

A woman in silhouette stands on a cobblestone path, looking out over a city at night. The city lights are blurred in the background, creating a bokeh effect. The sky is a deep blue, and the overall mood is contemplative and serene.

# Unveiling the Unspoken Truth

The Financial Challenges Women Face During and After Divorce

FRANCIS FINANCIAL

*Plan | Grow | Protect*<sup>®</sup>

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Francis Financial conducted one of the first studies focused solely on women who have divorced or are in the process of divorcing. The results shed light on emotional, legal, and financial difficulties women face during and after divorce.

# Introduction

Women currently control 51%, or \$14 trillion, of personal wealth in the U.S. and are expected to control \$22 trillion by 2020.<sup>1</sup> Despite increases in wealth, the path to financial security for divorced women has many obstacles.

Financial challenges as a result of divorce are common, as the income that supported one household is split and must support two. All possessions—money, financial assets and real estate—are divided.

Francis Financial conducted a study on women who have gone through, or are in the process of going through, divorce. The goal was to bring to light the challenges that women face or will face during this difficult transition, and to educate industry professionals on how to best work with clients going through this process.

Many of the women who participated in this survey shared that finances were a major concern in their divorce and continue to be an issue in their post-divorce life.

During divorce, money issues ranked as the number one worry for women, even topping concerns about their children, and the majority of women felt that they did not get enough financial guidance during the divorce process.

The post-divorce decline in income hits women especially hard. Women face unique financial headwinds because they have longer life expectancies, lower incomes and fewer years in the workforce than men. All of these factors can drastically reduce savings.

# About the Women, Divorce & Money Participants

## Selection Process

More than 150 women participated in the Francis Financial Women, Divorce & Money (WDM) study. The respondents were invited to participate by Francis Financial or a professional who works closely with Francis Financial.

## Geographic Diversity

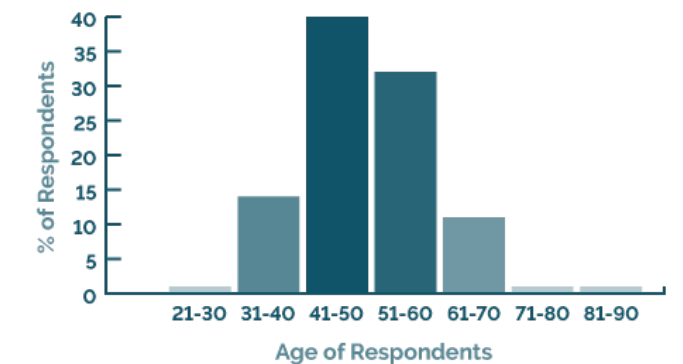
The survey reached women in 25 states. Half the participants (51%) reside in New York State, with the majority living in New York City.

## Children

A majority of the women (84%) had children. Of the participants who had children, 65% had at least one child aged 20 or younger. Another 26% had at least one child in their 20's and the remainder of respondents had children who were older than age 30.

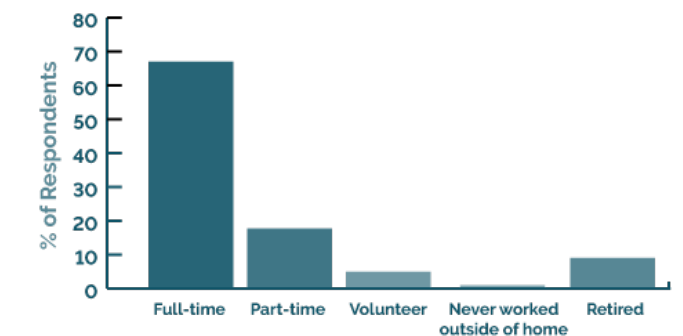
## Age

Participants ranged in age from early twenties through eighties. The average age of the women in the survey was 49.



## Employment Status

The majority of the women surveyed (67%) worked full-time. A minority (18%) worked part-time, were retired (9%), or actively volunteered with non-profit organizations (5%).



<sup>1</sup> BMO Wealth Institute "Financial Concerns of Women," 2015

# About the Women, Divorce & Money Participants

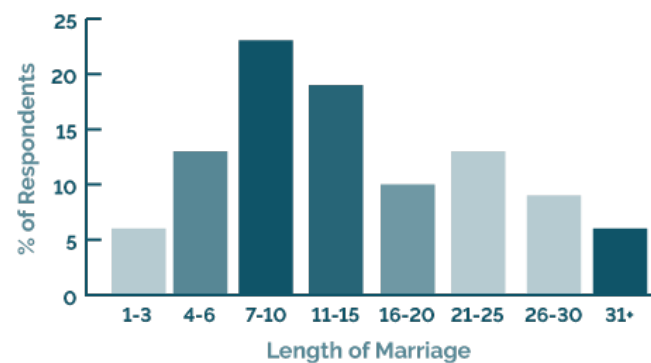
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## Stage in the Divorce Process

Of the women surveyed, 19% were going through the divorce process at the time of the survey and 81% were already divorced.

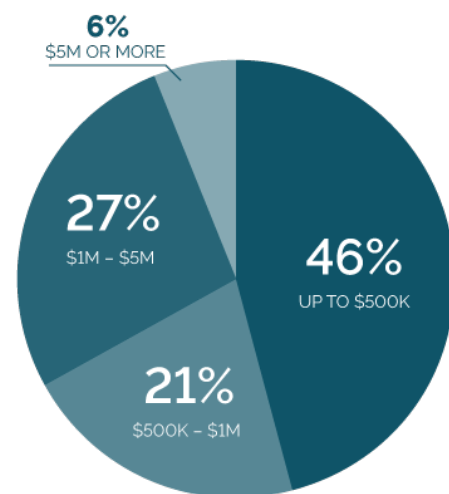
## Number of Years Married

This research found that 57% of participants had a long-term marriage, having been married for more than 10 years.



## Net Worth

The majority of the WDM respondents (54%) had assets worth over \$500,000 and were considered affluent, while 46% had assets worth less than \$500,000. Over a quarter of the respondents (27%) were considered to be high-net-worth individuals and had assets in the range of \$1 to \$5 million. Another 6% were in the ultra-high net worth range and had over \$5 million in assets.



# Money Before Divorce

For many of the women who participated in the WDM study, money disagreements were a common factor in marital disputes. Participants told stories of their husbands' unhealthy relationship with money as a contributing factor to their breakups. Neglecting to pay bills on time and out-of-control spending were recurring sources of financial conflict during the marriage.

A recent study conducted by AARP supports these findings that money can be a significant contributing factor to divorce. About half of the women (53%) from the AARP survey said money problems created by their ex-husbands led to the divorce, while 44 percent of men said the same of their ex-wives.<sup>1</sup>

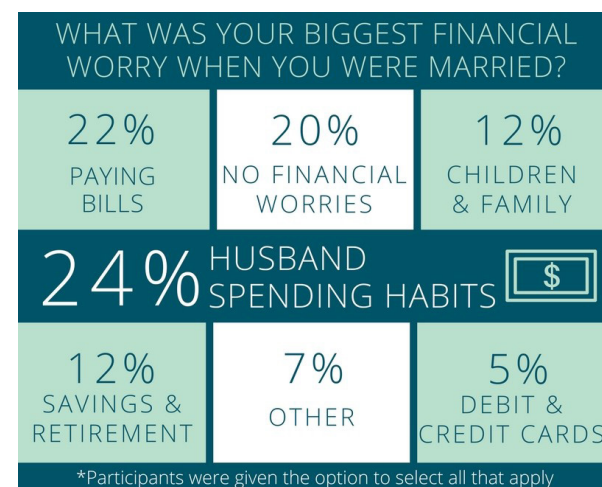
Substantial research concludes that financial issues are a primary cause of divorce.<sup>2</sup> Couples who argue about money early in their relationships – regardless of their income, debt or net worth – are at greater risk for divorce. Arguments about money are longer and usually more intense than other types of marital disagreements.<sup>3</sup>

Nearly a quarter (24%) shared that their most significant financial worry during their marriage

was their husbands' spending habits.

A similar percentage of women admitted that finding the money to pay everyday bills was very difficult.

Twelve percent of the women surveyed said that saving for the future was their biggest financial worry when they were married. In addition to saving for retirement, putting money away for children and their education made the list of top concerns.

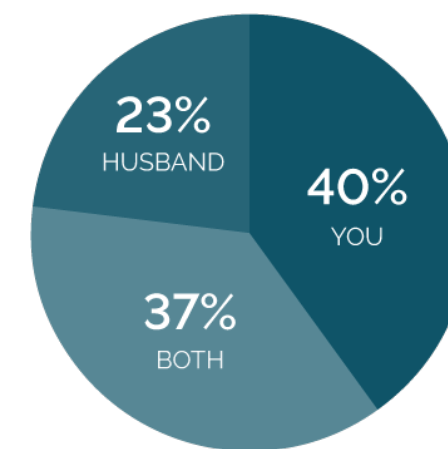


The WDM survey explored money behavior in marriage by asking participants about financial decision-making. The results showed a broad

range of roles, including women who were not engaged and left entirely in the dark about all money matters. On the other hand, a few WDM survey participants were the sole breadwinners for the entire family and performed all short-term and long-term financial decision making.

Commonly, the WDM participants focused more on day-to-day financial matters such as paying the bills and managing the family's budget.

**Who was responsible for paying everyday bills during your marriage?**



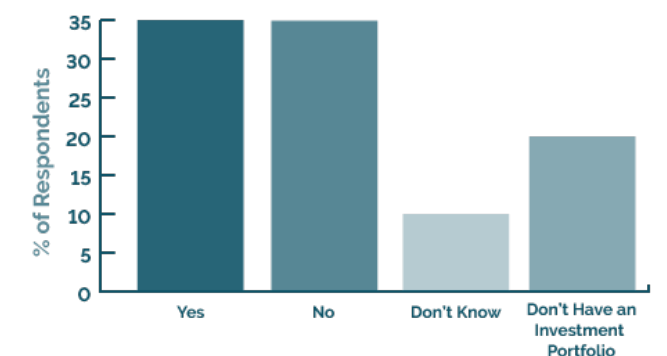
During the marriage, 40% of the respondents explained that they paid all of the bills without any participation from their husband. Another 37%

shared this role evenly with their former spouses. Men, on the other hand, tended to concentrate on investing. A study by Prudential, Financial Experience & Behaviors. Among Women, shows that women tend to be in control of the household finances, but don't take as much of a role when it comes to long-term financial goals.<sup>4</sup>

The WDM survey also saw evidence of this phenomenon. In 38% of the respondents' marriages, the husband made all investment decisions without any participation by his wife.

Due to this lack of experience, only 35% of WDM respondents felt confident in, and understood, their investment portfolio and investment strategy, after their divorce.

**Do you understand and feel confident in your investment portfolio and investment strategy?**



1 Xenia P. Montenegro, AARP, "The Divorce Experience: A Study of Divorce at Midlife and Beyond," 2004  
 2 Jan D. Andersen, Family and Consumer Science Department, California State University, "Financial Problems as Predictors of Divorce," 2001  
 3 Sonya Britt and Jeffrey Dew, Family Relations Journal, "Examining the Relationship Between Financial Issues and Divorce," 2012

4 Prudential, "Financial Experience & Behaviors Among Women," 2014-2015

The WDM survey respondents were typically quite critical of their ex-spouses when it came to discussing money.

Significant events involving money are imprinted in our memory and can influence the role money plays in our lives.

When asked what their biggest financial worry was during their marriage, the vast majority of responses from the WDM survey were negative. However, a few women did share that they had a very solid financial relationship in their marriage.

