LIFE SPANS
THE BRIDGE DIVORCE STRATEGIES NEWSLETTER

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

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JANE DOE STORY OF THE MONTH

Jane is in her late fifties. She's been a stay-at-home mom forever, with no marketable skills or recent education. Her son is in his late teens.

And while Jane lacks a formal education, she's savvy when it comes to investing. She'd better be: She and her husband had amassed a million-dollar non-retirement portfolio at the time of their separation.

The couple had a financial advisor: Jane's sister-in-law. That's right: the sister of Jane's husband. So you won't be surprised to learn that, as the marriage crumbled, this financial advisor suddenly wasn't as forthcoming as she should've been. She refused to provide financial statements ("Oh, those go too far back. They're not available.") Jane wanted a snapshot of the accounts on the date of separation—the date the assets should be valued—but was told, "We can't do that."

Jane, smartly, went over her sister-in-law's head and filed a complaint at the major investment firm where the portfolio resided.

It gets stickier. According to the sister-in-law, the portfolio was returning an incredible 12 percent: on a million dollars, that's $120k a year, *i.e.,* no spousal maintenance required.

Jane's attorney was wary: "12 percent" sounded too high. But what was reasonable? What was realistic?

Here's what we found, after digging and calculating. Turns out the portfolio was super-aggressive—mostly equities—and highly volatile. Sure, it could return 12 percent, in a good year, but it could tank just as quickly. Importantly, it was totally inappropriate for Jane at her age. She couldn't afford to absorb, say, a 40-percent loss. It would be devastating. She wouldn't have the time to recover before withdrawing from the portfolio.

In other words, re-investing in a more conservative/age-appropriate portfolio would yield a return of about *five percent*—only $50k a year. In other words: "Room for spousal maintenance"! Needless to say, Jane's attorney went from hero to super-hero, armed with this information.

FINANCIAL TIP OF THE MONTH

Are you familiar with the Earned Income Credit?

It's a refundable tax credit for low- to moderate-income working individuals and couples, particularly those with children. The amount of Earned Income Tax Credit benefit depends on the recipient's income and number of qualifying children.

Yet regardless of who claims the child as a dependent, *the credit can only be claimed by the custodial parent, which the IRS defines as the parent with whom the child spent over 50 percent of the year.*

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@bridgefinancialstrategies.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!

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