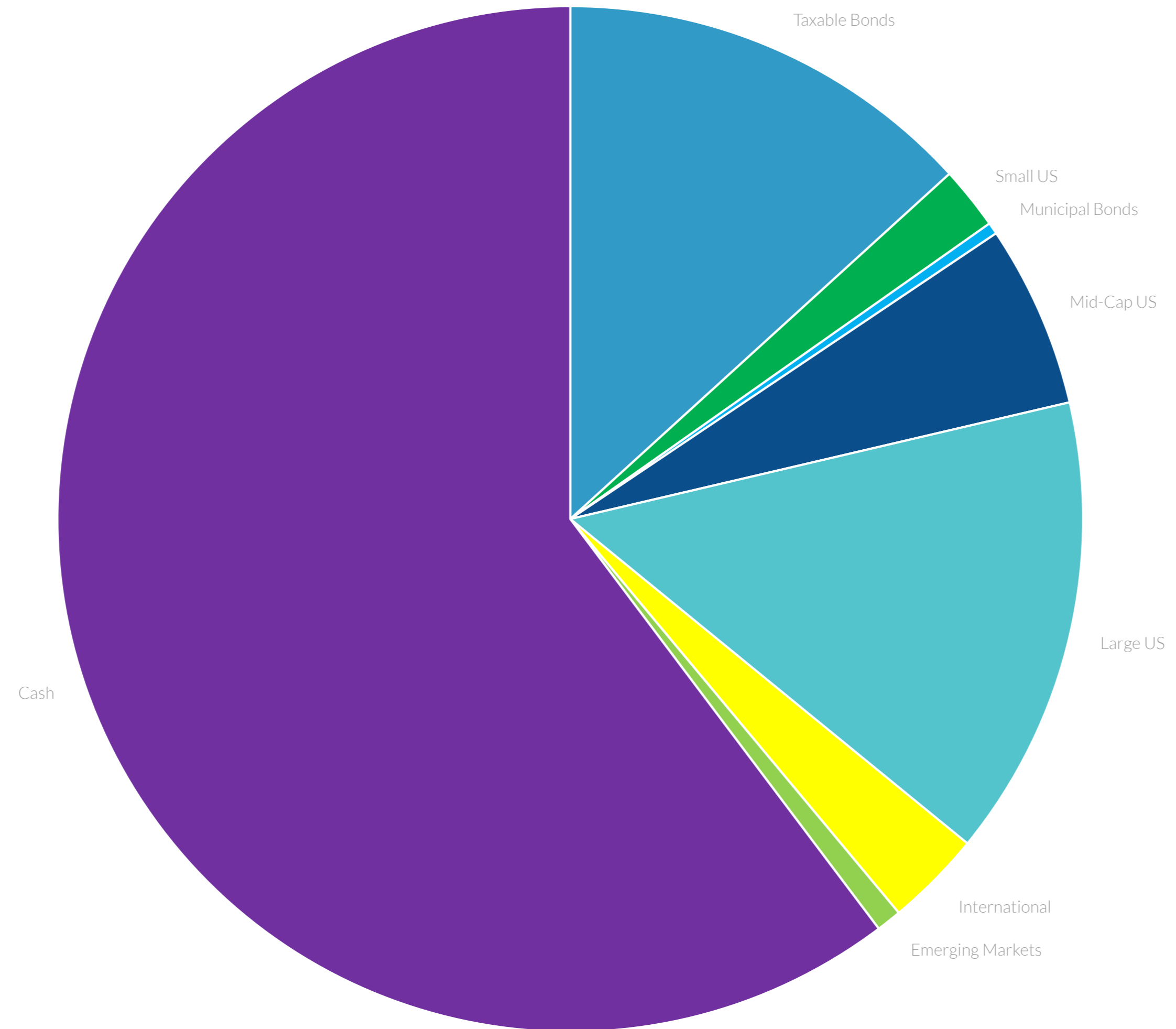
MSA Signed 9/20/2018							Approximate	
Account/Action	Who	30 Day	45 Day	60 Day	Other	Amount	Notes	
Spousal Support	Him	Ongoing			1st of every month	\$18,000	taxable for 120months and on 12/1/18 by direct deposit	
Pay Home Eq & other Equalization	Him	Done				\$375,000	See below from TD Ameritrade, funds received	
Virginia Residence	Him			11/19/2018			Refi - Her, Release by Warranty Deed - Him	
California Residence	Her			11/19/2018			Release by Warranty Deed - Her	
Timeshare - OuterBanks	Both				Annually		Even yr - He gets 1 3rd week, preferred wk, Odd = Her same	
Rental - Florida	Him				Annually		And any special assessments	
2018 Range Rover	Him	Done					He transfers title	
2005 Porsche 911	Her				"promptly"		She transfers title	
2017Mercedes C400	Her				"promptly"		She transfers title	
Exercise Equipment Home Gym	Her				9/30/2018		She selects treadmill/bike	
Furniture from Primary Home	Him	Done					He ships her furniture at his expense to her home	
Bank accounts	Both	Done					Contact bank, provide PSA, get 1/2 the amount plus stmts.	
TD Ameritrade	Him	Done			"promptly"	\$650,000	He provides stmt of value for 10/25/2018	
TD Ameritrade	Him	Done					Hel was provided her New Acct info on 11/6/2018	
TD Ameritrade	Him	Done					He instructs TD to comply with transfer of her share	
TD Ameritrade	Him	Done				\$375,000	Cash to her	
TD Ameritrade	Her	Done					Sign transfer paperwork - we will submit same day.	
Bank of America College Fund	Both	Done					Plus documentation	
Company RSUs	Him	Ongoing			as they vest	\$456,000	see Exhibit A on PSA for schedule	
Company StockOptions	Him	Done				\$24,300	Check sent	
Term Life Insurance	Done	ISSUE - Need to re-title policy						Premium has been paid for 2018
Company 401(k)	Her				ASAP	\$1,000,582	QDRO divides value 6/05/2018 +gains/losses to date of division	
Company 457	Her	Lump Sum			ASAP	\$62,388	LUMP SUM	
Company pension	Her				ASAP	\$64,000	QDRO divides value in the future by coverture fraction	
Company supplemental pension	Her				ASAP	\$1,044,500	QDRO divides value in the future by coverture fraction	
Company Deferred compensation	Her	Lum Sum			ASAP	\$249,444	LUMP SUM	
Company Stock Purchase Plan	Her	Lump Sum				\$3,751	LUMP SUM	
Tax Return 2018	Her	Done						
HEALTH INSURANCE	Her	Done					Qualifying event 11/1 she will file paperwork for COBRA.	

