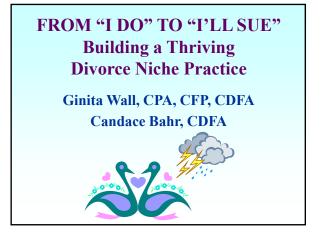
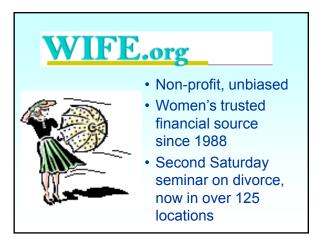
Building a Thriving Divorce Niche Practice -Candace Bahr and Ginita Wall









## WHAT MAKES A GOOD NICHE

- Large potential market
- Easily identifiable customers
- Underserved or neglected market
- It's using your expertise to make a difference



#### SECOND SATURDAY (www.SecondSaturday.com)

- Monthly educational workshop for people contemplating divorce
- Focus on legal, financial and emotional issues
- Who attends our workshops



#### **DIVORCE = MONEY IN MOTION**

- **Rollovers** from employer retirement plans to IRAs
- Real estate sold what will happen to the proceeds?
- **Insurance needs** life insurance to protect support, medical insurance, disability insurance, long term care
- Lump sum support buyouts structure for income, control client's spending of principal



#### HOW GINITA BUILT HER PRACTICE AROUND DIVORCE

- Second Saturday Divorce Workshop great source of clients for 28 years
- Hourly planning, no investment management
- Frequently appointed as court's expert
- Working with individual clients and couples to craft solutions



### **DIVORCE IS NOT FAIR!**

- It's an uphill battle
- Fought in an arena that you don't understand
- For a prize that isn't enough
- Using money that you don't really have
- It will take longer and cost more than you ever imagined
- For most people, divorce is the largest financial transaction of their lives.



## **A FEW CLIENT CONCERNS**

- Women out-earning men
- Same sex relationships
- Critical change in law opened the door for more divorce
- Gray divorce special pitfalls – Social Security rules

– Social Security fulles
– Retirement – value of survivor





### CONVERTING RENTALS TO RESIDENCES – RULES HAVE CHANGED

You can no longer move into your rental for two years, sell it and exclude <u>all</u> the gain.



- Period during which home not used as residence (since 1/1/09)
- Divided by time home owned
- Equals percentage of non-excludable gain, and also,
- Depreciation after 5/6/97 is also taxable

## WHAT HAPPENS TO THE BUSINESS IN DIVORCE?

Possible solutions:

- · Sell business and split
- the proceedsBring in someone to buy out spouse
- Operate business together
- Spouse stays in as a passive investor
- Split the business



But usually, one spouse buys out the other, with cash or other marital assets.

## CORPORATE STOCK REDEMPTIONS



- If one spouse buys out the other, it's non-taxable under IRC §1041
- If the corporation redeems stock, it's a taxable sale (capital gains)
- If corporation pays on behalf of acquiring spouse, it's nontaxable to seller, dividend to acquiring spouse (ordinary income)

# **TRANSFER OF PARTNERSHIP INTEREST**

- · Transfer from one spouse to the other non-taxable under IRC §1041
- Sale to third party taxable as capital gains (except for "hot assets" accounts receivable & appreciated inventory taxed as ordinary income)
- Withdrawing partner taxable on cash received from partnership



## **LUMP SUM ALIMONY BUYOUT**

Cons for recipient:

· Investment risks

· No steady income stream

#### **Pros for recipient**:

- No risk of default
- Can use to buy home, pay Can't return to court debts, invest for income
- No further contact with ex



### **OPPORTUNITIES FOR PRACTICE GROWTH**

- Divorce creates money in motion
- Niche market that allows you to demonstrate your expertise
- Opportunity to create relationships with attorneys and other professionals
- Stay connected



## WHAT WILL YOU DO NOW?



- What do you want your practice to look like in the future?
- What are three actions you can take when you return to move toward that vision?
- What connections can you create to support your objectives?

