

# AMERICAN CAPITAL PLANNING

For Better or Worse:

Cautionary Tales & Success Stories

Based on Real Clients Going Through Divorce

# Divorce as a Discipline



Child of divorce, age 9

Divorced in 2007 after 28 year relationship, 25 years married

First case 1990 (as a CFP® student)

Divorce as a niche 2010

Designations - **CFP®**, **CDFA™**, **AIF®**

MS – Financial Planning

26 years experience

Clean regulatory record

Author – “Love-Jacked, Divorce Your Spouse, Not Your Dollars”

Trademarked A.G.R.E.E. negotiation process

License 2 nonprofit Second Saturday workshops (Loudoun & Fairfax Counties in VA)

National speaker on divorce financial planning

In development – an improved software tool for divorcing consumers including a professional edition

# The Divorce Multi-Billion \$\$ Industry

Divorce Corp Film: Pay Your Ex for Life (Documentary)



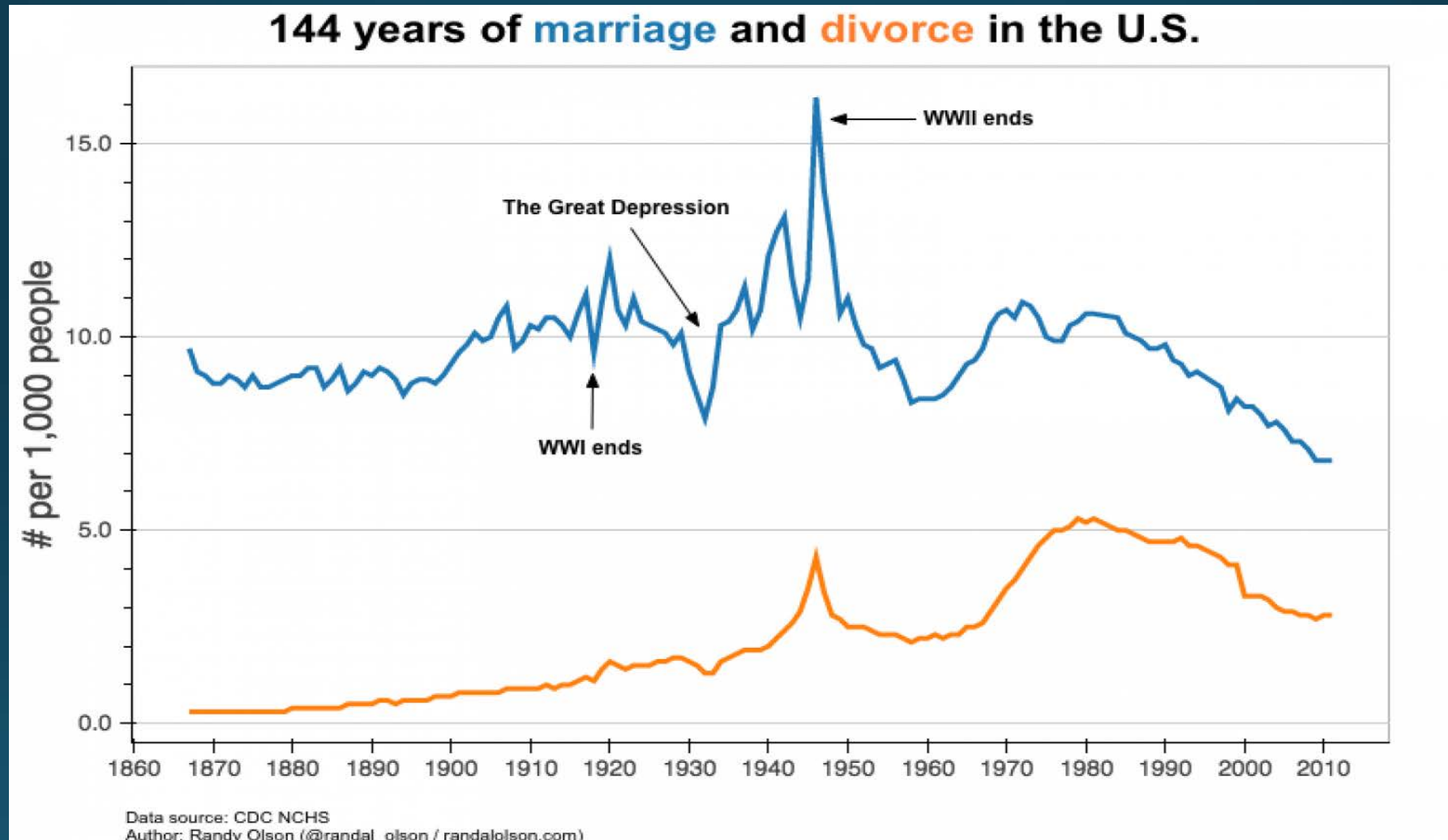
# Today's chat

- Divorce as a niche – leaving a work legacy
- Who's in this space
- Who should be in this space
- Do this
