

Female client gaining an equitable share of a divorce settlement

Situation

A prominent divorce attorney engaged Wealth Dimensions to develop and evaluate options for a financial settlement for her client, a 60-year-old woman going through a divorce from her corporate executive husband after 35 years of marriage.

The primary goal of the engagement was to provide a clear picture of potential settlement options and where each option would financially leave the attorney's client. The bulk of the couple's financial assets consisted of the husband's accounts in his employer's retirement plan, as well as stock options that were part of his long-term incentive plan. The couple's remaining assets included joint checking, savings, and investment accounts. Future income streams included the husband's Social Security payments.

The attorney's client had not worked outside the home since the birth of their first child, just over 30 years ago. She had two adult children with plans for marriage in the near term. In addition to ensuring a secure retirement, she wanted to provide part-time babysitting help for future grandchildren and pay for an annual family vacation.

Approach

To help optimize post-divorce wealth for the attorney's client, Wealth Dimensions reviewed all financial aspects of the ongoing divorce negotiation. In particular, we conducted a detailed analysis to better understand the tradeoffs of taking a lump-sum settlement versus longer-term payment streams.

As part of our process, we

- Conducted a present value analysis of the husband's future income streams (salary, long-term incentive plans, and Social Security) and assets, and
- Determined the short- and longer-term cash flow needs of the attorney's client within the context of a broader financial plan to better assess the merits of each potential settlement option.

Outcome

Our work resulted in three meaningful positive outcomes for the attorney's client:

- Clarity about her financial future, which helped her move forward with decisions about settlement options.
- A successful negotiation by the attorney for a fair division of assets, which included lifetime marital support payments.
- The establishment of a long-term relationship with Wealth Dimensions.

Since working directly with the attorney's client, we have helped her feel financially confident and in control of her future in several ways:

- Transitioning settled assets into new accounts that we now manage on her behalf.
- Coordinating an update of her estate plan and all beneficiary designations.
- Providing ongoing financial planning and disciplined investment management.
- Creating a detailed annual budget so that she can feel confident in enjoying her desired lifestyle.
- Teaching her how to monitor her budget and progress against goals using an online personal financial dashboard.
- Providing her with ongoing financial education so that she feels empowered making future financial decisions.

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