

Financial comfort and confidence during divorce

Divorce is an emotionally charged, unsettling process even before finances become part of the conversation. The tug of war across families can be complex, and the nuances of dividing assets can increase anxiety significantly. Our goal in these cases is to minimize concerns and recognize financial value, while providing confidence that the right information is leading to the right decisions.

In one tenuous situation, we led our client to the best outcome and a sense that her financial life would stay on solid footing.

The wife of a successful executive came to us when negotiations about a tangled web of assets became clouded. Her husband – a financier, CFO, and CPA – asserted that the value of their portfolio was substantially lower than expected. With little financial training or knowledge about the portfolio, she was losing confidence in the midst of the contentious battle. Meanwhile, her adult daughter was at risk of losing her own financial security through the process.

Opportunity: Value and simplify assets to smooth divorce negotiations

Challenge: Deconstruct and consolidate scattered portfolio elements

W&F goal: Provide financial clarity, a path forward, and peace of mind for the future

Welch & Forbes wealth professionals joined the wife's team to represent her financial interests. Our first step was to unwind the accumulated assets, which were distributed across a wide range of sometimes opaque holdings that included private equity and restricted stock, along with traditional portfolio allocations.

While the husband debated technical issues, strike prices and tax impact, our team brought in a forensic accountant to analyze the assets in play. We calculated multiple scenarios and presented a simple matrix to show the wife and her attorney the potential value and trajectory of each of their holdings.

That process helped to remove uncertainty and confusion around complex financial instruments, so that our client could understand the key points of the situation and make informed decisions.

Once we had clarity and direction, we took action on her behalf. We opened accounts in advance of her court dates in order to avoid more anxiety and delays in distributing assets once the divorce was finalized. When the filing was official, we pulled taxable assets from the couple's joint accounts, the husband's accounts, and their daughter's holdings. The result? We consolidated an overwhelming 18 separate accounts into just two: a ROTH and a taxable account.

For select assets, we also took steps to stage the transition over time in order to minimize tax exposure. For example, selling annuities would trigger capital gains taxes; we determined it was better to exercise patience before executing that part of the strategy.

The divorce was now behind her, but questions remained about the future. New goals came to light, such as supporting her now-independent lifestyle and buying a second home in California to be closer to her daughter. We worked with her to establish a portfolio that provided income, opportunities, and potential long-term financial safeguards from the unexpected.

She also required a forward-looking plan for her daughter. The existing estate plan identified her ex-husband as the primary beneficiary, and it incorporated multiple, fragmented insurance policies. We developed a simplified plan that benefitted the daughter and helped create a stable financial cushion for her future.

At the beginning of this new chapter for the family, our client and her daughter enjoyed a sense of comfort and confidence. By bringing our cross-discipline approach to their situation, we provided a multi-layered solution that included:

- Financial counsel
- Tax counsel
- Portfolio construction
- Estate planning

For more information on how we can help empower those navigating a divorce, contact Ed Sullivan, Vice President, at 617-557-9800.

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