

LIFE SPANS

THE BRIDGE DIVORCE STRATEGIES NEWSLETTER

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

IN THIS ISSUE:

- Jane Doe story of the month
- Financial tip of the month
- There is such a thing as a free lunch



JULIE KERN, CPA, CFP®, CDFA®

JANE DOE STORY OF THE MONTH

As an attorney, sometimes you're handed a no-brainer case, almost like a gift. On the surface, this Jane Doe story will seem like one of those. Which begs the question: Why did Jane's attorney, in this story, call on me? Read and find out:

Jane and her husband had been married 20 years when their marriage fell apart. I need to be delicate here, but let's just say that the husband had been a little too bold in his indiscretions; think "internet." This came back to bite him, career-wise, and he lost his job over it, and had to settle for a lower-paying job elsewhere.

Jane and her husband had four kids ranging from preschool to high school. One had special needs. And all those years that the husband had been working, Jane was a stay-at-home mom, with no real career skills.

When it came to child support, the husband offered a 50/50 split in time, and \$499 a month to Jane. Jane knew that the actual time-split would be more like 80/20, with her doing the heavy lifting; the husband just said "50/50" to argue for a lower child-support number. But of course, in his defense, the husband was working at a lower-paying job now.

Okay. I've saved the good part for here: The "lower-paying job" paid nearly \$400k a year. His old job paid about \$800k.

Yes! A no-brainer. His hubris is landing him straight in the courtroom. But why were my services needed?

There are lots of reasons. Such as the 100-odd line items I needed to track down and input into special software to break out things like "kids' groceries vs. mom's groceries," preschool/therapy costs, child care, summer school, and so on. All of these are needed to justify a deviation from standard Arizona guidelines for child support—especially in light of the lifestyle those kids had grown up with, to spare them the shock of a sudden plunge into poverty.

FINANCIAL TIP OF THE MONTH

Splitting marital property is always complicated. Assets such as a pension are tricky; it's more than the account balance. It is a future stream of income whose value is affected by taxes, discount rates, community property percentages, and the health of the participant..

Here's another one that often catches attorneys off-guard: Retirement accounts. These can be especially tricky and, on the surface, deceptively simple-looking. Take, for example, a Roth IRA. When you calculate the division of community property, a Roth is worth more than an "equally valued" SEP-IRA, because the former won't require taxes when it pays out, while the latter does. Similarly, a 401(k) can be more valuable to the non-participant spouse than an equally-valued IRA, since they could take penalty-free distributions from the account before reaching age 59½.

Don't wade into these waters alone. One quick call to me will save you from these pitfalls and potential liabilities.

THERE REALLY IS A FREE LUNCH

Given today's COVID-19 environment, we are now offering online CLE, and will order lunch for the attorneys in your office who would like to participate from their remote locations. What a tasty way to learn things about the financial side of divorce that fly under your radar—and help you earn from one 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@bridgedivorcestrategies.com) and say, "Hey! We'd love to take you up on that ingenious remote 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