*"My ex-husband's propensity to spend tomorrow's money yesterday."*

*"My husband would irresponsibly spend the money I had inherited and come into the marriage with."*

*"Debts and too much spending. Unwillingness of my husband to do anything about it."*

*"Never having enough to cover life expenses due to my husband's spending habits."*

*"My husband spent too much money and had secret debt."*

*"My ex was constantly day trading with our entire savings. He traded on margin, got constant margin calls, and even took out extra mortgages to use for trading. He was very financially irresponsible."*

*"We didn't have financial worries. We worked hard together to create a strong base and plan for retirement."*

*"I had no financial worries really. We both made good salaries. We saved for retirement, had enough to spend and had a good home. We were financially responsible and financially stable."*

*"My financial situation during my marriage was actually good."*

*"I didn't have any financial worries."*

What money issues do couples argue most about? The top six money arguments that couples have are about merging their money, dealing with debt, budgeting, how to best invest, hiding money secrets from each other and planning for emergencies.<sup>1</sup>

Negative financial events, such as a job loss, can also expose the cracks in a struggling marriage, causing it to deteriorate. Several WDM participants shared that job issues created stress in their marriage.

*"We didn't really have any issues until my husband went on unemployment."*

*"My ex kept losing his jobs creating relocation expense, debt, etc."*

*"My ex would quit his job, or get fired, with no warning."*

A study from The Family Relations Journal points out that arguments about money are actually arguments about deeper issues in the relationship — power, trust, etc. If such deep issues in the relationship are problematic, then couples may be more likely to split.

Arguments about money may also stem from a difference in "money personality," which explains outward behavior, but is based on deeply-held beliefs about the purpose of money. Our money personality comes from the family in which we grew up. Significant events involving money are imprinted in our memory and can influence the role money plays in our lives.

"Sometimes spouses' beliefs differ and so they come into conflict. You might imagine a spouse who feels that money is best used for status married to someone who feels that money is best used for security. This couple would then probably have more conflict."<sup>2</sup>

<sup>1</sup> SmartMoney Magazine study, "Love & Money," 2004

<sup>2</sup> Sonya Britt and Jeffrey Dew, Family Relations Journal, "Examining the Relationship Between Financial Issues and Divorce," 2012

## THE NINE HIGH NET-WORTH PERSONALITIES<sup>1</sup>

### Family Stewards

- Dominant focus is to take care of their families
- Conservative in personal and professional lives.
- Not very knowledgeable about investing

### Independents

- Seek the personal freedom money makes possible
- Feel investing is a necessary means to an end
- Not interested in the process of investing or wealth management

### Phobics

- Are confused and frustrated by the responsibility of wealth
- Dislike managing finances and avoid technical discussion of it
- Choose financial advisors based on level of personal trust they feel

### The Anonymous

- Confidentiality is their main concern
- Prize privacy in their financial affairs
- Likely to concentrate assets with a financial advisor who protects them

### Moguls

- Control is a primary concern
- Investing is another way of extending personal power
- Decisive; rarely look back

### VIPs

- Investing results in ability to purchase status possessions
- Prestige is important
- Like to affiliate with institutions and financial advisors with leading reputations

### Accumulators

- Focused on making their portfolios bigger
- Investments are performance-oriented
- Tend to live below their means and spend frugally

### Gamblers

- Enjoy investing for the excitement of it
- Tend to be very knowledgeable and involved
- Exhibit a high risk tolerance

### Innovators

- Focused on leading-edge products and services
- Sophisticated investors who like complex products
- Tend to be technically savvy and highly educated

DURING THE MARRIAGE, MANY WDM RESPONDENTS HAD SERIOUS FINANCIAL WORRIES.

Not Saving **Low Income** Healthcare **Bills**  
Family **Debt** College **Mortgage** Insurance  
**Money** Future **Spending** Expenses **Worried**  
Job Loss **Paying** Buying **Retirement**  
Finances **Job** Saving **Children**

<sup>1</sup> Russ Alan Prince and Brett Can Bortel, *The Millionaire's Advisor*™, 2003.

# Case Study

Carrie – To Divorce or Not to Divorce?

After 19 years of marriage, the cracks in Carrie and Mark's marriage were becoming larger and larger. When their twin daughters left for college, Carrie could no longer distract herself from the sadness she felt. The miserable voices in her head were demanding to be heard.

Mark was not verbally or physically abusive. To be honest, Mark was a pretty nice guy, just not the right guy for Carrie, any longer. The couple had not had sex for over a year, and romantic love did not exist in their relationship anymore.

Despite years of feeling like a corpse and just making do with her marriage, the idea of leaving Mark was terrifying. Carrie had never lived on her own, and had married Mark right after college. Being out of the workforce for nearly two decades meant that Carrie would have to retrain as a dental hygienist. She would be restarting her career from the bottom.

The decision to divorce can be overwhelming. There are many questions and concerns when contemplating divorce, and it is important to find the right professional team to help guide you through this difficult transition.

From a financial perspective, Carrie knew that she was better off than a lot of her divorced friends. The responsibility for family finances was split evenly between Carrie and Mark. Carrie oversaw the household expenses, and Mark concentrated his efforts on investments. They started out their marriage in these roles, and continued in them. They rarely went over their finances together.

In order to try and understand their financial situation, Carrie reviewed the paperwork that they had provided their estate planning attorney when they updated their wills three years prior. Carrie estimated that they had \$2.5 million in investable assets with an even split between retirement and non-retirement accounts.

Despite accumulating a large nest egg, Carrie worried that she would not have enough investments to buy out Mark's interest in the family apartment in New York City. Keeping the pre-war apartment on the Upper East Side would mean the least amount of change for the twins. Carrie admitted that she felt guilty that she was putting her happiness before that of the girls and wanted the girls to be able to come back to the only home they had ever known.

Carrie didn't know where to start. She began googling guides to divorce and immediately began to feel overwhelmed. However, after talking with a few close divorced friends, Carrie realized that getting savvy about their finances was a crucial first step. Carrie decided to meet with a Certified Divorce Financial Analyst® (CDFA®). Not considering herself a numbers person, Carrie felt a financial expert with experience working with divorcing clients was exactly the person who could answer all of her questions about staying in the apartment, protecting her inheritance and understanding her current and future financial situation.

Carrie's divorce financial planner asked questions about her assets, income, personal and professional goals, financial values and what money meant to her. Carrie had never thought about all these issues before and how they could influence her divorce.

Carrie also discovered the growth potential, tax consequence, and liquidity of each of their assets. All assets are not created equal. In addition to understanding taxation of certain assets, Carrie learned that it is important to consider the ongoing costs of owning certain investments. Some assets continue to grow and gain value without

costs, while other assets require money for ongoing maintenance. For example, investment assets may continue to grow, but the NYC apartment requires maintenance, real estate taxes and mortgage payments that must be considered.

Carrie was also happily surprised to learn that the inheritance she recently received from her mother would be considered separate property as it was not commingled with any assets that the couple owned. Carrie had had no idea about the difference between marital and separate assets and felt more empowered to have this knowledge.

## What is a Certified Divorce Financial Analyst® (CDFA®)?

A CDFA® professional is someone who comes from a financial planning, accounting, or legal background and goes through an intensive training program to become skilled at analyzing and providing expertise on the financial issues of divorce. All CDFAs® must stay current with the changing field of divorce and are required to engage in continuing education to keep their designation in effect.



# Case Study

Continued

When contemplating divorce, women struggle to see how to make their future financially secure. Working with a divorce financial planner who understands your goals can provide a glimpse into what your future will look like, financially.

Carrie was very knowledgeable about their spending during the marriage, but the divorce financial planner helped her understand what her budget post-divorce needed to be.

Together, they discussed what the short and long-term financial impact of any proposed financial settlement would be in a clear and non-intimidating way.

This knowledge gave Carrie the financial peace of mind she needed to make the decision to move forward with the divorce. Carrie felt clear-headed and could focus on the well-being of the twins and herself.

Even though Carrie did not think that she needed a matrimonial attorney at this point, the divorce financial planner explained that it was imperative to interview several attorneys to understand the legal issues at play in the divorce process. The divorce financial planner guided Carrie towards lawyers who would be best suited for her situation. After several consultations, Carrie hired a fantastic lawyer and moved forward confidently in the divorce process.

## UNDERSTANDING SEPARATE VS. MARITAL PROPERTY

**Separate vs. Marital Property.** Before beginning a property settlement, you must define, value and assess how to divide the marital estate. Something important to take into account during the division is which properties are owned separately and which properties are considered marital. The classification of separate versus marital property varies according to whether state law follows equitable distribution (e.g. New York) or community property (e.g. California). While this area of divorce can be quite complicated, here are some general rules to help classify these assets.

**Marital Property.** Marital property is exactly what it sounds like: the asset is acquired during the marriage. The appreciation of separate property can also fall into this category, especially if the spouse's active management of the asset contributed to growth in its value. However, marital property will take various forms depending on state law and you will want to consult with your own matrimonial attorney.

**Separate Property.** Separate property is typically brought to the marriage. In New York, separate property includes personal injury awards, as well as gifts and inheritances made to only one spouse. In divorce, this separate property is typically not divided, but is kept by the spouse who owns it.

**Commingled Assets.** The line between marital and separate property becomes blurred when clients mix marital and separate assets together. Separate property becomes commingled when added to jointly owned assets or to separate property of the other spouse. Think of commingling assets as similar to mixing two different shades of sand. It is very tough to separate them, once you have poured them together in the sand box.

**Debt.** Another area that must be addressed in divorce is debt. The liabilities and debts accumulated during the marriage and brought to the marriage should all be assigned, paid, or handled in some manner as part of the divorce settlement. The laws of each state vary on which marriage partner is responsible for certain debts, depending on when the debt was incurred (before the marriage, during the marriage or after separation). The purpose of the debt (necessities, an extravagant lifestyle, or expenses to pay for an affair) also factor into who is responsible for repayment.

# Money During Divorce

"My husband was spending beyond his means, despite multiple attempts to get him to either cut back on spending or increase his earnings. He was content to rely upon me to be the household breadwinner. I always expected we'd be financial equals when we got married, but somewhere along the way he just seemed to stop trying to earn money. This was the primary cause of the dissolution of our marriage."

– *Ellen T., Married 32 years*

Just as money was a source of conflict during their marriage, the WDM participants also worried about their finances during the divorce process. Amongst the top three concerns during their divorce, 86% of respondents listed money, 74% indicated children's welfare and 70% chose their future living situation.

*"My biggest money concern was understanding the family financial situation."*

– *Sophia A., Married 8 years*

## BIGGEST CONCERNS DURING DIVORCE

MONEY  
86% 

 CHILDREN  
74%

LIVING SITUATION  
70% 

\*Participants were given the option to rank all that apply

# Money During Divorce

Continued

Even though worries about money outranked fears about children adjusting to divorce, the responses below reveal that much of this financial anxiety stemmed from the participants' concerns about how they would be able to financially support their children post-divorce.

## What were the major challenges you faced during your divorce?

*"Keeping up strength. Fear of financial devastation."*

*"Understanding how I will pay all the bills by myself."*

*"Dealing with the loss of income and uncertain medical coverage."*

*"Facing the unknown. After 21 years of marriage, I was scared of what my new life would be like and my ability to support my kids."*

*"Becoming aware of finances that were hidden from me."*

*"After a while, he stopped my access to his online banking, restricting my access to money."*

*"Mostly personal issues and financial issues."*

*"I had a bad relationship with my ex-husband during the divorce because we had to deal with money issues."*

*"Figuring out how to take care of my daughter, emotionally and financially."*

*"I was most concerned about giving my kids a sense of continuity and safety, which was a huge challenge as we were splitting."*



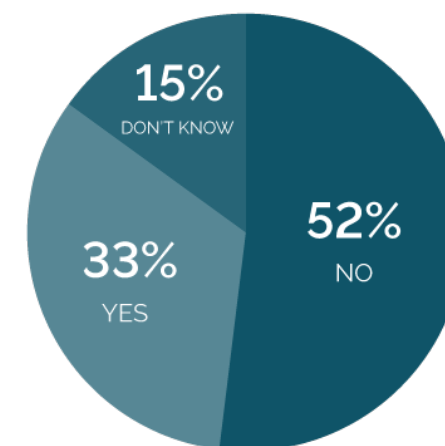
# Money After Divorce

Women have many worries about saving for retirement.

