

Business Management | **Client Relations**

Uncoupling

BY 1999, NANCY HOFMAN WAS MARRIED ten years, had three children and a career and income about to take off. She moved from corporate credit analyst for a manufacturer to stock broker for Charles Schwab, where her husband was an equally well-paid IT professional.

When the Internet bubble burst, Schwab turned to a more relationship-based client service, where Hofman, 44, really shone as a portfolio consultant in the private client division. "I really do it for the relationships," she says of investment advice. She traveled a lot while carefully choreographing the home routine with her older daughter and husband, who greeted the two younger ones after school.

Then her husband, she says, had a midlife crisis and suddenly quit his job. After a bout of depression, he enrolled in nursing school, where he had an affair with a fellow student that ended his 17-year marriage and took a job paying half of what he was making at Schwab. That would figure horribly for Hofman later in family court.

Despite the trouble, Hofman kept it friendly. Fearing a toxic legal battle, she filed her own divorce papers, assuming she and her husband would work out the details as they came along. An equal parenting plan would eliminate child support details. But the cordiality ended when a judge ordered Hofman to pay her husband up to \$6,000 in back child support and \$400 a month thereafter, even though there was a co-custody living arrangement. When Hofman asked the court for a reduction, the female judge recalculated their respective incomes and raised Hof-



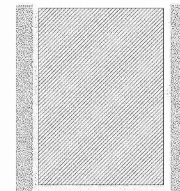
man's payment another 20%. The judge refused to consider Hofman's health insurance costs even though she had allowed them in the ex-husband's accounting.

Hofman, who lives in Avondale, Ariz., now also has to budget for her children's college education, since she no longer trusts the courts to enforce her ex's early commitment to it.

Hofman would later apply her personal experiences in a new position as managing principal with Lee Munson's Portfolio LLC, a New Mexico-based investment management firm, where she has offered a new service for clients: advice on how to structure divorce settlements fairly and manage assets afterward. She has also completed a new certification program in divorce financial analysis (the CDFA), in addition to her designations as a chartered mutual fund counselor, an accredited wealth management advisor and an ac-

Increasingly, women are the ones paying alimony after couples call it quits.

By Maureen Nevin Duffy



Business Management | Client Relations

Contribution Of Wives' Earnings To Family Income, 1970-2009

YEAR	WIVES' CONTRIBUTION TO FAMILY INCOME (MEDIAN PERCENT)
1970	26.6
1971	27.5
1972	26.7
1973	26.0
1974	25.4
1975	26.3
1976	26.4
1977	26.1
1978	26.1
1979	26.0
1980	26.7
1981	27.3
1982	28.4
1983	28.8
1984	28.4
1985	28.3
1986	29.0
1987	29.5
1988	29.6
1989	29.9
1990	30.7
1991	31.3
1992	32.4
1993	32.2
1994	31.9
1995	31.9
1996	32.6
1997	32.7
1998	32.8
1999	32.8
2000	33.5
2001	34.4
2002	34.8
2003	35.2
2004	34.9
2005	35.1
2006	35.6
2007	36.0
2008	36.0
2009	37.1

Note: Data refer to total wives with earnings. Data for 2004 (collected in March 2005) were revised to reflect corrections to the survey sample weights.

Source: Annual Social and Economic supplement to the Current Population Survey (CPS), Bureau of Labor Statistics

credited asset management specialist. The incidence of women like Hofman paying child support or alimony is increasing. But actual stats are elusive since alimony data is not compiled from divorce decrees but from appeals court records, according to Randy Kessler of Atlanta-based Kessler & Solomiany Family Law Attorneys. Men don't seek "manimony" unless they believe they've got a very strong case, so few cases are appealed or counted, says Kessler, the new chair of the Family Law Practice section of the 400,000-member American Bar Association.

However, there is strong Department of Labor data showing that an increasing number of women are earning more than their spouses, the main criteria for estab-

lishing alimony. From 1992, when Good Morning America anchor Joan Lunden got hit with an \$18,000-a-month temporary alimony settlement, until 2009, 4 million more wives outearned their husbands. The biggest one-year jump occurred in 2009, the depths of the credit crisis, when the percentage of wives making more than husbands jumped to 37.7%, from 34.5% in 2008. Many Web sites now encourage men to seek alimony.

children should enjoy the same standard of living with each parent as they do with the other. While it's true that men need money because of the poor economy, says Kessler, "alimony and child support awards to men really are less a function of the poor economy and more a sign of women's achievement in the workforce."

These imbalances bring up sensitive emotional issues, and advisors have to help their clients navigate them. A 53-year-old accounting executive facing a hefty alimony payment to her husband of 20 years lamented, "It feels like punishment for loving him."

It can also feel like a punishment for success. Self-employed women in partic-

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 —RANDY KESSLER

ular, Leitz says, "broke the glass ceiling—the mold—and blazed new trails to create their own businesses, and feel it's all come back to bite them."

Luckily, none of her clients has had to dissolve a business to satisfy an alimony order. It's a common complaint among women that their modest recent gains in the workplace are being snatched away too soon by alimony, excessive child support and college tuition. And even their workplace situation hasn't improved. According to the DOL, even though women made up 53.8% of the workforce in '92, they had actually lost ground marginally eight years later, making up only 53.6% in 2010.