- Not this
- How American Capital Planning LLC can help
- Q & A

# Divorce as a niche

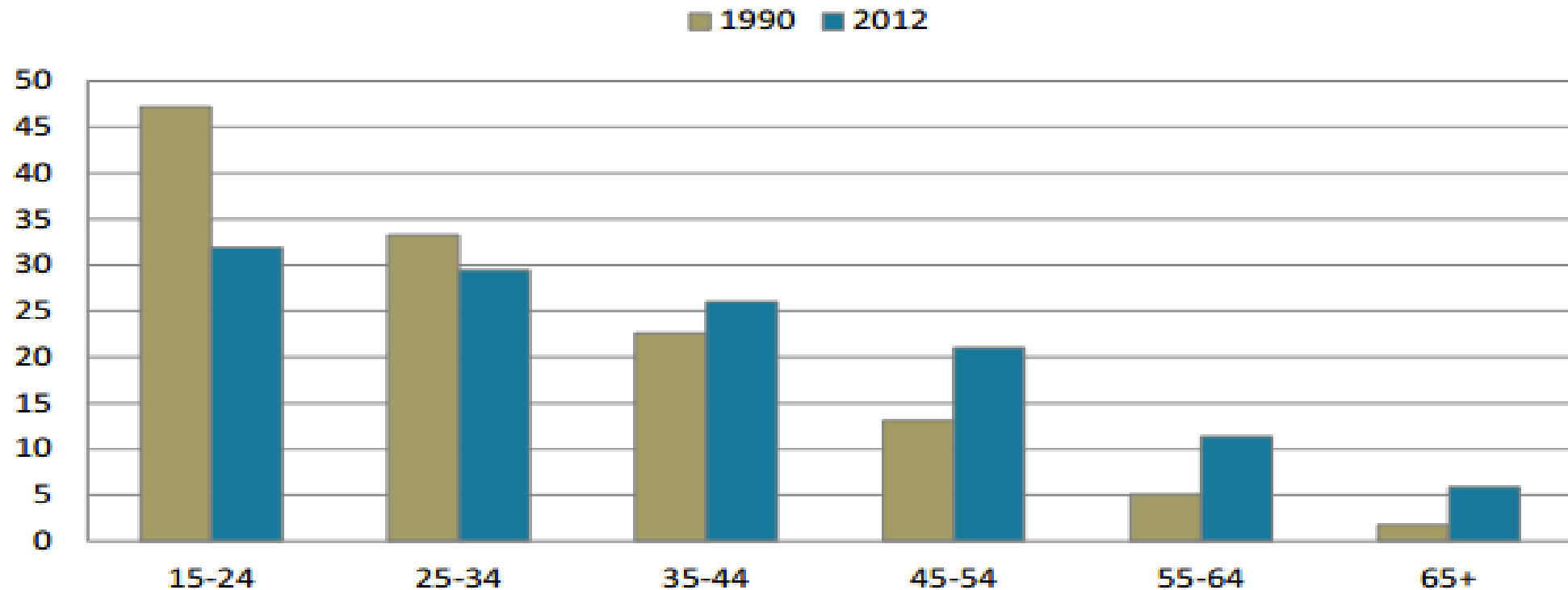
- Work legacy – Mission of the firm is to never intentionally financially injure either party
- We do this through financial modeling for both parties
- “Ask more questions, expect better answers”
- Rate of divorce in the US is approximately 42%
- According to one statistic, divorce is an \$11 billion dollar industry
- What are we dividing in divorce? Money and custody (which also has a financial impact)

# Marriage & Divorce



# US Gray Divorce

Figure 1. Divorce Rates by 10-Year Age Groups, 1990 & 2012



Source: Centers for Disease Control and Prevention, National Center for Health Statistics, VitalStats and U.S. Census Bureau, American Community Survey, 2012



# Who's in this space

- Attorneys, therapists, financial services, coaches, employment specialists, child specialists, business valuers, appraisers, Realtors, mortgage brokers, certified fraud examiners, private investigators . . .