The definition of financial security can vary during a marriage and especially after a divorce. For some respondents, being financially secure meant having the feeling of independence and control over their own money. Other participants measured financial security in a more tangible way, focusing on the size of their net worth and the amount of income coming into the household.

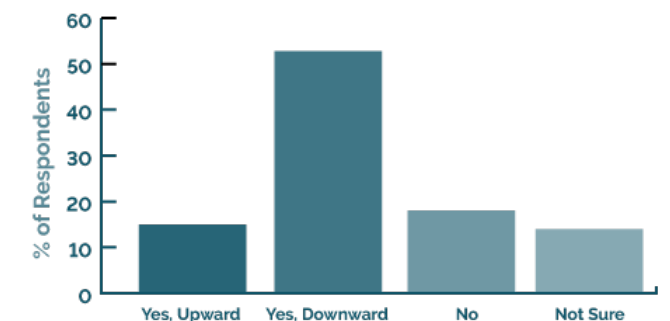
Regardless of how the respondents measured economic security, many shared a discouraging picture of their financial lives. The majority (52%) of participants admitted that they did not feel financially secure. A full 15% didn't even understand their situation well enough to know if they should be worried.

## Do you feel financially secure?



Post-divorce, economic security is difficult to attain. Income once supporting one household must now cover the cost of two. Numerous studies have revealed that a woman's lifestyle is negatively impacted after divorce, and over half (52%) of respondents experienced this well-documented downward shift in their standard of living.

## Lifestyle Shift After Divorce



The reduction in income had a negative domino effect on savings. The majority of WDM respondents did not feel that they were making enough headway saving for their "golden years." Over half of the women (66%) knew that they were not saving sufficiently. A handful of participants (11%) admitted that they were in the dark about their financial situation and had no idea if they were saving enough and on track.

# Money After Divorce

Continued

A recent Prudential study backs up the results of our research. Fewer than 33% of women feel they are on track or ahead of schedule in planning or saving for retirement, down from 46% in 2008.<sup>1</sup>

When listing their financial worries, the majority of WDM survey respondents were very concerned about saving for retirement (40%) or outliving their money (39%). As wonderful as kids may be, children also added a financial stress. Nearly a third of the participants were concerned about having enough money to take care of their children and pay for their education.

According to the American Psychological Association report "Stress in America," women are much more stressed than men, and their biggest stressor is money.<sup>4</sup> This was also true of the WDM participants.

## Divorced women have financial headwinds

After divorce, the average woman's income falls by more than a fifth and remains low for many years.

- Individuals need more than a 30% increase in income to maintain the same standard of living they had prior to the divorce.<sup>2</sup>
- Three out of four divorced mothers don't receive full payment of child support.<sup>3</sup>
- Research suggests that women usually do not fully recover from the financial consequences of divorce.

"Don't get caught confusing money with security. There are lots of ways to build a life that's more secure, starting with the stories you tell yourself, the people you surround yourself with and the cost of living you embrace. Money is one way to feel more secure, but money alone won't deliver this."

- **Seth Godin**

For some, security comes from telling yourself the story that you have control over your money.

- 
- 1 Lori Fouche, Christine Marcks and Caroline Feeney, Prudential "Financial Experience and Behaviors Among Women," 2014-2015
  - 2 Mark A. Fine and John H. Harvey, Economic aspects of divorce and relationship dissolution. "Handbook of Divorce and Relationship Dissolution," 2006
  - 3 Timonty Grall, United States Census Bureau, "Custodial Mothers and Fathers and Their Child Support: 2013," 2016
  - 4 American Psychological Association report "Stress in America: Paying With Our Health," 2015

# Money After Divorce

Continued

Nine percent of the WDM contributors indicated that they were not only worried about their own financial well-being, but also anxious about their ability to support their parents financially.

The majority of our respondents worked in some capacity. However, starting a new career was still a major concern for 16% of the participants and as many as 18% were very concerned about their current job security.

Not losing their money was a critical concern. Over a quarter (27%) were anxious about protecting their post-divorce assets, knowing that this money would need to support them into retirement and beyond.

Taxes were also a cause for concern, as many women paid taxes on the alimony they received, which took a huge bite out of their budgets. Therefore, a reduction in taxes paid to Uncle Sam was essential for a significant portion (26%) of the respondents.

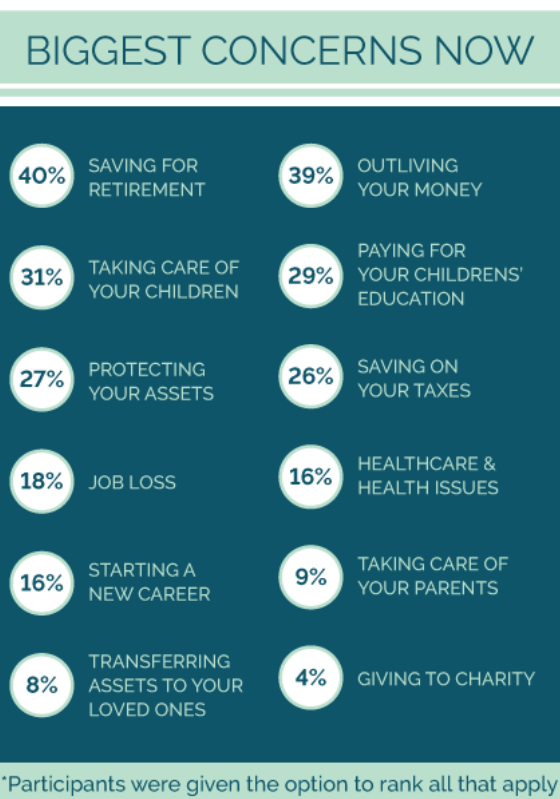
Paying for medical bills was further down the list, but was still a concern for 16% of the women. Fears around medical costs were especially significant for those who had young children at home. Several women were also anxious about their ability to afford quality health insurance after having been dropped from their ex-husband's plan.

*"My biggest money concern now is saving for my retirement."*

*- Elizabeth P., Married 31 years*

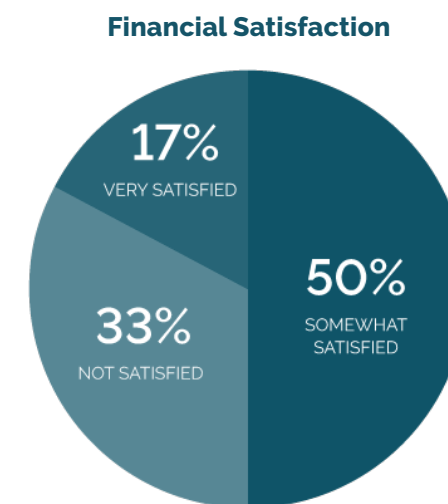
*"My biggest priority is to stay in my home and keep our child in her current school."*

*- Carly P., Married 18 years*



While the survey paints a troubling picture of the women's long-term financial preparedness, respondents were relatively satisfied with their day-to-day finances.

Half of the interviewees (50%) were at least "somewhat satisfied" and 17% shared that they were "very satisfied" with their day-to-day financial situation. These women typically paid bills on time and had enough money to make ends meet. A third of the participants (33%) were not satisfied at all with their current day-to-day financial circumstances. Some respondents cited a downward lifestyle shift and long-term financial repercussions from their divorce as factors contributing to their dissatisfaction. Others shared that they felt ill-equipped for retirement and feared that they were unable to absorb any economic shocks from unforeseen life events. Few of these women had an emergency fund.



## Importance of an Emergency Fund

An emergency fund is an account used to set aside funds which may be needed in the event of a personal financial crisis, such as the loss of a job, a debilitating illness or a sizable unforeseen expense.

An emergency fund can significantly improve financial security by creating a safety net to cover surprise expenses. A good rule of thumb is to have at least three to six months of living expenses set aside in a high-interest savings account with FDIC insurance.

Everyone's situation is different, and there isn't a magic number that is right for all people. Factors that can impact how much money you put aside include your job security, expenses, investment portfolio size, debt level and whether or not you have two incomes coming into your household.

Women generally focus more on day-to-day financial matters such as paying the bills and maintaining the family's budget. Men tend to concentrate on investing.<sup>1</sup>

During their marriage, the WDM participants focused more on day-to-day financial matters such as paying the bills and managing the family's budget, with 40% of the respondents reporting that they paid all of the bills without any participation from their husband. Another 37% shared the bill-paying role with their husband before the couple divorced.

Regardless of their role during the marriage, nearly all (90%) of the WDM members at the time of this study had a clear understanding of their own cost of living.

Over 42% of the WDM contributors shared that following a budget was somewhat important to them. Tracking expenses using a budget was very important to 56% of the women, and only 2% did not believe that monitoring their spending was necessary.

Managing the expenses is a role many women know well. One may conclude that such experience, coupled with a clear understanding of their budget and improved spending habits, gave the WDM contributors more satisfaction related to their everyday financial situation.

"Budgeting has brought me pretty much the only peace I've had in the divorce process. Having a clear sense of my spending needs has enabled me to focus on the emotional side of getting divorced without having financial panics."

- **Marion S.**, currently going through divorce

### Why do women feel more satisfied with their everyday financial situation, but unprepared for the long-term?

According to the 2017 AICPA Personal Financial Planning Trends Survey, there are distinct differences in how men and women approach their finances, post-divorce. The survey found each gender was equally as likely to experience a deterioration of lifestyle after divorce (women: 26%, men: 25%), but the similarities ended there.

The study discovered that women are far more likely to adopt positive financial behaviors, post-divorce, than their male counterparts. Women were almost four times more likely than men to improve their spending habits after the split (42% to 12%).

<sup>1</sup> Prudential, "Financial Experience & Behaviors Among Women," 2014-2015

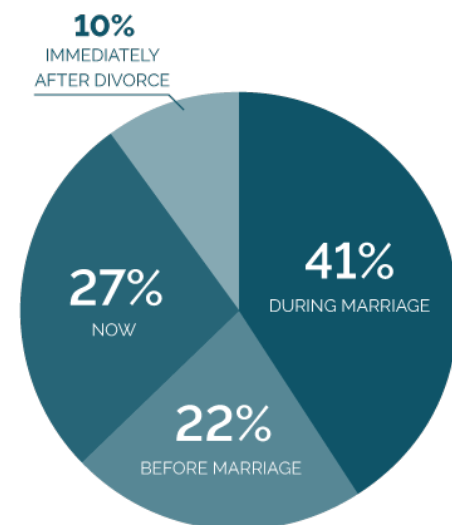
More than half (59%) of our respondents explained that they were most satisfied with their financial situation at a time when they were not married.

Fewer money conflicts, more control and increased knowledge foster greater financial satisfaction.

Surprisingly, the majority of WDM participants felt the least financially satisfied during the period of their marriage, and associated their single years with higher satisfaction.

More than half (59%) of WDM contributors shared that they were most satisfied with their financial situation at a time when they were not married. Post-divorce (37%) and before marriage (22%) were the times that the study respondents were the most content.

**When did you feel most satisfied with your financial situation?**



For some of the WDM participants, divorce signaled financial freedom and a respite from the frequent money-related disputes with their former spouse. When the money arguments went away, they saw their lives as being more stable, leading to higher satisfaction marks.

Some WDM respondents also shared that they did not have a significant role in the finances of their marriage and felt they had no power to control their ex-spouse's money behavior. Having power in financial decision-making also led to women answering that they were more content with their money situation.

When the WDM respondents were single, pre-marriage and post-divorce, they were forced to become more involved with their finances and address their financial shortcomings. Essentially, the women had to get smart about money.

According to Wharton Business Economics and Public Policy professor, Olivia S. Mitchell, studies show that women are more likely to recognize their gaps in financial knowledge and are more open to learning than men.

The main takeaway from the WDM survey is that fewer money conflicts, more control and increased knowledge foster greater levels of satisfaction.

The following comments help to explain why women have a greater sense of financial well-being on their own.

