



## The High Stakes of High Asset Divorces

By Kathy Newman

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No doubt, divorce is not pretty. It is emotionally draining and becomes even more so when couples begin the process of figuring out who gets what. Anger and emotion get kicked into high gear when the couple can't agree on child custody, alimony, and who gets the house or the painting they spent a fortune on during their honeymoon. For couples dealing with extensive (and expensive) assets, this process is even more elaborate. The key to surviving a high asset divorce is to use your head instead of your heart and to be smart about what you want and what you are willing to compromise on. Anger, jealousy and resentment only lengthen this painful process. The key is to keep your cool, do your homework and know the law.

### Roll Up Your Sleeves and Start Digging

Did you buy the Mercedes before you were married? What about the inheritance from Grandma's estate? Do you have the documents to prove when these things were acquired? These are the questions you'll be asked as you gather evidence for this portion of the divorce. You'll be asked to verify separate property, income, and inheritance or family gifts. Examples include: wills, trusts, financial statements, banking information, brokerage statements, loan documents, credit card statements, deeds to real property, car registrations, insurance inventories, tax returns, loan applications and insurance policies.

### All's Fair in Love and Divorce

When the stakes are high, it is especially important to beware of cheaters. I'm not talking about infidelity; I'm talking about parties who try to hide assets. If your spouse has a 10-carat diamond necklace that is suddenly "missing," keep track of this discrepancy and try to find documents or photos of its existence. It is common for divorcing spouses to hide assets; make sure you document and even take photos of valuables around the house—jewelry, art, cars, boats, etc.

Hidden debt is a common surprise among divorcing couples. In the nine states with community property laws – Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin – you'll be held responsible for half your spouse's debt, even if it's not in your name. You may also run into trouble in a non-community property state if you and your spouse hold credit cards or loans jointly. Get a full credit report to make sure there are no surprises on it.

You are entitled to half of everything acquired during your marriage. So, when it comes time to split items up, don't pass up an asset because you don't like it. For example, if you always hated his

Harley motorcycle, don't pass it up if he's willing to part with it. Consider selling the motorcycle and the money it would provide. Divorce is essentially a business transaction. Be smart and consider your bottom line, not your anger or emotion. If there is something you do want, like jewelry or property, you can potentially trade items to get what you want.

### No Guarantees When It Comes to Spousal Support

Spousal support is financial assistance that recognizes a partner's contribution to the marriage and helps the recipient achieve financial independence. Alimony is available only to those who were legally married and rules vary by state. The court will award financial assistance based on factors such as the duration of the marriage, each person's earning capacity, contribution to household or career, and physical health of the recipient. Spousal support is never guaranteed and, in many cases, is difficult to obtain. There may also be specific guidelines in the prenuptial agreement about spousal support. Be sure to understand and agree to those terms.

You will likely have to pay alimony if you are the breadwinner of the marriage/family. The payment could be a lump sum or regular checks. The key to alimony is understanding the term "the standard of living of the marriage." It is how the law determines if you are entitled to alimony and if so, how much. The basic idea behind alimony is that when your marriage ends, you both should be able to go on living as you were before the divorce. If you make all or most of the money, you would probably have to share that income with your spouse.

### High Stakes Mean High Costs

Whether it's the home in Hawaii or the yacht parked in Miami, don't assume these items will not be sold as part of the divorce. For example, two incomes may have made the Hawaii house possible. So, even if you get it in the settlement, can you afford the mortgage and the taxes? The same is true for the yacht. It won't be as enjoyable if the docking fees and maintenance are too much for you alone to afford. It's a sad but true reality of divorce that lifestyle changes are unavoidable and even more evident when both parties earned substantial salaries while married.

A high-asset divorce can be either difficult or bearable. Your experience will depend on your mindset and preparation. Understanding the financial obligations expected of you during and after the divorce proceedings helps you keep sensible expectations. Make a plan for the assets you want to keep. Be flexible. And, finally, don't let anger, greed or resentment cloud your judgment. It could cost you more in the end.