

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

In most of our Jane Doe stories, we're able to help out Jane—and her attorney. Sadly, that's not the case here. It's not because we were unable. It's simply because we were never called in. We learned about this story after the fact, and it's painful even to retell it, but here goes:

A stay-at-home mom raising two kids, Jane had good reason to part ways with her husband. Although he was earning \$275,000 a year, he was unable to see anyone else's point of view but his own. That's not an exaggeration: He'd been diagnosed with "narcissistic personality disorder," an incurable condition. To say this made the divorce challenging for Jane and her attorney is an understatement.

It unfortunately gets worse. When they went to mediation, Jane brought along a friend from church: a guy who worked in insurance who would serve as the "financial person."

He was in over his head. He couldn't go do the complex calculations required. He lacked the modeling software. He was more of a liability than an asset to Jane's attorney.

The mediation went poorly for Jane. The husband threatened to walk out of the proceedings. The mediator lost control. Exasperated, Jane's attorney advised her to take what was being offered her: "It's better than what you'd get in court."

That's debatable. After a 27-year marriage, Jane got a scant three years of alimony: one year at \$3,000 a month, and two years at \$1,000 a month. She was bullied into taking the house—a bad asset that she couldn't afford to maintain. She was ordered to pay private-school tuition for her daughter, to the tune of \$1,100 a month.

Today, Jane is struggling. She's working full-time as an administrative assistant. If only she—and her attorney—had had someone like us in her corner, she'd be in far better shape today.

It's amazing how quickly the right information can defuse a tense and contentious situation.

FINANCIAL TIP OF THE MONTH

According to IRC §72, if a taxpayer under age 59½ receives any amount from a qualified retirement plan, then a ten-percent penalty is applied. But there are exceptions—and one pertains to divorce. §72(t)(2)(C) stipulates that no penalty will be assessed on "any distribution to an alternate payee pursuant to a qualified domestic relations order." In other words, the non-employee spouse of a qualified plan, such as a 401(k) or 403(b), can take a one-time distribution without penalty.

This can be an extremely useful tool in cases where one of the spouses will be awarded only illiquid and retirement assets and needs some cash for an emergency fund, down payment on a new home, moving expenses, etc. Of course, there are some requirements for avoiding the penalty. And you can learn more about them, per our offer below...

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!

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