# Who Should be in this space?

Defining the space:

- Pre-divorce financial planning
  - In-transition financial planning
  - Post-transition financial planning
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- Certified Financial Planner™, CFP®
  - Certified Public Accountant, CPA
  - Certified Divorce Financial Analyst, CDFA

# Do This

## Pre-Transition:

Clients sometimes learn about their finances for the first time at this critical juncture.  
Develop a base case.

## In-Transition:

From the base case, develop scenarios that model 2 things: 1) how both parties will pay their bills afterward and 2) on what foundation both will build future wealth

## Post – Transition:

Give detailed information on how assets transfer for the clients and the attorneys and provide an estimated timeline for transfers. Then provide counseling on how they move from transition planning to wealth building and protecting the settlement from erosion, waste, or neglect.

# Ideal and Achievable Outcome

Backstory: 27 year marriage, 2 children in college, parties are 48 and 49. Husband's business produces \$1.7M in free cash flow annually. Wife's business produces \$50k in free cash flow annually.

Marital estate = \$13M made up of cash, investments, retirement accounts, 2 paid off residential properties, 1 land lot, and \$90k in cash value on a Universal Life policy.

My client was the wife.

# Cont'd.

Big 'wins' leaving the other spouse just fine financially (\$8M in assets plus the balance of his income):

- ✓ My client completed her divorce in 6 months (no children under 18)
- ✓ She received a promissory note for \$3.2M transferred at \$17,800/month for 15 years secured by a \$3M paid off property
- ✓ She received spousal support for 15 years at \$10k/month and it does not end upon remarriage, only death.
- ✓ She received 1/2 of all accounts
- ✓ She received title to the paid off marital home valued at \$750k
- ✓ They are splitting the cost of undergraduate school left for 2 children

# Awful and Avoidable Outcome

Backstory: 33 year marriage, 4 children, 2 under 18, parties are 55 and 54. Clients did not seek financial advice from a qualified financial professional – they had their attorneys complete the financial work.

Here's how that worked:

Wife was entitled to \$750,000 of \$1.5M marital estate in property and no support other than child support. Wife is a teacher earning 8% of what husband earns. Classic imbalance, attorneys suggested she take assets OR support.

This means of course she is monetizing the assets from day of receipt.

# Cont'd.

More wrong with the case than right:

- Stock options traded when there were other assets to trade
- Poor understanding of the paperwork required by the particular investment company used so a disconnect that took months of documentation to resolve
- Delays post-transition planning including allocation of accounts
- Poor market returns affected final values

Where value was added:

- If my firm had not been retained, client likely would have lost assets or still be waiting to receive them
- Because clients are amicable, I was able to work with the financially literate ex-spouse to help the financially illiterate spouse receive the correct assets.
- The client will now be receiving fiduciary guidance to protect her settlement and grow what does not have to be used.

# Not this

Top 3 Mistakes made too often in divorce financial planning:

- 1) WRONG professional doing the work
- 2) Right professional 'dabbles' in the work (never develops expertise)
- 3) Client never receives competent modeling to show outcomes and gets to live with them anyway



# Ways to Practice this Niche

There are many different ways to incorporate divorce financial planning into your wealth management business. Here are some suggested best practices:

- ✓ Make sure you are competent to help the client, otherwise refer to someone who is
- ✓ Document, document, document
- ✓ Consider the effects of your work on the future of the client beyond their divorce
- ✓ Provide meaningful output that the client can understand and that they can use with their other professionals
- ✓ Have client sign a conflict-of-interest notice
- ✓ Make sure you, the client, and the attorney know your obligation is to the client
- ✓ Define a scope of work and deliver that for a fixed price
- ✓ Get paid for all meetings including the first one
- ✓ Get paid upfront
- ✓ Have allied professionals you've vetted that you can refer the client to for additional assistance

# Other Challenges in this Niche

The War of the Roses is alive and well. You can only protect clients to the degree they are willing to take your advice which is why documentation is so critical.

