LIFE SPANS

THE BRIDGE DIVORCE STRATEGIES NEWSLETTER

INTERESTING INFO YOU CAN READ OVER A SINGLE CUP OF COFFEE!

JANE DOE STORY OF THE MONTH

Greed can be corrupting. In this story, the greedy one wasn't Jane. It wasn't her former husband. It wasn't her attorney. It was an insidious third party. Jane and her husband divorced after a 23-year marriage. The kids were grown. Jane had a retail job that she used for spending money.

Her husband, on the other hand, made a ton. And the couple, prior to splitting, had relied on a good-sized regional financial-planning firm to manage their sizable—we're talking $8 million—portfolio. The divorce decree split that portfolio down the middle. So far, so straightforward. But, shockingly, the financial-planning firm still wanted to keep both the husband and the wife as clients, post-divorce.

Talk about a conflict of interest. They should've acted professionally. They should've resigned the joint account immediately. But they didn't. They were greedy. Their fee revenue on just half the assets was $25K a year. But they wanted it all—even though they had information that had been shared in confidence, prior to the divorce, that could be used against the other party, after the divorce.

Not only that, they weren't providing Jane with the information she wanted. And so, she reasonably asked, "How will I make sure I get my share of the assets?" Fortunately, we were on the case and Jane's attorney didn't have to field those types of questions.

This was about moving financial assets, not legal advice. Plus, it's difficult to justify billing your hourly rate for legal counsel when you're merely dispensing what are, at best, administrative instructions.

Here's the lesson. Once that divorce case is settled and the decree is signed, you want to move on. But your clients still have needs. In Hollywood, people would say "Talk to my agent." For family law attorneys, you can just say, "Talk to Bridge Financial Strategies."

FINANCIAL TIP OF THE MONTH

Although the dependency exemption is no longer, the Qualifying Child determination is still a very big tax deal. After a divorce, each former spouse will have a new filing status. When there are dependent children involved, being able to qualify to file as Head of Household has significant benefits to filing Single. In addition, certain tax credits follow the Qualifying Child, so it is important to be intentional about clarifying this in the divorce documents.

Individuals must meet a number of requirements for age, relationship, and residence, and there are special tie-breaker rules for cases where a child could be the Qualifying Child for more than one person (e.g., divorced spouses). As such, there are divorce planning opportunities—especially in cases where there is more than one child—that can minimize the overall tax burden and leave more to the parties and leave less for Uncle Sam.

THERE REALLY IS A FREE LUNCH

We would like to bring a nice, tasty lunch to your office! It gets better: We'd like to teach you things about the financial side of divorce that fly under your radar—and help you earn up to three hours of CLE credit in the process!

Simply give us a call at (480) 378-2383 (or send an email to carma.hall@bridgefinancialstrategies.com) and say, "Hey! We'd love to take you up on that lunch-and-learn opportunity!" There's no obligation. Call us today!

FIND US AT:
Bridge Divorce Strategies
11111 N Scottsdale Rd., Suite 205K
Scottsdale, AZ 85254
(480) 378-2383

www.bridgedivorcestrategies.com

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