*"We never had enough money, even with both of us working full-time. Some bills never got paid when he said they were. I had no control."*

**- Megan R., Married 29 years**

*"I now have control over my finances and everything is paid on time."*

**- Morgan L., Married 10 years**

*"My husband neglected paying bills."*

**- Jennifer S., Married 22 years**

*"We had enough money, but my ex-husband controlled all of it. I felt powerless."*

**- Allie P., Married 8 years**

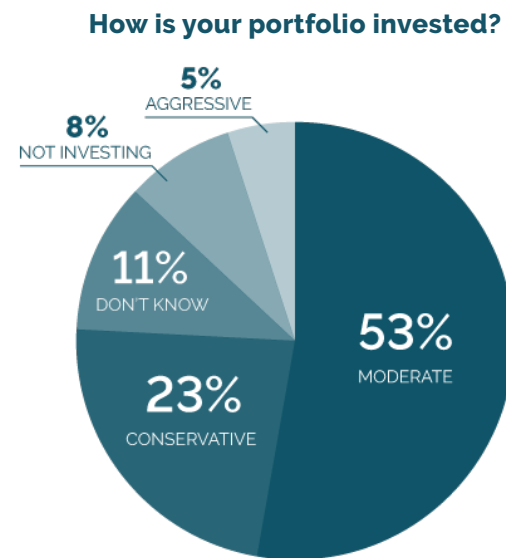
# Divorced Women and Investing

Women must become better educated about the role that smart investing plays in securing their financial future.

Fidelity Investments Money Fit Women Study reports that, "while most women are confident that they can balance a checkbook (79%) or manage the family budget without help (72%), they are less confident about selecting the right investments (28%)." This confidence gap helps explain why women tend to be more conservative investors than men.

Three-quarters of the WDM survey respondents employed either a moderate or conservative investment strategy. Only 5% of the WDM members considered themselves aggressive investors.

According to Hearts & Wallets, a retirement market research firm, a woman's lack of confidence sometimes translates into disinterest. The WDM survey saw indifference towards the markets among its participants as well. Eleven percent were oblivious about how their portfolio was invested, and 8% did not invest in the market, at all.



Survey after survey shows that women lack confidence when it comes to investing and planning for retirement. According to the Pershing study, "Women: Investing With a Purpose," low confidence plays a significant role in how women invest, which tends to be more conservative.<sup>1</sup>

Prudential also explored women's relatively low investing confidence and found that just 22% of women rate themselves as very well-prepared for long-term financial decision-making, compared to 37% of men.<sup>2</sup> While being an ultra-conservative investor seems safe, it is not the most prudent long-term investment strategy. This more conservative approach to investing means less risk-taking and less reward.

If anything, women need to pay greater attention to retirement saving and investing because they live longer, tend to take time out of the workforce, earn lower salaries, and must cover higher healthcare costs. Investing too conservatively can put women at risk of ending up with fewer dollars than they need to pay the bills during their retirement years. In fact, depending on their financial situation, women may require more stocks in their portfolio than men to help them boost performance and close the gap.

<sup>1</sup> Pershing, "Women: Investing With a Purpose why Women Investors May Need a Different Approach to Reach Their Goals," 2015

<sup>2</sup> Susan Blount and Christine Marcks, Prudential "Financial Experience and Behaviors Among Women," 2012-2013



# Case Study

## Jodi – Understanding the Expenses and the Assets

Jodi was getting divorced after seven years of marriage to Rob. Her husband had accidentally left his Facebook messenger open on their computer and Jodi discovered that he had been cheating on her for the previous two years with a young staff member. Jodi had met Eve at numerous company functions, and felt disgusted, angry, hurt, humiliated and scared when she found out. Jodi had thought that they were happily married and had worked out a great system, as she supported the family at home, while he had started his own business and worked long hours.

She immediately retained an attorney, but was stuck when it came to providing a comprehensive list of her household expenses. Her expenses were not only needed to complete her Statement of Net Worth, but were also essential in understanding her short-term and long-term needs for supporting herself and their six-year-old son, Sam.

Jodi confessed to her lawyer that she had no idea about her spending. During her marriage, Rob gave her a small cash "allowance" and the use of his business credit card. Jodi was not even allowed to see the monthly credit card statements as all account statements and correspondence was delivered to Rob's office.

It turned out that her ex's lover had use of the same credit card account. Eve used the card for her living expenses including five-star restaurants, designer clothing and expensive vacations. Eve even had exclusive use of a company car leased by the business. Now it all made sense. Jodi understood why she had been kept in the dark.

Rob's controlling personality made Jodi feel extremely disconnected from money and finances, in general. When Jodi expressed her concerns about her inexperience with all things money to her matrimonial attorney, the attorney realized that Jodi had a big disadvantage because of her lack of financial literacy.

### Dissipation of Assets

Wasteful dissipation of marital assets by a spouse may be offset by awarding the other spouse a greater share of the remaining assets. Dissipation may also include extravagant spending on an affair or other destructive behaviors such as gambling or drugs. Very often women are at a disadvantage because the husband manages the money.

Jodi's lawyer introduced her to a financial expert who was known to work with divorcing individuals. The Certified Divorce Financial Analyst® (CDFA®), initially had very little to do as there was virtually no financial information available to the divorce team. However, Jodi felt much more confident because she had a team in place. In fact, she affectionately called her attorney and financial professional, "Team Jodi!"

With the affair out in the open, Rob eventually complied with the team's information requests. Rob turned over the business credit card statements as well as the personal credit cards and checking accounts that were used to fund both Jodi and Rob's relatively modest lifestyle and his extravagant spending on Eve.

Together, Jodi and the divorce financial expert reviewed each transaction on the statements provided. A master spreadsheet with over 15,500 entries detailed the true business expenses, Jodi's personal expenses, Rob's personal expenses and those spent on behalf of or by Eve over the past two years. The expenses totaled more than \$215,000 for Eve, helping bolster the attorney's case for dissipation of assets.

# Case Study

Continued

Tax returns revealed that the business expenses had increased significantly in the previous year. Further analysis of payroll revealed a 132% salary increase for Eve, despite neither a promotion nor additional hours worked. The financial expert also noticed very large, out-of-the-ordinary business equipment purchases that offered the added benefit to Rob of further reducing the value of the firm's net profit. Traces of retirement assets were also revealed in the corporate tax return. A 401K and defined benefit pension plan were set up by the business. Large interest payments on the section of the tax return pointed to significant amounts of money in interest-bearing savings accounts.

Personal tax returns were mined for essential information about the couple's assets. The divorce financial expert found evidence of two unreported brokerage accounts in the schedule D capital gains and losses section of the return.

Jodi's attorney was well-prepared to make his case that Rob was not being honest about his income, expenses and assets. If Rob did not come forward with all the financial information, they might have to consider hiring a forensic accountant. Either way, Jodi and her team knew what they were up against. Jodi took great comfort in knowing that she had the right team in place to protect her and her son, Sam.

Jodi's divorce was a harrowing experience. However, after getting an understanding of her budget, the couple's assets and her financial needs, Jodi felt more empowered about her finances. Jodi gained the knowledge necessary to choose a settlement that provided her as much financial security as possible.

## DIVORCE PROCESSES

The most common methods women use to come to an agreement with their spouses about divorce issues include:

**Litigation.** Litigation is the most common method. If the parties do not agree and settle on their own, the court decides who gets what, how much support or alimony must be paid, as well as issues of child custody and visitation.

**Collaborative.** Collaborative law can be used when a couple agrees to work out a divorce settlement without going to court. All of the people involved commit themselves to achieving a negotiated outcome and it is agreed there will be no litigation. However, if one or both parties wish to discontinue the collaborative process, both attorneys are legally obligated to withdraw from representing their clients. Each spouse will be required to hire a new lawyer.

**Mediation.** A neutral mediator helps the couple resolve issues and reach a mutually agreeable settlement, but does not advocate for either party. Each spouse retains their own lawyer, while the mediator facilitates negotiation. However, the agreement made through mediation is non-binding.

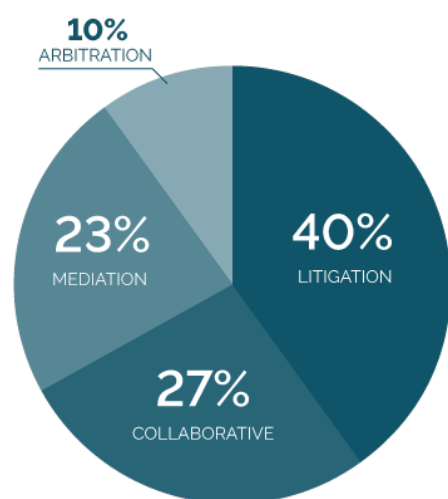
**Arbitration.** Arbitration is conducted by an independent third party. The arbitrator can conduct the session in a similar way to a court hearing, with specific time limits for each party's proof to be presented and arguments made. Both parties are bound by the decision made by the arbitrator.

# Process & Outcomes

For nearly half of the WDM contributors the divorce process took over two years.

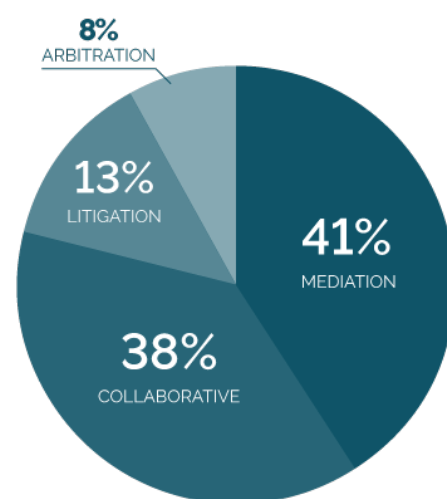
## Divorce Process Used

Forty percent of the WDM contributors used litigation to divorce their spouse. The remaining participants used alternative dispute resolution methods such as collaborative (27%), mediation (23%) and arbitration (10%).



## Processes Recommended

The participants had clear, strong ideas about which divorce methods worked best. When asked which processes they would recommend to a friend, the majority of respondents favored alternative dispute resolution methods such as mediation (41%), collaborative (38%), and arbitration (8%). Only 13% of WDM study participants would suggest litigation to a friend.



## Length of Divorce Process

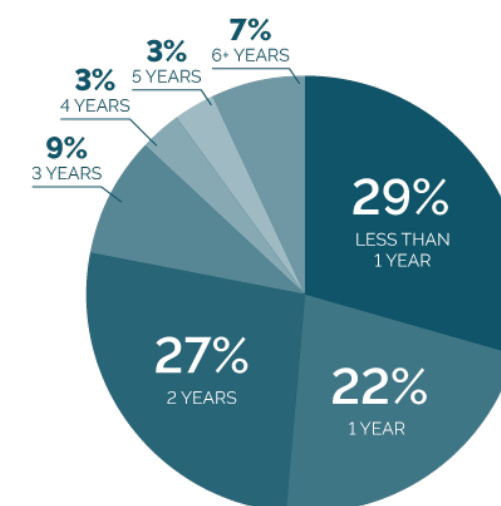
One of the greatest misunderstandings about divorce is the belief that all will be over soon and that the two parties can get on with their lives quickly.

The average time it takes to get through the divorce process is 10.7 months according to a 2014 survey conducted by Martindale-Nolo Research. This figure includes the period from filing the petition to getting the settlement or final court judgment. Cases that go on trial take up to 17.6 months to resolve. The couples that settle their cases out of court can often move on after just nine months.<sup>1</sup>

A large number of the WDM participants (42%) wished that their divorce took less time. The length of their divorce process varied widely, from less than a year to more than six years.

For 29% of respondents the divorce process took less than a year. For nearly half of the women in the WDM survey (48%), the process took two years or more to be finalized. These cases typically had complicating factors such as higher income, longer marriages and/or minor children.

The WDM contributors had good reason to want their divorce to continue for as little time as possible, as typically, the longer a case drags on, the more it costs. The majority of WDM participants' divorces (71%) were longer than the national average of 10.7 months.



<sup>1</sup> Kathleen Michon, NOLO Nationwide Divorce Survey, "How Much Will My Divorce Cost and How Long Will it Take?," 2014

# Cost of Divorce

The most significant factor impacting the total cost of divorce comes down to whether or not spouses are willing to settle.