It is important for our industry to educate attorneys and judges to the liability they face in the first case and damage they can cause the client's finances in both cases.

We also need to educate clients/consumers about the big picture, how the divorce industry works, how they can avoid a direct transfer of their wealth to strangers who do not know or love the client families.

# How ACP can assist

- If you would like to be individually trained in the process ACP uses, reach out to discuss needs, etc. ACP will put a proposal together and submit for your consideration
- If you would like to purchase a license for a Second Saturday workshop in your area, contact Ginita Wall at [www.wife.org](http://www.wife.org)
- As with any new area of expertise, it can take months to years to become a recognized expert
- There's an opportunity to really change something for good that has been bad for too long

# At Your Service

- ❖ Call Office 703.771.0905 or my cell 703.579.7031, leave a detailed message, I'll call you back at the first break I have
- ❖ Email – 24-48 hour written response
- ❖ I can 'see' you by GoToMeeting, Google Hangouts, Skype, or FaceTime
- ❖ I can share a screen by GoToMeeting
- ❖ Send files *safely* through link under every email signature
- ❖ Text is NON-COMPLIANT and I cannot use it to conduct business



# Marketing Your Niche

- <http://www.americancapitalplanning.com/what-we-do/divorce>  
(website)
- <https://www.facebook.com/secondsaturdayloudoun/> (where I run ads)
- <http://www.meetup.com/Second-Saturday-Reston/>,  
<http://www.meetup.com/Second-Saturday-Divorce-Workshop-Loudoun/> (workshops)
- Book, trademarked negotiation process, speaking here, Dallas, Chicago on this topic in 2016 (be visible)

# Q & A



**BONNIE ASHBY SEWELL, CFP(R), CDFA(TM), AIF(R)**  
As a child of divorce and someone who divorced after 25 years of marriage, and is happily remarried now, Bonnie has been down the path you're traveling today. Working with families since 1992, Bonnie is changing the entrenched multi-billion dollar divorce industry by using her expertise to guide men and women in planning their financial lives wisely. She helps couples get through the process of divorce with equitable settlements that they can keep and grow.

LOVE-JACKED!

## LOVE-JACKED!

DIVORCE YOUR SPOUSE  
NOT YOUR DOLLARS

Divorced couples were asked the following questions:

1. If you had the power to change anything about the divorce process, what would you change?

Their answer?

"MAKE IT LESS EXPENSIVE, LESS ARGUMENTATIVE,  
AND MAKE IT TAKE LESS TIME"

2. If you were faced with getting a divorce today, would you pay for a service that gave you answers regarding your working capital and net worth now and in the future and reviewed your settlement for problematic issues before you finalize it with your attorney?

Their answer?

"YES, DOES THAT EXIST?"

We can answer that yes, it does exist at:  
[www.wedlock-divorce.com](http://www.wedlock-divorce.com)

We turn the divorce industry on its head by putting the financial analysis in front of the legal wrangling. The assets your family has built should be preserved to be split between the two of you.



BONNIE ASHBY SEWELL



BONNIE ASHBY SEWELL

# Resources for information used in presentation

- <http://family-studies.org/what-is-the-divorce-rate-anyway-around-42-percent-one-scholar-believes/>
- <https://www.washingtonpost.com/news/wonk/wp/2015/06/23/144-years-of-marriage-and-divorce-in-the-united-states-in-one-chart/>
- <https://www.washingtonpost.com/blogs/she-the-people/wp/2014/10/08/till-death-do-us-part-no-way-gray-divorce-on-the-rise/>
- <http://www.ibisworld.com/industry/family-law-divorce-lawyers-attorneys.html>



# Resources for information used in presentation

- <http://www.tampabay.com/features/humaninterest/the-divorce-from-hell-the-battle-for-alimony-and-emptied-pockets/2112875>