

# 2025 ADVANCED SALES FORUM

*Explore, Inquire, Innovate*

## The Case for Divorce Financial Planning

# Divorce by the Numbers



## Post – COVID Divorce Boom?



### Interest in Divorce

By April 2020 the interest in divorce had already increased 34%.



### Divorce DIY.

34% rise in sales of basic divorce agreement on legal sites



### Newly married

Twenty(20)% of couples married five months or less versus 11% in previous years



### World wide

UK – inquiries up 122%, China a surge of 40% after reopening

## Gray Divorce

The divorce rate for those over 50 has doubled since 1990, the rate for those over 60 has tripled.

Rate of divorce for second marriages is 60% and for third marriages it is 73%

## Impact on Women



### Standard of Living

45% of women  
experience a decrease  
in their stand of living



### Poverty Rate

27% higher poverty rate than  
all other groups, including  
widows

## Current Outlook



### Cost of Divorce

Average: \$15,500

Litigated: \$19,600



### Cost of Attorney

Average: \$12,800

Litigated: \$15,800



### Time to Divorce

Average: 10.7 months

Litigated: 17.6 months



### Attorney Fees

Average: \$250.00/hour

# Financial Planning/Divorce



## Marital Property

- ✓ Everything acquired during the marriage regardless of which spouse owns the property
- ✓ In some states property also includes the increase in value of separate property
- ✓ Can also include co-mingled separate property



## Separate Property



Property brought into the marriage

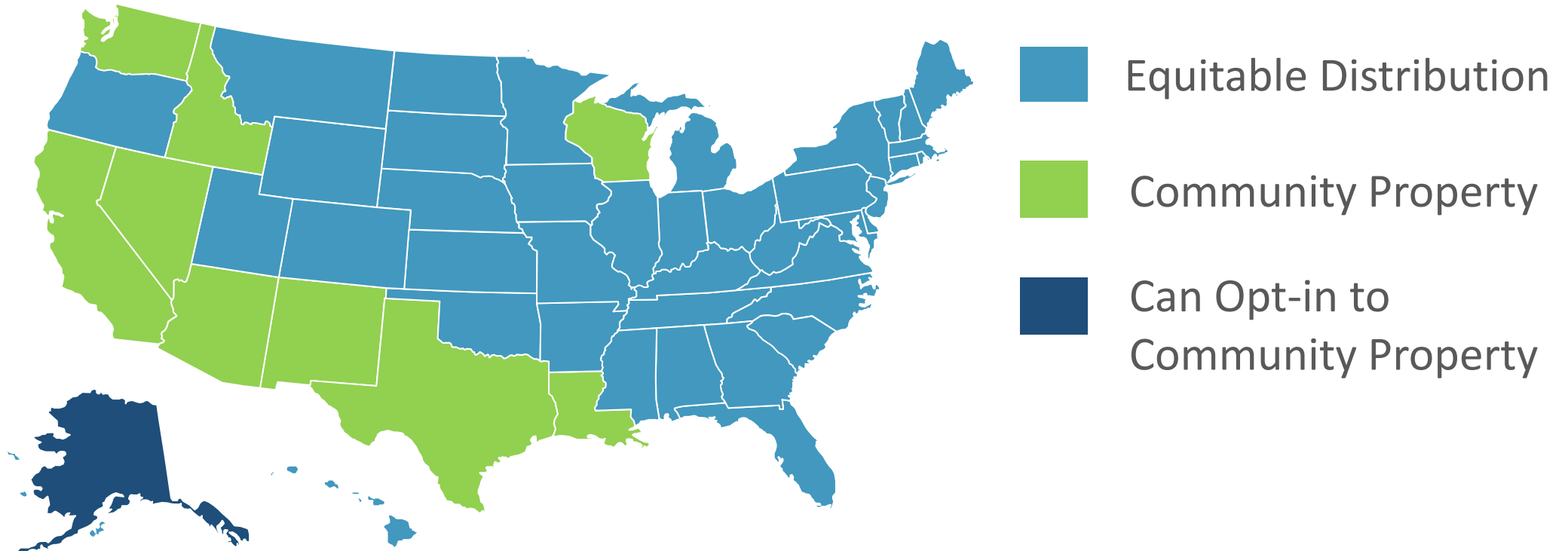


Property inherited



Gifts

## Property Distribution by State



# Marital Home



## Three Options



Sell and split the equity



Both continue to own: only one resides



Buy out one spouse

## Considerations



Tax considerations on the sale of the home



Reverse mortgage options for grey divorce

# Retirement Plans



## How to value retirement plans



DEFINED  
CONTRIBUTION PLANS



DEFINED BENEFIT  
PLANS



COVERTURE FRACTION

## Special tax considerations for Qualified Plan Withdrawals

Irrevocable elections – how to offset in settlement



## Qualified Domestic Relation Order (QDRO)

- ❓ What is it used for?
- ❓ What can't it do?
- ❓ Who drafts it?
- ❓ What are the risks?