## Cost of Hiring a Lawyer

Unfortunately, divorce is not cheap. In fact, the thousands of dollars spent on a wedding and honeymoon may be a fraction of the cost of uncoupling. One of the most expensive divorces on record to date is the \$1.7 billion split between Rupert Murdoch and his former wife Anna Murdoch in 1999. While the rich and famous often have 6 or 7 figure divorces, divorce can be very pricy no matter the financial situation.

How much a divorce will cost is not a simple calculation and will depend on several factors.

## Court or Settle

The most significant factor impacting the total cost of a divorce comes down to whether or not spouses are willing to settle their case, or end up going to court. Trials are very expensive, necessitating additional amounts in attorney and expert fees. Not surprisingly, the more issues that must be hammered out in a trial, the more expensive the case.

According to Martindale-Nolo Research, a case that settles before going to trial takes 15-30 hours of a lawyer's time. If a case goes all the way to trial, Nolo anticipates adding an additional 10-50 hours to the tab.

## Amicable or Contentious

When spouses reach more consensus on their own, less involvement is needed from their lawyers and team of experts.

## Location

Hourly fees for lawyers can vary widely depending on location. In New York City, rates can range from \$350 to \$900 an hour. The cost will be much less than this pretty much anywhere else in the United States. According to Martindale-Nolo Research 2015 Divorce Study, the average fee, nationwide, people paid to their attorney was \$250 per hour.

In addition to hourly fees, most lawyers will require a sizable retainer before getting started. A retainer may be as little as \$1,000 or as much as \$100,000. Any unused portion of the retainer must be returned at the end of the case, or if a new lawyer, at a different law firm, is hired.

## Hidden Assets

If there is a suspicion of hiding assets, the divorce case will automatically reach the highest echelon of cost. With hidden assets, a forensic accountant must be hired to trace where assets have been transferred. Such labor-intensive and skilled work does not come cheap and there is no guarantee that the assets assumed to be hidden will be found.

Over half (63%) of the WDM members had to grapple with the decision of hiring a forensic accountant because they felt strongly that their husband was hiding assets during their divorce process.

## How Many and What Type of Assets

The number and type of assets can be another significant driver of fees. Physical property such as a home, jewelry, art or other valuable collections will need to be appraised. A pension, too, will need to be evaluated by a pension expert to ensure a fair property settlement. If either spouse is a significant owner of a non-public business, a business valuation may be needed. Depending on the size and complexity of the business, the cost can range from several to many thousands of dollars. Complex assets such as stock options, restricted stock, and private equity can also increase the price tag of an asset split.

Nearly a quarter wished that they had had a better understanding of money.

# Processes & Outcomes

Continued

During their divorce, all of the WDM respondents faced many decisions that affected their financial security. However, nearly a quarter (22%) wished that they had had a better understanding of money, allowing them to make more informed choices about their divorce settlement.

## SOME OF THE MOST FREQUENT MISTAKES INCLUDE:

### Not Understanding Spending

Most people know exactly what they earn each month, but can't pinpoint exactly where their money goes. It is impossible to be fully confident that a divorce settlement is financially feasible without knowing how much money is being spent on a monthly basis.

### Failing to Consider the Long-Term

Focusing only on the most immediate tasks of splitting assets, alimony and child support, without taking into consideration what life might look like in ten years or more is a mistake. Neither spouse would want to be left in a financial bind once the ink is dry on his or her divorce settlement, having said yes to an agreement that does not work later on.

### Taking the House

Understandably many women want to stay in their home, either to not disrupt the lives of their children or for sentimental reasons. However, failure to consider what will happen when child support and alimony run out down the road can spell trouble. Homeowners also typically underestimate annual ongoing maintenance and repair costs, mortgage payments, property tax, insurance, among other expenses.

The 2017 AICPA Personal Financial Planning Trends Survey asked financial planners what steps would have better prepared their clients, financially, for divorce. The most frequently cited were:

- Understanding how to manage personal finances (75.6%)
- Understanding the long-term financial planning consequences of a divorce settlement (73.0%)
- Understanding the tax implications of a divorce settlement (56.9%)

### Not Knowing All of the Assets

Being in the dark about money can be costly. Spouses who handled all of the finances during their marriage have an advantage over those who did not.

Being aware of everything about the assets owned as a couple is not simply an option—it is a necessity. It is important to understand the value, location and tax aspects of those assets and debts. Property can include retirement, non-retirement and bank accounts, as well as real estate, future pensions, and social security. Debts overlooked, at times, include mortgages; student loans; retirement plan debt such as a 401K loan; credit lines; credit cards; business loans with a personal guarantee; payday loans and personal loans.

### Not Understanding Tax Impact

Clearly understanding the tax impact of taking one asset over another is vital. While two assets or investment accounts may have equal dollar values, their post-tax value could be vastly different. This is especially true when comparing the value of a 401K to a checking account.

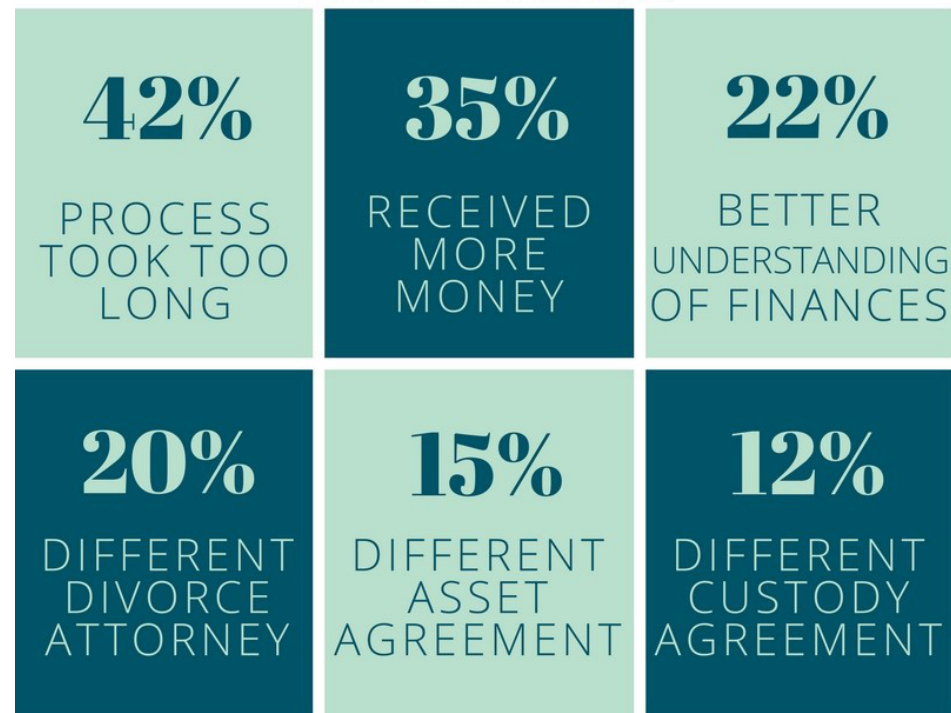
Too few people sell their primary residence without worrying about taxes that are due. The sale of a primary residence may create taxes due if the gain for each party is over \$250,000. Taxes, coupled with selling costs, can take a huge bite out of the post-sale house proceeds.

Creating a monthly cash-flow plan using the after-tax value of alimony is also a must. A \$10,000 per month alimony check can easily be slashed by as much as 40% or more after federal, state and local (if applicable) taxes are paid.

Looking back, half of the WDM study participants now wish that they had a different financial agreement.

# Support Systems

WHAT DO YOU WISH WOULD HAVE BEEN DIFFERENT ABOUT YOUR DIVORCE?



\*Participants were given the option to select all that apply

Over a third (35%) of the respondents indicated that they wished they had received more money in the settlement. Twelve percent of the respondents wished there were a different custody agreement.

Nearly a quarter (22%) wished that they had a better understanding of finances.

A fifth (20%) of the WDM respondents blamed their attorney and would have hired a different attorney if they had to do it all over again.

Divorce is often the most traumatic period in a person's life. The emotional impact of divorce can extend two, four, six or more years into the future. How long the recovery takes depends on many factors, including what stage of the emotional process the individual is in when the decision to divorce is made, as well as how much support they have during and after the divorce.

Unfortunately, many WDM respondents lamented that their divorce was especially painful for them because they did not have all the support they needed through the process.

Several WDM contributors shared that highly-charged emotions negatively impacted their ability to make sound decisions during the divorce process. Many studies prove that during stressful events like a break up, cognitive function declines.

Given the impact of emotions on effective decision-making and health, it is clear that getting support during and after the divorce process is imperative. However, we found that a large number of respondents (38%) did not feel they had enough support. Some (11%) felt that they did not have any type of support, at all.

Divorce is never easy, but you do not have to do it on your own. The divorce industry has stepped up to the plate with numerous legal, financial and emotional support structures to help empower those moving from couple-dom to single life with emotional health and financial security.

*"My biggest challenge was not being familiar with the details of the process. Due to the emotional state at the time it is difficult to think of everything."*

**-Bonnie M., Married 41 years**

“It was difficult keeping mentally and emotionally stable during this difficult time.”

## Support Systems & Professionals



“Do not feel ashamed because you are going through a divorce. I told everybody and found that many different people have good advice to offer, which was extremely helpful.”

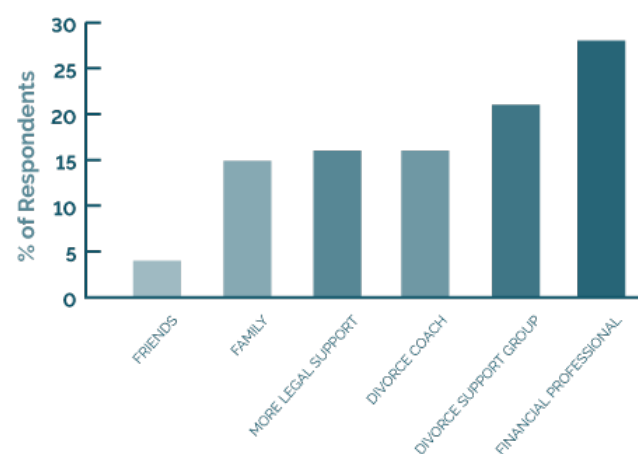
– *Monica C., Married 9 years*

When asked what additional support was desired, respondents ranked the services of a divorce financial planner highest.

When initiating a divorce, most women have the immediate concern of hiring the right legal team to help protect themselves and their children. Along with matrimonial attorneys, the WDM participants expressed a desire for support from divorce financial planners, divorce support groups, divorce coaches and other experts who could assist during this difficult transition.