# MARITAL PORFOLIO

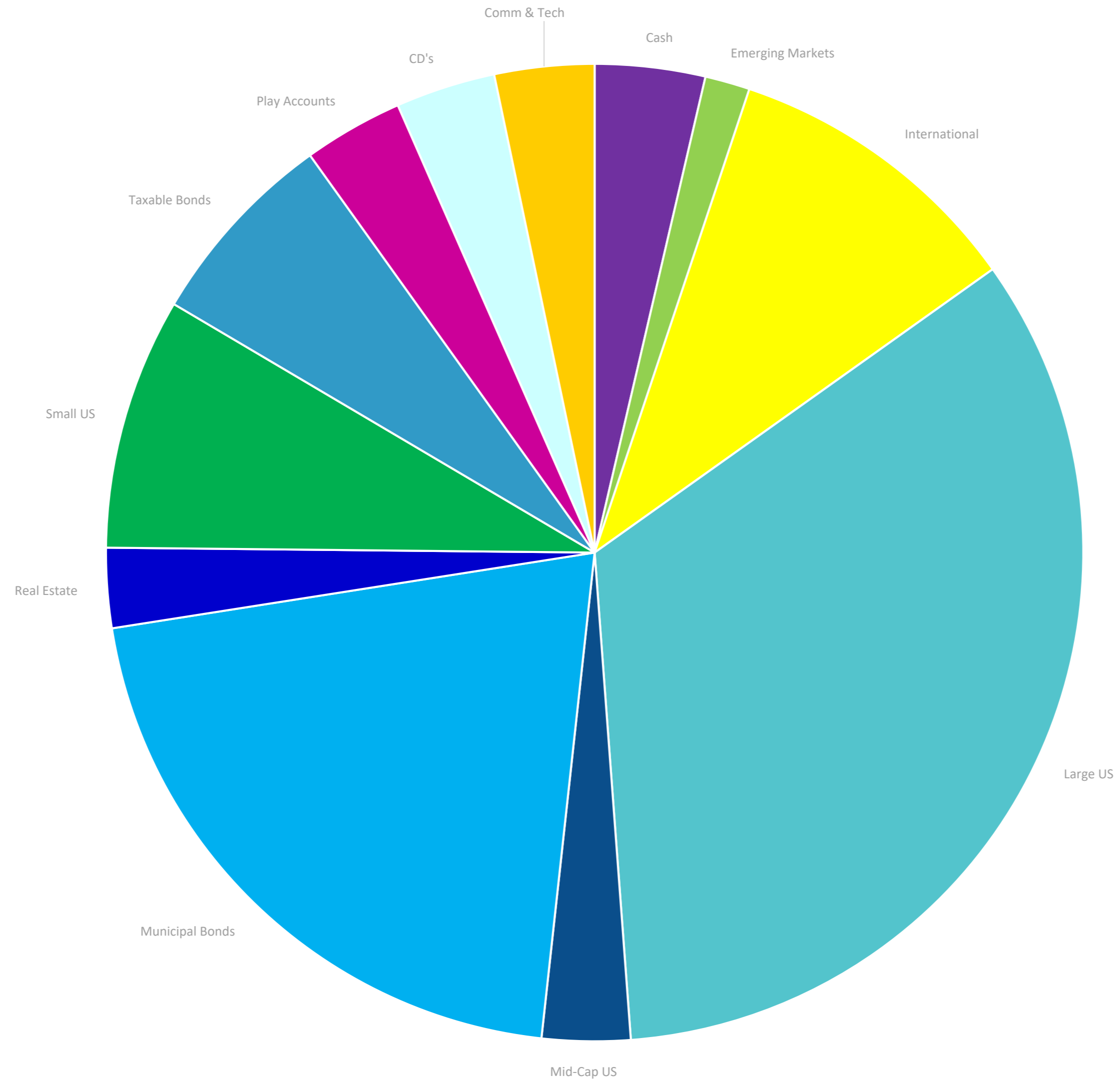


■ Taxable Bonds ■ Small US ■ Municipal Bonds ■ Mid-Cap US ■ Large US ■ International ■ Emerging Markets ■ Cash

# POST-DIVORCE PORTFOLIO



# RECOMMENDED PORTFOLIO



■ Cash 
 ■ Emerging Markets 
 ■ International 
 ■ Large US 
 ■ Mid-Cap US 
 ■ Municipal Bonds 
 ■ Real Estate 
 ■ Small US 
 ■ Taxable Bonds 
 ■ Play Accounts 
 ■ CD's 
 ■ Comm & Tech

Your client's fabulous financial future





Q U E S T I O N

+

A N S W E R

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