

HOW TO FINANCIALLY PLAN FOR SUCCESS DESPITE YOUR DIVORCE

By Paul Nelson, Esq



We all know divorce can be emotionally devastating. But it can also be a financial drain—even a disaster. Fortunately, we can depend on wealth manager Loreen Gilbert, CEO and founder of WealthWise Financial Services, to give us some guidance. I had the privilege of interviewing Loreen for my upcoming book *The Ultimate Guide to Your California Divorce* (publishing in 2023.)

Before presenting an abridged version of our chat, let's learn about more about our subject-matter expert. A proactive financial strategist, Loreen works with high earners who are contemplating, or are in the midst of, a divorce. Loreen has been profiled and quoted by *CNBC*, *Bloomberg*, *BBC*, *Fox*, *TD Ameritrade*, *Cheddar*, *U.S. News & World Report*, *USA Today*, *Yahoo! Finance*, *Reuters*, *PLANSPONSOR* magazine and *WealthManagement.com*. Currently, she hosts the *WealthWise Moment*, an on-air segment for *KX-FM* and an iTunes podcast.

Q: Why is wealth planning before a divorce critical?

A: If you're contemplating divorce, try to assess what your financial situation will look like when you're without your spouse. You must consider not only what your income will likely be, but also your obligations. For example, if you have children who are likely to go to college, who will pay for their higher education? If they are currently in private school, who will pay for what?

Q: How can people get their finances in order before divorce?

A: The first thing to do is to get a good family law attorney. This usually means an expensive attorney. You'll have to put money aside just for your legal representation. Ensure you have enough to pay your lawyer and cover your day-to-day household expenses. Next, make sure any separate property is put into a separate trust. (By separate property, I mean real estate you brought into the marriage, or inheritance you received before or during the marriage.) These must be separate accounts so that in the event of divorce you can easily prove they are yours and yours alone.

Q: Can a financial adviser work in tandem with a divorce attorney?

A: Not only can they, they should. Divorce attorneys understand the law, but they don't always appreciate the complexities of the financial issues at stake. Whether it's deferred compensation plans, 401(k)'s, pension plans, or business ownership interests, all these assets must be approached carefully, recognizing specific tax implications. A financial planner who understands the retirement plan and business ownership landscape can assist early in divorce proceedings to avoid unintended consequences.

Q: What are common mistakes people make when getting divorced?

A: They go into a divorce with the assumption they will get everything they want. They don't understand that divorce is a negotiation. You must go into the proceedings with two lists: "Must Haves" and "Nice to Haves." The "Must Haves" are your non-negotiables. They are the battles you must win. The "Nice to Haves" are bargaining chips. If you

get them, great. If not, you can move on with your life. You want to have a big, healthy list of "Nice to Haves" so you have options, items you can give up to secure your "Must Haves."

Q: Do you have any advice specifically for men, or for women?

A: Because many wives insist on "getting the house," they can end up living in a place they can no longer afford. They become "house poor," having to maintain a home with property taxes and upkeep costs beyond their financial means. There are times when I advise my female clients to sell the residence they won in their divorce and use the proceeds to buy a more affordable home in line with their current income and asset situation.

Q: Any final thoughts, especially on how to avoid being financially blindsided by a divorce?

A: Know where the money is and what assets you possess. They are yours and you have every right to them.

Loreen Gilbert is a registered representative with, and Securities and advisory services offered through LPL Financial, a registered investment advisor. Member FINRA/SIPC.

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