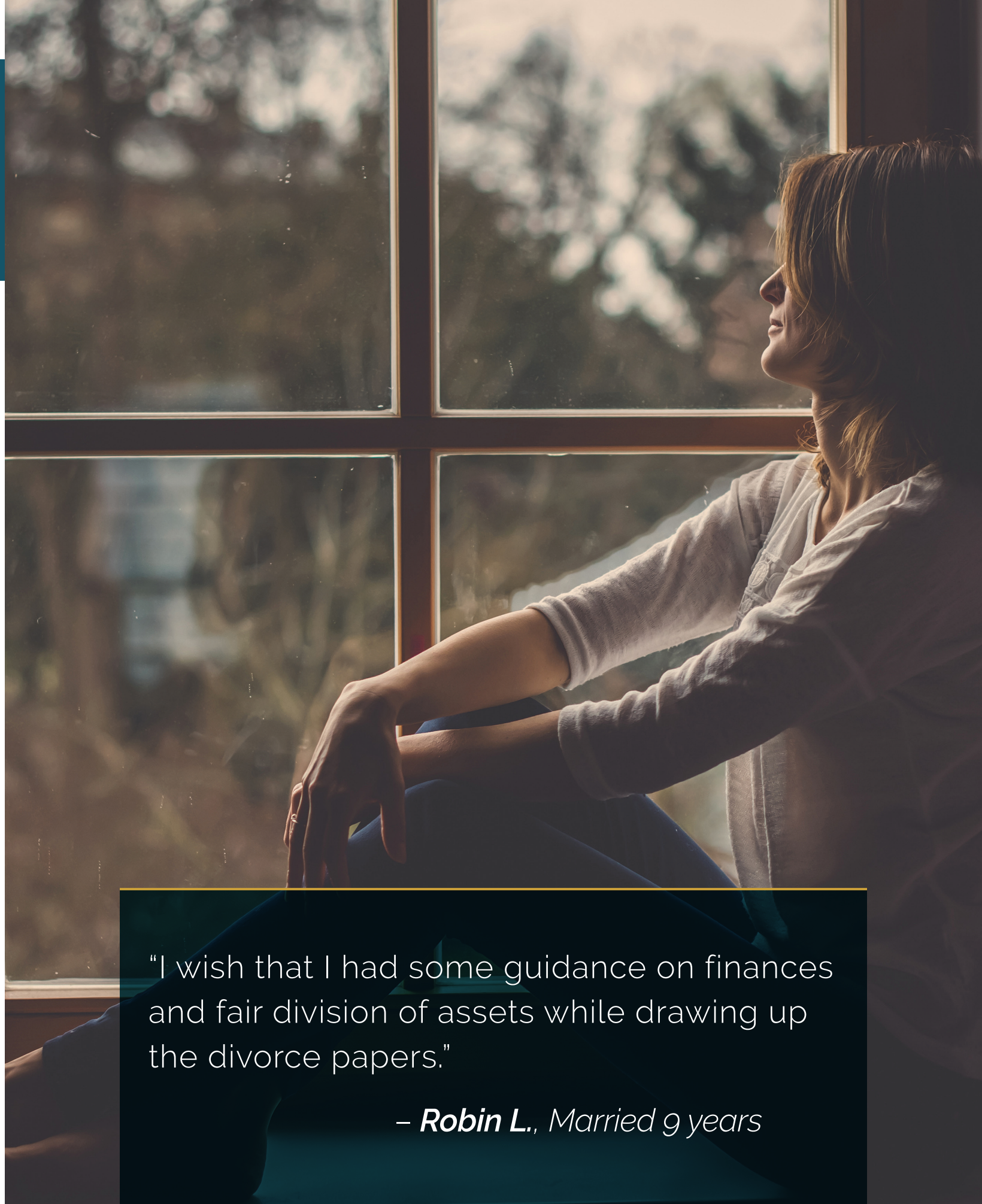
When asked what additional support was desired, respondents ranked the services of a divorce financial planner highest (28%) followed by a divorce support group (21%) and divorce coach (16%).

Several WDM contributors (19%) wished that their family and friends were more present in offering comfort and assistance during their divorce.



"I wish I had someone who would have helped me look at the entire financial picture."  
– **Deborah R.**, Married 35 years

"I wish that I had some guidance on finances and fair division of assets while drawing up the divorce papers."  
– **Robin L.**, Married 9 years





# Preparing for Divorce

# Divorce Professionals

## Some of the information that you need to gather and organize include:

- Recent investment account statements (preferably within the last 30 days) showing account values, holdings, cost basis and account titles.
- Recent debt statements showing interest rates and outstanding balances.
- Copies of property deeds.
- Copies of insurance policies including the declarations pages for life, health, disability and long-term care insurance.
- Copies of all property and casualty coverage including auto, homeowner, renter, umbrella and business insurance.
- Tax returns for the last 3 years. You will want to go back as far as 5-7 years if you or your spouse own a business or are part of a closely held partnership, etc.
- Copies of any prenuptial or post-nuptial agreement.



Participants were asked about their experiences with divorce professionals—financial advisors, matrimonial attorneys, CPAs, divorce coaches and estate planners—with the goal of sharing what qualities make divorce professionals most helpful.

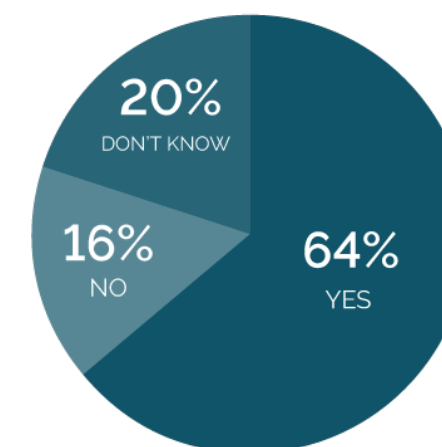
Seventy-five percent of the women surveyed felt comfortable seeking out the guidance of a financial professional. The other 25% said they either didn't have enough money to feel comfortable approaching an advisor, or that they had trouble finding someone that they trusted.

The majority of respondents (64%) said a financial advisor would have been helpful to them during their divorce.

## Financial Advisor

Only 35% percent of participants worked with a financial professional during their divorce. The majority of the WDM respondents (64%) said a financial advisor would have been helpful to them during this time.

## Would a divorce financial planner have been helpful during your divorce?



# Divorce Professionals

Continued

Finding the right advisor is essential. The most important factors considered by the WDM participants, when assessing the suitability of a financial planner, included the professional's ability to look out for her best interests (74%) and that the advisor is honest (70%).

Over half (62%) of the survey participants agreed that experience was a key factor to consider. Forty-eight percent felt that listening skills were also an important factor when choosing advisors.

Forty-seven percent of the women felt that getting the best market returns was of primary importance when choosing the right money manager.

"I think that looking out for best interests is more important than best returns. Good returns have to be balanced against the whole experience."

– *Sylvia D., Married 18 years*

## WHEN CHOOSING A FINANCIAL ADVISOR, I LOOK FOR...

- 70% HONESTY
- 62% EXPERIENCE
- 48% GOOD LISTENER
- 47% ABILITY TO GET THE BEST MARKET RETURNS
- 40% SOMEONE WHO LOOKS OUT FOR BEST INTERESTS

\*Participants were given the option to rank all that apply

## WHY USE A FINANCIAL ADVISOR?

The WDM participants shared many reasons why a financial advisor could have been helpful during and after their divorce.

*"My lack of financial aptitude."*

*"Helping me budget and spend wisely."*

*"Saving for retirement."*

*"Saving for college for my kids."*

*"Fear that I will outlive my savings."*

*"Investing money from a house sale."*

*"Allocating current funds wisely."*

*"Having a financial roadmap I can follow."*

# Divorce Professionals

Continued

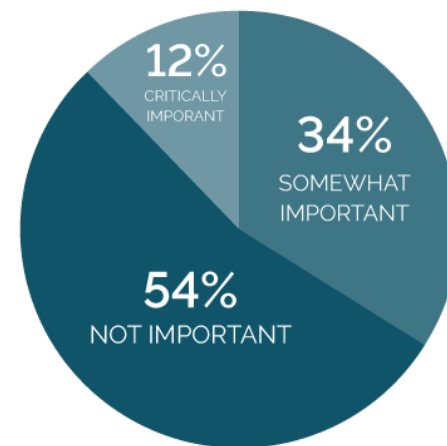
Many studies have investigated whether women prefer to work with female financial advisors. Most of these studies show that gender is not an important criterion for choosing an advisor. However, according to the Women of Wealth Study, "gender does matter for a significant subset of divorcees and widows."

In this study, 25% of divorced women and widows did prefer to work with a female financial advisor. Many women observed that "women have better listening skills and can relate better to their situation."<sup>1</sup>

Gender also mattered for a significant portion of WDM participants. Among respondents, nearly half (46%) believed it was critical or somewhat important that their financial advisor be a woman.

While, typically, women do not have a gender preference in working with a financial advisor, it is clear that women in transition (such as divorce or the death of a spouse) have a stronger preference to work with a female advisor.

## Importance of Having a Female Advisor



According to the Fidelity Investments study, "Maximizing A Major Opportunity: Engaging Female Clients," women are more willing to receive financial advice than men and are more interested in holistic financial guidance and planning to meet a specific lifestyle or goal.

Women look for inclusiveness and a collaborative approach, and want to stay engaged in the financial-planning process.<sup>2</sup>

In the WDM study, 1 in 2 respondents had a strong preference regarding the gender of their financial advisor, most preferring to work with another woman.

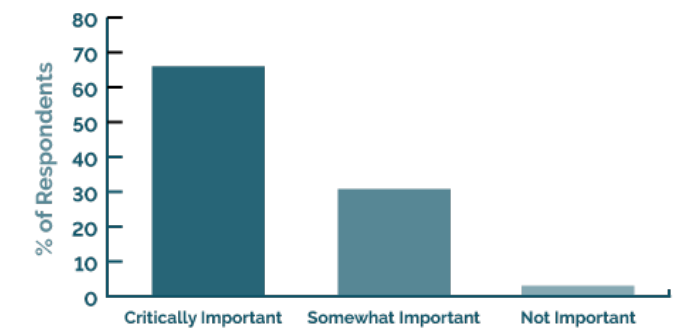
Women usually want to be educated, and not just about products and fee structures, but also about financial planning skills and investing, in general.<sup>3</sup>

## Interpersonal Approach

Key for a lot of women is an advisor who seeks to personally understand her needs, focuses on her overall longer-term financial picture and is able to offer quality comprehensive financial planning.

Nearly all of the WDM participants (97%) agreed that it is important for financial professionals to spend a significant amount of time and effort, upfront, understanding other parts of their lives in addition to their financial picture.

## How important is it that your financial advisor spend a significant amount of time and effort, upfront, understanding your entire financial picture?



The best relationship between a divorced or divorcing woman and her financial advisor is one based on a deep and comprehensive knowledge of her life. All solutions should be tailored to her unique situation. Of the WDM study women, 92% were looking for a financial advisor to build a financial plan and strategic investment allocation based on their unique situation, goals and risk tolerance.

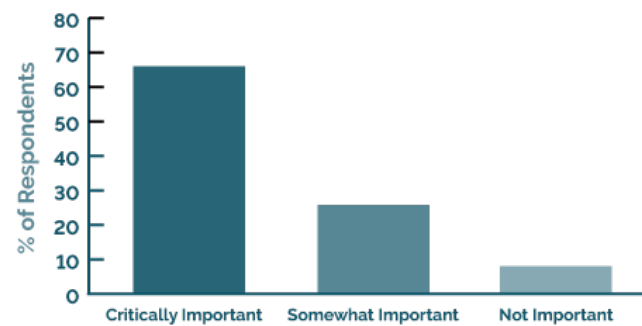
<sup>1</sup> Heather Ettinger and Eileen O'Connor, Family Wealth Advisors Council, "Women of Wealth: Why Does the Financial Services Industry Still Not Hear Them?," 2011

<sup>2</sup> Kathleen Burns Kingsbury, Fidelity Investments, "Maximizing a Major Opportunity: Engaging Female Clients," 2015

<sup>3</sup> BlackRock, "Men vs. Women: The Financial Advisor-Client Relationship," 2014

The WDM participants preferred to hire comprehensive wealth managers to help them plan their financial future.

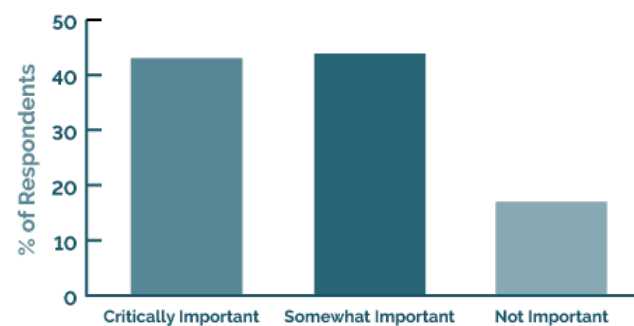
**Is it important that your financial advisor create a strategic investment allocation based on your unique situation, goals and risk tolerance?**



The WDM contributors preferred to work with a wealth manager over any other type of financial professional.

