

Divorce: The Number One Financial Earthquake

It is not the drama of the stock market adjustments like the 2000 bubble burst but divorce and legal separations. Having financial responsibilities to dependents and owning a business complicate issues that are, without doubt, expensive to resolve. My experience is that both parties feel they did not get a fair deal. Asset distribution is contentious for 99% of all divorce proceedings. Dependent children issues are filled with sneaker waves and heart wrenching issues.

Divorce ranks among life's most painful events. It takes on a grieving process akin to death. The emotional impact of divorce does not end with the signing of the order of dissolution. Men and women tend to approach marriage dissolution differently. Therein may lie the root of most problems. Advice abounds from friends and relatives. Attorneys may suggest counseling, but by the time you are seriously into the process the attorney sees only "you winning your fair share". What will it take to do this? Probably longer than you think as well as more expensive than you plan. Again, my experience is that a high percentage of divorced couples have a love/hate relationship with their attorneys. It is hard to do everything they propose while the clock is ticking on fees. Mediation is a subject all its own and cannot be adequately covered in this short article

Oregon is third in the nation for divorce. According to attorneys Gevurtz & Menashe, 55% of Oregon marriages result in divorce. Second marriages involving children have a 75% percent failure rate. As a financial advisor all I can do is make financial suggestion on division of property, pension funds, life insurance, health insurance considerations and business interests. Occasionally I am called to testify. This is always the attorney's call if it will benefit the case if it goes to court. The majority of divorce cases do not end up before judges, however the more assets the more likely.

Standing at the alter we have a deep belief in the strength of our partnership. Pre-nuptial agreements certainly seem unnecessary. The pre-nuptial contract spells out what actions are acceptable and financial considerations that may be counted on. Business interests and accumulated assets tend to change over time so "may" is the operative. Mutual trust in dealing with financial matters is paramount. Both parties need to have the confidence that all financial issues are on the table. Having joint financial reviews as well as joint tax consulting goes along way for everyone's piece of mind and helps build trust. I hear time and again from divorced clients that they "wish they had" consulted both a tax and investment advisor agent or representative during the process

Obviously this short article does not cover all aspects of these issues nor an attempt to resolve them. Refer to " My Fair Share" by Kathleen Miller CPA, "Why Marriages Succeed or Fail" by John Gottman or "Building a New Life" by Abigail Trafford-First.