

Avoid financial disaster from divorce

We have witnessed much pain, anger, grief and downright nastiness through many of our clients' marriage dissolutions. The goal behind this article is to help you avoid such outcomes and the financial disaster that usually follows.

If you have amassed a high net worth, then try to put yourself in the mind-set of a divorce and what the outcome may be. As you read on, think of how you, your spouse and your children would act and react.

We are not attorneys, but this is a worthwhile topic to address since it can destroy your net worth and in some cases your family, too. Don't do this on your own. We spend a lot of time and energy to get to know the top minds in different fields because no two situations are the same and one top divorce attorney is not necessarily a good fit for all divorces.



**Chris Snyder
& Hutch Ashoo**

**BUILDING
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There is no lack of high profile divorces around. One that peaked our interest is the Paul McCartney and Heather Mills divorce. Sir Paul claims he is worth \$600 million while there are reports estimating his net worth at \$2 billion.

If you own a business, stock options, commercial real estate, private company stock or have a deferred compensation package, then you too may be dealing with such valuation challenges – and in comes the forensic accountant. In the process, your life turns into a living hell.



One divorce we are aware of is revolving around what \$25 million in receivables is really worth, another is revolving around what the privately held business is really worth.

Here are some reported requests Heather is asking of Sir Paul. Remember to try and apply your personal situation and how it may unravel when you read these:

- A check for \$100 million as back payment since she hasn't been able to work while they were married.
- The \$8 million mansion in St. John's Wood, London.
- The \$12 million home in Beverly Hills.
- The \$10 million apartment and offices in New York.
- The \$3 million log cabin in Sussex.
- Maintenance staff, housekeepers and gardeners for all the homes.
- Nanny until Beatrice is 18.
- Two helicopter rides a week.
- Access to a private plane.
- Bodyguards for her and Beatrice.
- Cars for each home (to be replaced every two years).

■ Annual vacations for her and Beatrice.

■ Replace electrical, computer goods every two years.

OK, so you are probably not worth \$2 billion or even \$600 million, but we wonder if Sir Paul, and you, would have benefited from a prenuptial agreement.

Almost everyone knows what a prenuptial agreement is so we won't belabor the point beyond saying, if you ever get married or remarried and you have or expect to have substantial wealth, then never do so without a prenuptial agreement.

By the way, there are of course other means (a variety of trusts and other techniques) of keeping the new spouse's hands off of your vast wealth, but a prenuptial agreement is one simple method.

If you don't have a prenuptial agreement it may not be too late. Postnuptial agreements or marriage agreements, as the name implies, are voluntary contracts to help decide division of assets and income in case of death or divorce.

Most states recognize postnuptial agree-

Things to know

1. While not pleasant to bring up, prenuptial agreements may save your family.
2. Most ultra-high net worth marriages are without prenuptial agreements.
3. It is not too late to try and protect your family and wealth through a postnuptial agreement.

ments although they may place significant restrictions on them.

In California a postnuptial agreement must be in writing, signed by both parties, accompanied by a full disclosure of all assets, income and debt of both parties, be free from fraud and duress and entered into freely. Most importantly, it must have allowed the parties ample opportunity to consider its contents and obtain legal advice before signing. Both parties need legal representation during the process.

Postnuptial agreements can be used to try to shore up rocky marriages, such as when a spouse has committed adultery. Some couples wanting a divorce may reconcile with a postnuptial agreement that guarantees more assets to the aggrieved spouse.

So why are there so many postnuptial agreements now? Many high-value equity partnerships and businesses urge the use of postnuptial agreements to ensure that a divorcing owner/partner won't be giving away his ownership to a spouse.

There are certain things postnuptial agreements can't be used for. An example is child custody and support issues, which need to be determined by a court.

Raising the idea of postnuptial agreements isn't easy, but you can try to bring it up with your spouse by saying: "I'd like to put our financial cards on the table, and I'd like to plan in case something happens to us."

Haitham "Hutch" E. Ashoo and Christopher G. Snyder are the principals of Pillar Financial Services, a wealth management firm in Walnut Creek. Contact them at 925-356-6780 or www.pillaronline.com.