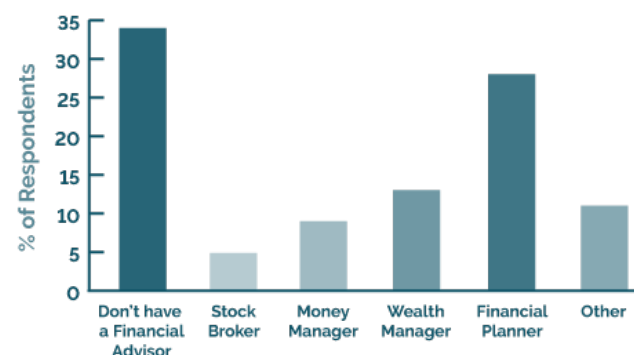
A wealth manager offers more than just investment advice, encompassing all parts of a person's financial life. Rather than trying to integrate pieces of advice and various products from a series of professionals, the client benefits from a holistic approach. A single financial firm coordinates all the services needed to manage her money and plan for her current and future needs.

**How important is it that your advisor be a comprehensive wealth manager?**



Despite the majority (87%) of WDM participants preferring to work with a comprehensive wealth manager, only 13% hired this type of financial professional.

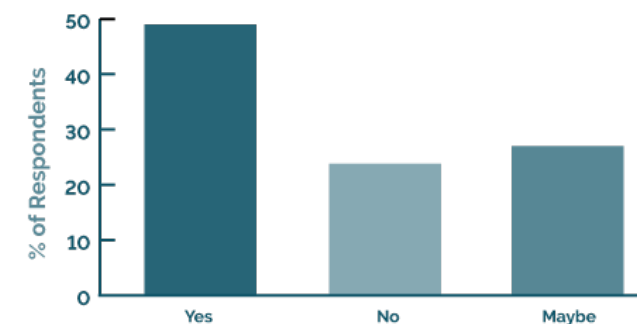
**How would you describe your financial advisor?**



Experience was the factor WDM participants considered most important when hiring a matrimonial attorney.

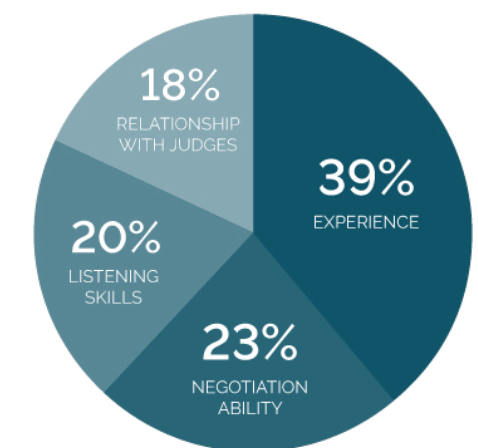
**Matrimonial Attorney**

Nearly half (49%) of the women surveyed said they would recommend their matrimonial attorney. Another quarter (27%) were not sure they would recommend and the remainder (24%) of the WDM respondents answered that they would not give the name of their lawyer to a friend.



For those lawyers missing referral opportunities, it could be because their clients do not have a strong relationship with them. A significant number of respondents (40%) shared that their divorce attorney did not know them well enough. The remainder, however, gave good reviews. Nearly a quarter (23%) felt that their lawyer knew them very well and 37% knew them well enough to represent them effectively.

The WDM contributors considered several key areas when determining which lawyer to hire for their divorce.



Of all the factors considered, experience was the most important to 39% of the WDM respondents. The WDM members shared that any matrimonial attorney considered should have substantial experience in handling divorce cases with situations similar to their own.

The top priority for nearly a quarter (23%) of survey contributors was expert negotiating ability to help resolve the divorce quickly with as little collateral damage as possible.

Nearly 1 out of 3 WDM respondents had neither an accountant nor a CPA.

In the WDM study, half of the participants admitted that they did not have an updated estate plan.

Listening skills were important to 20% of WDM participants. These participants insisted that the divorce attorney also be accessible and prompt in answering phone calls, emails, and requests for meetings.

Rounding out the bottom of the list, 18% of women hired an attorney based on the strength of their relationship with judges in the jurisdiction.

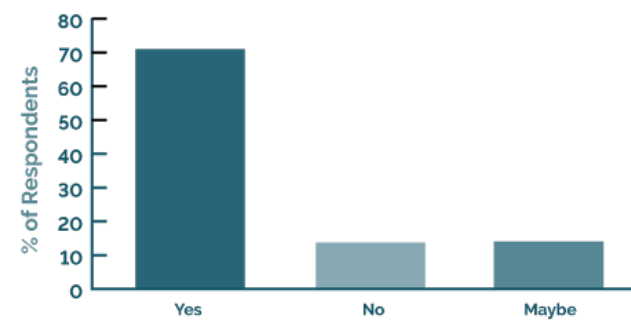
**Accountant or CPA**

Filing a tax return post-divorce is absolutely necessary. However, 29% of WDM women had neither an accountant nor a CPA.

Some survey respondents shared that although their ex-husband had had a good relationship with their accountant, they did not have a good relationship with their former tax professional. Having a poor relationship with their accountant led some women to navigate taxes on their own.

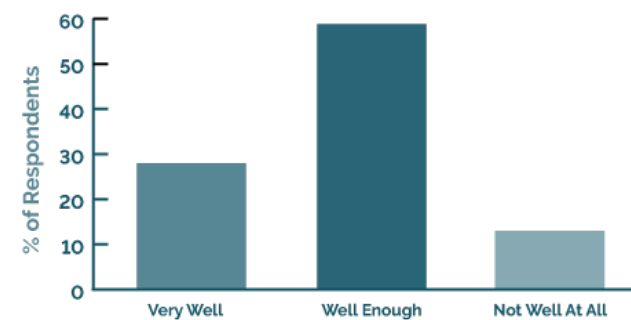
On a positive note, those respondents that used an accountant were quite happy with their services, and 70% would recommend their accounting professional. Another 15% said they needed to give this more thought and might recommend him or her. Only a small minority (15%) would not recommend their accountant.

**Would you recommend your accountant/ CPA to a friend?**



Nearly all of the WDM respondents (87%) who had an accounting professional reviewed them favorably. More than a quarter (27%) believed that their accountant knew them very well and 59% felt that he or she knew them well enough to do a good job preparing their tax return and advising them on tax issues.

**How well did your CPA know you?**



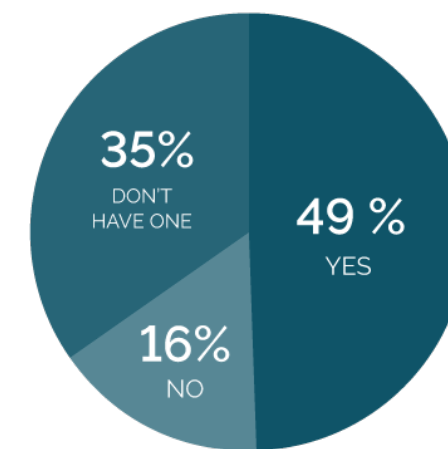
**Estate Planning Attorney**

Often overlooked, estate planning is critical for divorcing women. Failing to properly address these matters could lead to family disputes and financial troubles down the road.

Recommended legal tools for customizing an estate plan include a will, power of attorney and personal health care proxy.

One in two respondents updated their will after their divorce. However, the other respondents either failed to update their will or did not have any estate planning documents.

**Did you update your estate plan after your divorce?**



Also of note, 57% of WDM respondents did not have an estate planning attorney. The respondents who did have an estate planning professional gave mixed reviews about them. Forty-one percent of the women did not feel that their attorney knew them well enough to do a good job of drafting their estate planning documents. A quarter felt that their attorney knew them very well and 37% felt that he or she knew them well enough to do a good job.

Despite a large number of WDM respondents sharing that their estate planner did not know them well, 52% said they would recommend him or her. Nearly a third (30%) were not sure they would recommend their lawyer. Only a small percentage (18%) of the respondents answered that they would definitely not give the name of their lawyer to a friend.

Other than a divorce financial planner, WDM respondents believed that a therapist would have been most helpful to them during their divorce.

Divorce coaching is a growing profession in the divorce field.

### Therapist and Other Professionals

Of the kinds of professionals available to help WDM respondents through the divorce process, 60% overwhelmingly said that a therapist would have been helpful.

*"I wish I had more support to help maintain my psychological strength to be present for my children."*

- **Jen W.**, Married 12 years

*"I needed someone to support me around the adjustment of suddenly being single."*

- **Kate N.**, Married 9 years

*"I wish I had someone that could at least tell me what to do and expect, like a divorce coach."*

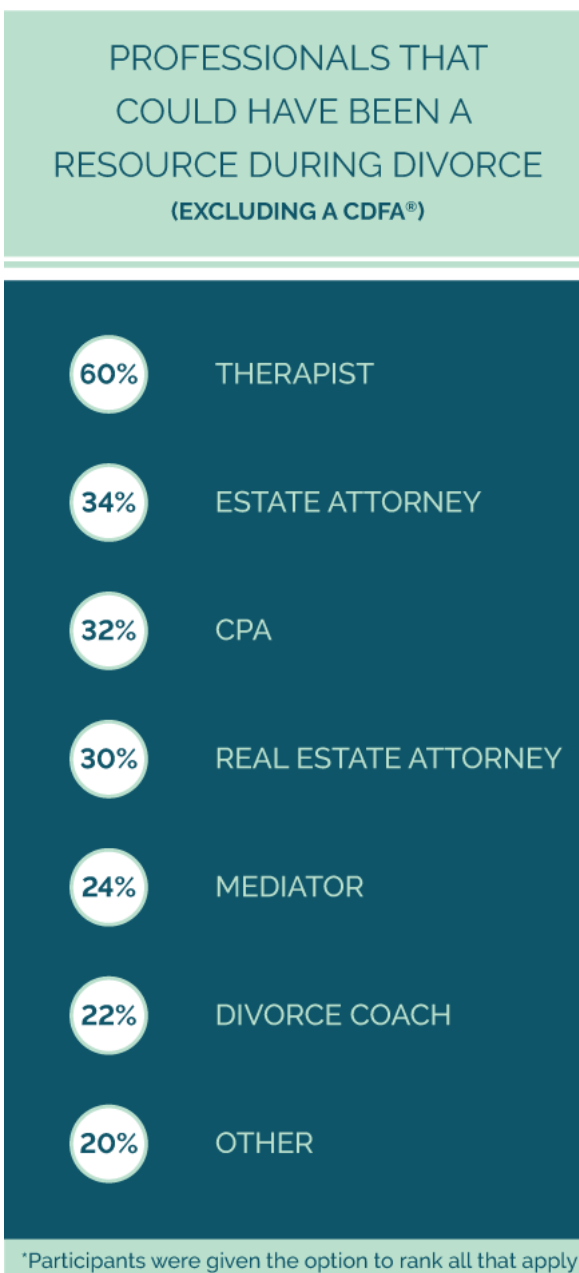
- **Jersey G.**, Married 32 years

*"I would have really benefited from a therapist, financial advisor and divorce support group."*

- **Olivia P.**, Married 4 years

*"I wish that I had someone impartial to talk to."*

- **April J.**, Married 2 years



### Divorce Coach

Divorce coaches support, motivate, and guide people going through divorce to help them make the best possible decisions for their future. Divorce coaches have different professional backgrounds and are selected based on the specific needs of their clients.

Relatively few participants reported working with a divorce coach. However, several expressed a wish that they had had one.

*"I wish I had had a divorce coach to help explain the process to me and let me know I was running a marathon, not a sprint. I needed someone to hold my hand when I was frightened and help me think through different choices, keep me calm and optimistic, give me empathy when I was freaking out, assure me that I was safe and protected, remind me of my values, help me be a calm mom and astute client, keep me prepared and help me create emotional safety while in the courtroom, the attorneys' or therapists' offices and during interviews."*

*I felt totally alone. When I looked around for support, "everyone" either cost too much, talked AT me, required I join their church group or suggested I date. These answers made me feel more alienated. I never felt understood or accepted.*

*Given that my lifestyle, when compared to others' going through divorce, was still in the high-net worth category, I felt judged. Like, "get on with it." Culturally, I felt others were completely and utterly at a loss on how to help, what to say or how to respond to my emotionality. There have been times during this transition when I experienced some of the loneliest moments of my entire life."*

- **Laura B.**, Married 12 years

# Case Study

## Colleen – Building a Team of Professionals

Colleen had contemplated divorce for over a year. She decided to ask a few close friends who had recently gone through divorce for guidance. Their first and most important piece of advice was to have a support team who would always have her best interests at heart.

