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Divorce not only hurts in the heart for a lifetime, but also the wallet

Recent research conducted by professor Jay Zagorsky, a scientist at The Center for Human Resource Research at The Ohio State University found that couples who divorce experience an average wealth reduction of 77 percent.

In fact, Zagorsky's research seems to suggest that divorce is one of the primary impediments to the accumulation of wealth during one's lifetime. (International New York Times, Liz Weston, "The Millionaires Next Door," Aug. 23, 2016, p. 20.)

While it may appear obvious that the division of a couple's marital estate in the event of a divorce is necessarily going to result in wealth reduction for both of them (particularly if prior to the divorce they both considered the entire pot of assets "theirs"), how is it that even during an era where equal or close to equal division of marital assets is most common, we see average common wealth reduction of 77 percent?

The answer is in understanding the child support and maintenance obligations that often accompany the division of a couple's marital estate when they divorce.

Under the new statutory guidelines in Illinois, which follow an approach becoming more commonplace nationwide, the "guideline" alimony figure for many divorcing spouses who have been dependent upon a primary wage-earning spouse is as much as 30 percent of the wage earning spouse's gross income.

The guidelines also provide for duration of the support obligation based upon a percentage of the length of the marriage, with the presumption of "permanent" (which really means indefinite and subject to modification based upon a substantial change of circumstances) maintenance after 20 years of marriage.

In addition, for couples with minor children the child support guidelines range from between 20 percent of net income (calculated after the maintenance obligation has already been deducted from the gross income) to up to 40 percent for four or more children.

While the above percentages of income are "guidelines," they are applied in the majority of cases and may even be applied for higher income clients. It is not unusual to see judges applying a "shared income approach" where the goal is to equalize or close to equalize the net cash available to both parties during the period that both maintenance and child support are to be paid.

MODERN FAMILY

MEIGHAN A. HARMON

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Very few families spend so far beneath their means prior to the divorce that they can then maintain two separate households post-divorce at the same lifestyle. Therefore, the ability for either party to save money immediately following a divorce is very rare and that may continue for many years after the divorce.

For those fortunate families where there is a surplus of cash beyond what is needed to maintain the marital lifestyle post-divorce, there is often a question as to whether or not a non-wage-earning spouse can receive maintenance for the purposes of contributing to their savings. See, e.g., *In re Marriage of Krupp,* 207 Ill.App.3d 779, 796, 566 N.E.2d 429, 439 (1st Dist. 1990) and *In re Marriage of Kusper*, 195 Ill.App.3d 494, 552 N.E.2d 1023 (1st Dist. 1990).

The best opportunity that most divorced spouses have to accumulate post-marital assets, while also paying support, is through the appreciation of existing assets or through employee benefits programs.

Most financially dependent spouses, however, do not have access to the kind of employee benefit programs that are likely to generate big gains (such as employee stock ownership plans, deferred compensation plans, stock options and the like).

Essentially, divorce not only results in the immediate loss of marital wealth due to the division of the marital estate, but also often has a long-term negative impact on a divorcee's ability to save and accumulate wealth in the future, whether on the paying or receiving end of a support order.

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