



FROM "I DO" TO "I'LL SUE"
**Building a Thriving
Divorce Niche Practice**
Ginita Wall, CPA, CFP, CDFA
Candace Bahr, CDFA




WIFE.org



- Non-profit, unbiased
- Women's trusted financial source since 1988
- Second Saturday seminar on divorce, now in over 125 locations

**U.S.
STATISTICS
FOR DIVORCE**



First Marriage	45% to 50% marriages end in divorce
Second Marriage	60% to 67% marriages end in divorce
Third Marriage	70% to 73% marriages end in divorce

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
 - Retirement – value of survivor benefit



CONVERTING RENTALS TO RESIDENCES – RULES HAVE CHANGED

You can no longer move into your rental for two years, sell it and exclude all 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 proceeds
- Bring 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 non-taxable 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

Pros for recipient:

- No risk of default
- Can use to buy home, pay debts, invest for income
- No further contact with ex

Cons for recipient:

- No steady income stream
- Can't return to court
- Investment risks



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?

FROM “I DO” TO “I’LL SUE” Questions and Answers

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