First, Colleen needed to determine which professionals would be most suitable for her and when to hire them. She recognized that she needed expert advice, but also realized it could get very costly. Colleen's first instinct was to reach out to a matrimonial attorney. After interviewing a few professionals, Colleen soon realized she was looking for someone who not only had good listening skills, but more importantly, had many years of experience working with clients in a similar situation. After meeting with three attorneys, Colleen met Denise, a matrimonial attorney near her town, and immediately felt that she was being heard and would be well represented.

After reviewing Colleen's goals and financial situation, her lawyer felt it was important for her to meet with a CDFA®. Colleen and her husband had accumulated a significant amount of assets, and she knew that she did not understand everything she needed to know to make a smart decision about money, moving forward. Her lawyer felt it would be beneficial for the financial expert to run scenarios to see how each settlement proposal would affect Colleen's life.

With the legal issues and financial aspects of Colleen's case under control, she had her all-star team in place. Or so it seemed.

Colleen started to go missing in action for weeks. She did not show up for appointments and failed to respond to important emails and telephone calls. When her lawyer confronted her, she admitted that she needed more emotional support and guidance moving from being married to being single.

Colleen's lawyer introduced her to the next member of her team, a divorce coach. She was told a divorce coach would be her divorce guide and support. These professionals are trained to help work through the issues that were paralyzing her from moving forward, listening to her needs and concerns.

Colleen felt skeptical about meeting a divorce coach, but took the meeting, anyway. After speaking with the divorce coach, she immediately felt at ease. This person had a comforting presence and had been through divorce, herself.

Colleen's divorce coach accompanied her to a few of the meetings with her attorney and CDFA®. She loved that she had an advocate and, at times, a personal stenographer with her in every step of the process. Colleen's coach also helped her communicate more effectively with her soon-to-be ex, and the late-night ranting via text stopped and negotiations started to move forward.

With a strong team of professionals who had experience working with women going through divorce, Colleen was able to come to a negotiated settlement and divorced her husband in less than two years. Her team worked collaboratively, making the process less draining and more productive. Colleen never felt alone during the process. She took on the legal, financial and emotional challenges of divorce with a strong team behind her, and finalized her divorce feeling educated and empowered.

# Conclusion

Any flight attendant will tell you that in the event of an emergency, you must place the air mask on yourself before you put it on your child. However, few women heed this advice, taking care of themselves first, when it comes to their divorce or separation.

During the divorce process, women tend to focus more on taking care of the people that they love, and less on themselves. This may include children, parents and even friends that have difficulty coming to terms with the couple's decision to divorce.

It is very clear that WDM women needed more support from the professionals in their lives - as well as from their friends and family - before, during and after their divorce.

How can we better understand and support divorcing women?

## **Women Need a Team.**

When faced with a stressful situation, women tend to seek the help of others. During a divorce, they reach out to family, friends and trusted professionals for comfort and guidance. We found that a large number of WDM respondents did not feel they had enough support, and some felt that they did not have any support, at all. Participants repeatedly said that aside from the support of their family and friends, they wanted to work with a collaborative team of divorce professionals.

To women, it's not only about money, or the children, or the house, or the furniture; it's about how everything comes together in a larger picture. It's about different aspects of their lives working together so they can move toward the goals they want to achieve for themselves and their loved ones. Women are looking for holistic guidance when striving toward a specific lifestyle or goal.

The most effective team that will deliver this holistic advice includes not only a matrimonial attorney, but also a financial advisor and a therapist or coach to help them manage the changes and stress brought on by divorce.

## **Women Need a Confidence Boost.**

Women who are disengaged from making strategic decisions about money may behave this way due to a lack of confidence. Many women were never given the opportunity or encouragement to participate in, or educate themselves about, finances. It makes sense that a woman will be less likely to want to be involved in the minutiae of managing her money if she does not feel assured in her knowledge about financial matters. It is less about disinterest, and more about her discomfort around the topic.

Despite recent social changes, some women are still raised to believe they won't be good at dealing with finances and that, if they're lucky, some man will take care of the details of money and investing. The majority of women in the WDM survey disclosed that their husbands made all of the long-term savings and investment decisions.

In addition to power imbalances within their relationships, women are still battling to be equal in the workforce. According to the Center for American Progress-The Women's Leadership Gap, women make only 78¢ for every \$1 earned by a man. Women hold only 14.6% of executive-officer positions, and represent 8.1% of top earners and 4.6% of Fortune 500 CEOs. These circumstances conspire to reduce women's confidence.

In spite of this, Fidelity Investments Money Fit Women Study shows that women who do choose to invest actually realize higher returns than men – that women's tendency to stay the course, and make fewer trades, is a more profitable and wiser strategy.

There is still much work to be done. When given the right tools and direction, women are just as capable with finances as men, and possibly even more so. What women lack is the confidence in themselves to make smart financial decisions, and the learning opportunities to invest in their own financial literacy. As a society, our goal should be more financial training and support for women.



# Conclusion

Continued

## **Women Need a Judgement-Free Zone.**

We carry our emotionally-charged memories of money from childhood. Watching our parents' or close relatives' behavior around money forms our unique money personality. Some personalities have irrational attitudes and beliefs about money that are counterproductive to achieving financial security. Others are constructive and helpful in encouraging smart financial decisions.

These hard-wired belief systems come into play when making choices about how we spend, save and invest money. Working with a professional who offers a judgement-free zone and strives to understand these sentiments through good listening skills is key for women going through divorce and in the period after divorce. Women are good enough (some might say, too good!) at judging themselves - they do not need someone else to do this for them.

## **Women Need to Talk About Money.**

Nearly a century ago, Emily Post counseled people to keep their financial affairs private, and most women have been mum about money ever since. Women are still socialized to not talk about their finances with others.

The number one reason given for avoiding these discussions is that money should be kept private. All this lack of discussion surrounding money leaves women in the dark about their own finances. That entrenched silence hinders women from developing personal financial skills and threatens their financial security. Money discussions are so taboo that some women find themselves on the doorstep of divorce without a realistic sense of their family's finances.

Financial professionals, such as Suze Orman, are starting the money conversation and are bringing money into the living rooms of America. We, too, must engage in money conversations with our families, friends and the trusted advisors in our lives. Not only will this help each one of us become more financially aware, but we will also be creating social change, a change that is long overdue.



# About the Authors

**Stacy Francis** CFP®, CDFA®, CES™



Early in her life, Stacy Francis witnessed how devastating life could be for women who were not empowered through financial education. Her grandmother stayed in an abusive marriage because she did not have the skills to effectively deal with money. That experience changed Stacy's life and drove her into the finance field.

Stacy is the President and CEO of Francis Financial, which she founded 15 years ago. Stacy attended the New York University Center for Finance, Law and Taxation and has over 18 years of experience. She is a Certified Financial Planner® (CFP®), Certified Divorce Financial Analyst® (CDFA®) as well as a Certified Estate and Trust Specialist (CES™). Stacy is the founder of Savvy Ladies™ and serves on its Executive Board of Directors. Savvy Ladies is a nonprofit that has provided over 15,000 women with personal finance education and resources. The charity offers over 70 free

programs each year to women who want to get savvy about their money.

She is the Director of the Association of Divorce Financial Planners' (ADFP) Greater New York Metro Chapter and a member of the International Divorce Financial Analyst (IDFA) organization. Stacy has spoken over 250 times around the country on important financial planning topics for women.

Stacy has received numerous industry awards, among them, Investment News Top 20 Women to Watch in the United States, Financial Planning Association's Heart of Financial Planning Award and Financial Planning Magazine's Pro Bono Award. She was also listed as a National Money Hero by CNN Money Magazine and received the Women's Choice Award for one of the best financial advisors for women.

She is a nationally-recognized financial expert being one of twenty of the nation's leading wealth managers on CNBC's Digital Financial Advisor Council, a member of the Forbes Finance Council, as well as an expert contributor for The Wall Street Journal. She has appeared in over 100 media outlets including Barron's, CNBC, CNN, Good Morning America, Investment News, Kiplinger's, Money Magazine, NBC, The New York Times, PBS, and USA Today.

**Avani Ramnani** CFP®, CDFA®



Avani Ramnani grew up in India and developed a passion for economics and finance early in her life. In her formative years, she was lucky to have a strong role model in her mother, who managed the family's day-to-day as well as all of the strategic financial decisions. Growing up in India, Avani saw the impact of financial education segregation. Women who didn't handle their finances well had a huge disadvantage compared to their more money savvy male counterparts. This realization grew into a passion for helping women gain confidence when managing their money.

Avani is the Director of Wealth Management and Financial Planning at Francis Financial. She holds a Bachelor's degree in finance and an MBA with a specialization in finance from one of India's top 10 business schools. Avani has 14 years of experience in the financial planning industry and an additional six years of experience working in strategy consulting. During her extensive

career, she developed expertise in the areas of tax planning, financial planning, and investment management. She has earned the Certified Financial Planner® and Certified Divorce Financial Analyst® designations. She completed her financial planning educational certification from the College of Financial Planning in Denver.

Avani is the Director of the first Manhattan Chapter of the National Association of Divorce Professionals. She is also recognized nationwide as an expert in her field and has been quoted extensively in publications such as Bloomberg, Chicago Tribune, CNBC, Forbes, Kiplinger's, Investment News, SmartMoney and Wall Street Journal. In 2015, she was the recipient of the Smart CEO Executive Management Award celebrating her leadership at Francis Financial.

Avani extends her passion in the field of personal finance by dedicating time to teach children and young adults about money. She volunteers with organizations such as High Water Women and Savvy Ladies to pursue this cause.

# About Francis Financial

Simple and Elegant Wealth Management



Francis Financial was formed in 2002 with the purpose of doing things differently in the wealth management industry and to provide clients with independent advice, transparency and individual attention.

We are an independent, fee-only boutique wealth management, and divorce financial planning firm dedicated to providing ongoing comprehensive advice for women going through transitions, such as divorce, widowhood and sudden wealth. We have a fiduciary responsibility to act in our clients' best interest. We do not have ties to commissions or compensation from outside sources, so clients know that they can trust our advice.

Our team specializes in divorce financial planning and plays a vital role in making sure that our clients sustain financial peace of mind during and after their divorce. As Certified Divorce Financial Analysts (CDFA®), we work hand in hand with our clients and their team of divorce professionals to understand how the financial decisions they make during their divorce will impact their future.

When working with clients in transition, we model the outcome of their divorce settlement and offer a clear and independent image of what their financial future may look like if they choose one settlement option over another. Our team is trained and knowledgeable about individual states' divorce laws and helps our clients answer questions regarding budgeting, alimony, tax planning, home sales, asset distribution, insurance and other factors that are crucial in determining their ideal settlement and attaining long-term financial security.

Francis Financial is honored to be the recipient of numerous industry awards, such as the Women's Choice Award, Wealth & Money Management Award for divorce financial planning team of the year, Financial Planning Association's Heart of Financial Planning Award and Financial Planning Magazine's Pro Bono Award. Most recently, AdvisoryHQ listed Francis Financial as one of the Top 9 Best Financial Advisors in New York, NY.

## Unveiling the Unspoken Truth

The Financial Challenges Women Face During and After Divorce

# FRANCIS FINANCIAL'S 2<sup>nd</sup> OPINION PROGRAM

We offer a complimentary 2<sup>nd</sup> Opinion for individuals who meet our minimum in investible assets of \$1,000,000. This portfolio analysis helps you make informed decisions when it comes to your finances.

We will either confirm that you are on track to meet your financial goals, suggest ways in which we can help, or recommend another wealth management firm if we're not a good fit for your needs.

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