# Insurance





Unique COBRA provisions for divorcing couples.



Guarantee Spousal and Child Support with life and disability insurance.



Insurance Scores – adequately insuring property after divorce



Long Term Care Insurance – timing of purchase of policy

# Post Divorce Planning



## Revocation Statutes and Case Law

### Case Law

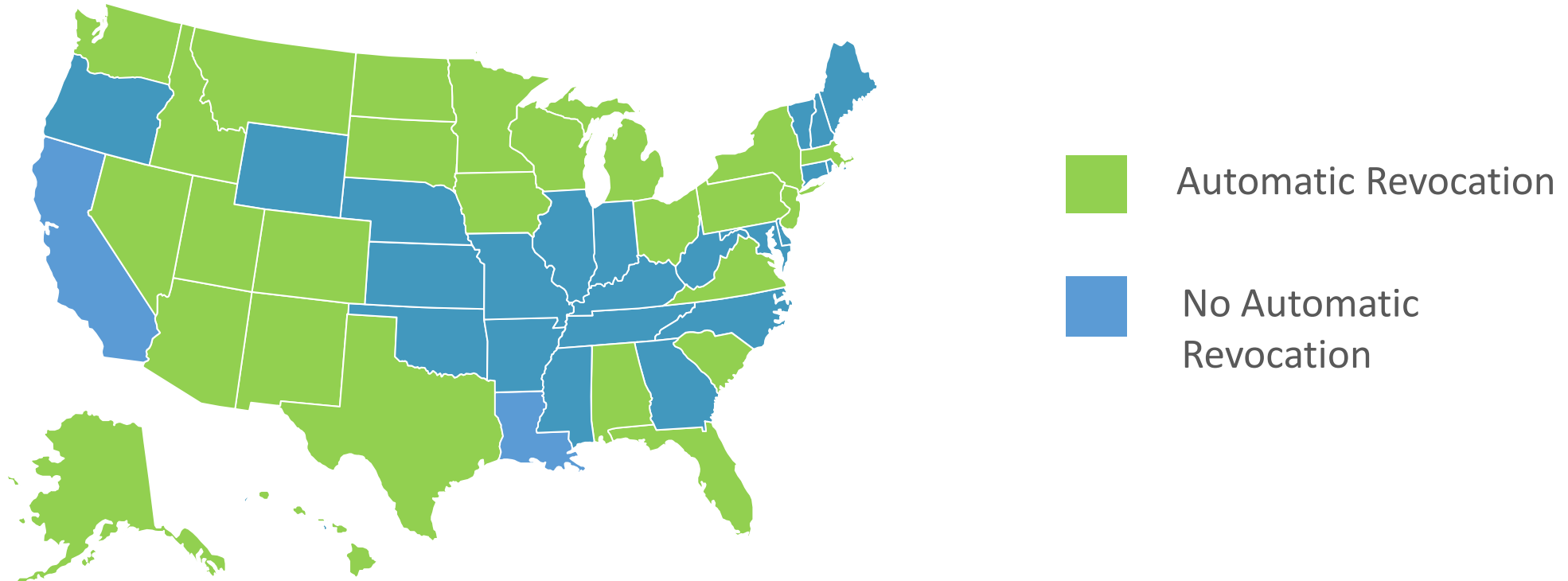
- ✓ *Egelhoff v. Egelhoff*
- ✓ *Sveen v. Melin*

### Exceptions

- ✓ Decree dictates the designation
- ✓ Redesignate
- ✓ For the benefit of the children

**Note:** Automatic Revocation does not apply to ERISA or Federal Retirement Plans at this time, but is being taking back to the Supreme Court for clarification.

## Beneficiary Designation and Automatic Revocation



# Case Study



## Case Study

Mike and Kathy were married for 24 years. They had three children who at the time of the divorce were 18, 16 and 11 years old. All three children lived with Kathy. The couple had a house with a first and second mortgage. They had two cars, and were still making car payments on the newer of the two cars. They had no significant savings, investments or credit card debts.

They decided that they would share an attorney and decided on the following split. Kathy would stay in the house and be responsible for the first mortgage. Michael would sign a quit claim on the house. Michael would take the older car but would complete payments on the new car to have the same level of debt (second mortgage and car) as Kathy did (first mortgage).

Michael would pay child support until the children graduated from high school or were 19 years of age, whichever came first. He would provide Kathy with proof of life insurance annually until the youngest child reached age 19.



## Case Study

What possible events could derail this settlement?

Debt/ Third Party Creditors?

Guarantee Income

Retirement

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# Questions?

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