



Financial Separation

Navigating asset allocation when a marriage ends

By **Bob Musinski**

January is the most common month for couples to file for divorce, which often makes February a financial fire drill for soon-to-be ex-spouses.

At the beginning of a divorce case, the courts require detailed financial information to help determine the extent of assets owned by the couple and whether—and how much—financial support needs to be given to one of the spouses. If one spouse had tight control over all the accounts and investments, the other can be at a severe disadvantage when lawyers

start negotiating and/or judges make decisions in the case.

Liz Sheehan, a financial advisor at UBS Wealth Management in Chicago who works on financial planning with many couples, said it's not unusual for her to meet with a divorcing spouse who has not been part of the financial planning process for his/her family. "All of a sudden, on top of everything else they're dealing with in their lives, they have to take control of finances as well," she says.

Only one in four couples truly shares in the financial decision-making, accord-

ing to a UBS study on couples and money. Men assume the primary financial decision-making role in 40 percent of couples, the study found.

Regardless, the need for a full financial picture and estimated budget becomes clear soon after the divorce filing. Once a divorce case gets filed by one spouse and the other spouse is served, each party has thirty days to complete the initial financial disclosure, says Greg Maksimuk, partner at the Wheaton office of Schiller DuCanto & Fleck, the nation's largest law firm dedicated to family law.

"This disclosure is required by the court rules and is a detailed summary of all income, expenses, assets and liabilities each party has," he says. "The preparation of this document requires a significant amount of work," and must include corroborating documents.

If there is an information disparity, it can result in one spouse getting an overly generous—or much too low—temporary support arrangement at the beginning

of the process, which might influence financial decisions in the rest of the case.

“The more information a party has at the outset the better position they will be in moving forward,” Maksimuk says. “Like many things, information and knowledge about all issues in the case can be very powerful.”

As spouses gather important paperwork—such as tax returns, bank statements and credit card statements—they also need to figure out what their new budget will be during, and potentially after, the divorce.

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“One of my jobs is to help them get a grip on what they’re going to spend and how much they’re going to need,” says attorney Danya Grunyk, partner at Grunyk Family Law in Naperville. Even though it can be a pain, people need to create a “good, detailed budget” to account for all necessary expenses.

Sheehan suggested prioritizing financial tasks in this way:

1. Figure out cash flow, which affects alimony and child support
2. Address risk management, which includes updating estate plans, life insurance and beneficiary designations for IRAs and 401Ks
3. Continue long-term goal planning, to make sure “that your decisions today are not going to derail your long-term probability of being able to meet your financial goal,” she says.

“Going through a divorce is a very emotional and overwhelming situation,” Sheehan says. “A lot of times you’re not able to tackle a big to-do list. The right team of professionals can make the job easier for you, eliminate stress and leave you feeling empowered. The empowerment is a big thing for people going through divorce, allowing you to feel like you’re in control of your life and finances.” 