Linda Lea Viken, a family lawyer of 34 years, who is also a two-time South Dakota state senator and the current president of the 1,600-member American Academy of Matrimonial Lawyers, recalls a female client who had to pay her stay-at-home husband \$4,200 a month

Not that all men do, or take it for as long as they could. Linda Y. Leitz, a CFP, EA, and CDFA in Colorado Springs, Colo., has seen her women clients, even those who are primary earners, pay less spousal support for shorter periods. "Maybe we're behind the times," she says, "but men don't like the idea. It's horrifying and humiliating to them."

Women must also help non-custodial ex-husbands financially because of the 1984 Child Support Enforcement Amendment, which says that visiting

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Wives Who Earn More Than Their Husbands, 1987-2009

Families Where Wives Have Earnings But Husbands May Not

Families Where Both Wives And Husbands Have Earnings

YEAR	WIVES WHO EARN MORE THAN THEIR HUSBANDS ¹	MARRIED-COUPLE FAMILIES IN WHICH WIFE (BUT NOT NECESSARILY HUSBAND) HAD EARNINGS FROM WORK	PERCENT OF WIVES WHO EARN MORE THAN THEIR HUSBANDS ²	WIVES WHO EARN MORE THAN THEIR HUSBANDS ¹	MARRIED-COUPLE FAMILIES IN WHICH BOTH WIFE AND HUSBAND HAD EARNINGS FROM WORK	PERCENT OF WIVES WHO EARN MORE THAN THEIR HUSBANDS ²
1987	7,581	32,025	23.7	5,311	29,755	17.8
1988	7,827	32,810	23.9	5,520	30,503	18.1
1989	8,068	33,119	24.4	5,796	30,848	18.8
1990	8,221	33,093	24.8	5,923	30,794	19.2
1991	8,983	33,516	26.8	6,465	30,998	20.9
1992	9,715	33,987	28.6	6,948	31,221	22.3
1993	10,000	34,286	29.2	6,978	31,264	22.3
1994	10,184	35,066	29.0	7,209	32,091	22.5
1995	9,822	34,819	28.2	7,033	32,030	22.0
1996	10,070	35,120	28.7	7,340	32,389	22.7
1997	10,309	35,613	28.9	7,441	32,745	22.7
1998	10,467	35,806	29.2	7,443	32,782	22.7
1999	10,548	36,454	28.9	7,434	33,340	22.3
2000	11,070	37,037	29.9	7,906	33,873	23.3
2001	11,329	36,864	30.7	8,130	33,665	24.1
2002	11,765	36,905	31.9	8,391	33,531	25.0
2003	11,923	36,761	32.4	8,351	33,189	25.2
2004	11,985	36,710	32.6	8,386	33,110	25.3
2005	12,215	37,055	33.0	8,524	33,364	25.5
2006	12,601	37,733	33.4	8,707	33,838	25.7
2007	12,570	37,536	33.5	8,712	33,678	25.9
2008	13,104	37,988	34.5	9,020	33,905	26.6
2009	13,903	36,858	37.7	9,326	32,280	28.9

Numbers in thousands

¹ Includes families in which husband had no earnings from work.

² Excludes families in which husband had no earnings from work.

Note: These data, collected in the Annual Social and Economic (March) supplement, reflect the earnings and work experience of the entire year. Data for 2004 (collected in March 2005) were revised to reflect corrections to the survey sample weights.

Source: 1988-2010 Annual Social and Economic (March) supplement, Current Population Survey, Bureau of Labor Statistics

to cover his country club membership so he could continue his tennis lessons. The number of stay-at-home dads has doubled in the past ten years, says Viken.

"Most women scream about it," admits Bettina E. Munson, a family law attorney in Freehold, N.J., who has female clients who pay alimony. "There are 13 factors in the statute affecting alimony. The law is not sexist."

Maybe not, but the law does recognize sex as a criteria for ending alimony, which can be granted for life, notes Viken. Under a co-habitation clause, if the ex-husband takes a "live-in lover," the ex-wife can stop paying alimony.

The tax implications of a split shouldn't be overlooked either, says Jane Honeck,

CPA, PFS and author of *The Problem with Money? It's Not About the Money!* (published in 2010). Since alimony is tax deductible and child support is not, the woman paying may want to give up a stock portfolio in lieu of paying child support, she suggests. Similarly, a real estate transfer to the lower income spouse could avoid a capital gains hit on the estate.

Donna Smalldon's client, an upper management executive in her mid-30s, recognized the couple's salary disparity, \$9,000 versus \$1,400 a month, meant she'd have to pay "transitional support." She didn't expect to defer thousands from her 401(k). Says Smalldon, a Portland, Ore.-based CDEA, CFP and financial mediator: "She felt she'd been supporting him long

enough" after 13 years of marriage, while he, "a hopeful musician with lots of different interests, pursued his dreams."

Her client wanted to pay \$2,400 a month for three years. He wanted \$2,650 for four. They settled on \$2,500 for 40 months with the ex furnishing his annual tax returns and agreeing to take less support if his monthly income rose above \$1,400, or to drop it entirely if he earned \$4,100 a month for six months.

"At the end of the day, she may have been a little more generous than the court might have ordered, but how much would she have spent fighting it?" Advisors said often the best they can do for clients is help limit the damages, including the bad blood.