

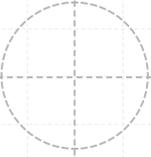


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SignatureWOMEN

A SignatureFD Case Study on moving forward after a divorce

BREAKING UP IS HARD TO DO



BREAKING UP IS HARD TO DO

ENDING A MARRIAGE IS DIFFICULT.
RUSHING THROUGH THE PROCESS MAY LEAD TO
MISTAKES THAT CAN MAKE IT HARD TO GET BACK
ON TRACK FINANCIALLY AFTER A DIVORCE.

*A hypothetical SignatureFD Case Study on moving forward after a divorce.**

Marriage is supposed to last forever. Unfortunately, that's not always what happens. Today, 41% of first marriages end in a split.¹ The story behind each of these divorces is unique, but for women, the ultimate financial effect is often the same—less money and more stress.

It doesn't have to be this way. Divorce can be painful, but the financial aftermath doesn't have to be. When it comes to ending a marriage, a little planning can go a long way. Women who take stock of their finances before their divorce is final will likely be in a stronger position when the dust settles. That was the lesson Amanda and Claire learned. These two friends each went through a divorce at roughly the same time. One made choices that led her to freedom and independence, while the other's decisions put her on a path to financial crisis.

In this case study, we explore Amanda and Claire's journey and show how working with a financial advisor during a divorce can prepare a woman for a stable future.

¹ "32 Shocking Divorce Statistics." www.mckinleyirvin.com/Family-Law-Blog/2012/October/32-Shocking-Divorce-Statistics.aspx.



TWO FRIENDS, TWO DIFFERENT PATHS

Claire and Amanda had been friends since elementary school. They remained close through high school and even after Claire moved away to go to college. Through life's ups and downs, they were there for each other. In their early 20s, each woman fell in love and got married. Soon, they were both building new lives in the same city.



Amanda's husband was driven and ambitious, and quickly found success as a stockbroker. Amanda worked for a few years after her wedding but eventually left her job, focusing on her volunteer work with local charities and her hobbies, which included interior decorating. Her husband's income was large, and she soon grew to enjoy the lifestyle that came with that—shopping trips to New York, luxury cars, a gorgeous home with high-end furnishings and plenty of vacations abroad.



Claire's husband was also smart and successful, rising to executive position at the local bank. Like her friend, Claire also worked for a few years, but eventually she left her job to spend her time caring for her elderly mother, volunteering and pursuing her hobbies, which included art. While her husband's comfortable income gave her the freedom not to work, the couple lived a relatively modest lifestyle. Claire occasionally joined her friend on her shopping excursions, but she rarely indulged in impulse purchases. When she and her husband traveled, they often visited family and friends rather than splurging on luxury trips overseas.

A TIME OF CHANGE

After two decades of marriage, both Amanda and Claire found themselves facing a major transition: divorce. While they provided important emotional support to each other during this difficult time, the way each handled the financial implications of this life change couldn't have been more different.

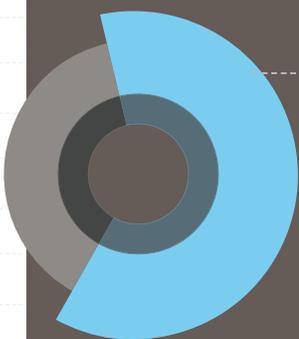
Amanda wanted to get everything over with as soon as possible. She chose to ignore her divorce attorney's advice to hire a financial planner. Instead, she hurried through the separation without consulting anyone about how she would deal with her new situation. Realizing her marriage was over, she simply wanted to move on to the next stage of her life as quickly as possible.

Claire's attorney also suggested she meet with a financial advisor, which led her to SignatureFD. She moved quickly to set up a meeting with one of our advisors who had experience working with divorcées. The advisor listened to Claire's concerns and then encouraged her to take certain steps, such as opening a separate bank account and trying to save as much as possible in case her spouse decided to cut off support, establishing credit in her own name and assessing all their shared assets (including joint bank accounts, investments and retirement accounts) so she could be sure she received an equitable share in the divorce settlement. Her advisor clearly explained the things she needed to worry about today, like being sure she had enough money to meet her day-to-day expenses, and the things that were important but could be addressed later, such as analyzing her investment portfolio.

After she processed the information her SignatureFD advisor had shared, Claire took a deep breath to calm her emotions. Then, she decided to embrace a methodical approach to preparing for life after divorce.

ENDING A MARRIAGE DOESN'T HAVE TO LEAD TO MONEY STRESS

62% of high-income divorced women said they were better off financially after a divorce.²



² LearnVest. July 2012. "Why Women Are Financially Better Off After a Divorce." Fox Business Network. www.foxbusiness.com/personal-finance/2012/07/16/why-women-are-financially-better-off-after-divorce

The Financial Fallout: Amanda vs. Claire

Amanda

Claire

DIVORCE SETTLEMENT

- Alimony: \$200,000 per year for 10 years
- Half of her husband's retirement account—\$900,000
- The family home, valued at approximately \$1 million

- Alimony: \$100,000 per year for 10 years
- \$475,000 in retirement savings

POST-DIVORCE ACTIONS

- Continued her lavish lifestyle, spending more than her monthly alimony payments
- Dipped into her retirement account to cover the monthly shortfall
- Considered pursuing a career in interior design, but never followed through
- Stayed in the family home, even though the maintenance was expensive and it was far more space than she needed

- Went back to school to earn a degree in graphic design, using the alimony she received to pay her tuition
- Put herself on a strict budget that included \$300 a month of “fun money” while in school
- Found a good-paying job after she graduated
- Lived in an affordable apartment while earning her degree, and then purchased a condo once she started working
- Didn't touch the retirement assets she received, and contributed to her own retirement account once she started working

THE RESULTS: 10 YEARS LATER

- Burned through her savings, leaving her with virtually no money after her support from her ex-husband ceased
- Had trouble finding a job since she had a sparse work history and no college degree
- Had bleak prospects for retirement since she'd spent most of the 401(k) assets she'd received in the settlement
- Was stuck with a single asset—a luxurious house that she couldn't afford to maintain
- Was on the brink of a major financial crisis

- Earned a degree in a field that she'd always been interested in—art and graphic design—without taking on any debt
- Found a good job that provided both personal fulfillment and financial stability
- Grew her retirement savings to \$825,000
- Enjoyed the same lifestyle as she did before her divorce
- Felt financially secure and confident about her future

THE SIGNATUREFD SOLUTION

So why did Amanda fare far worse than Claire, despite receiving a larger settlement? If she had spoken to a SignatureFD professional beforehand, Amanda would have been advised to reduce her expenses to match her income, sell the family home and purchase a new house within her budget while investing the difference. Her advisor would have also counseled her to invest her retirement savings wisely and prepare for the day her alimony would end by going back to school or starting her own business. But Amanda did none of these things. Instead, she made financial decisions as if the divorce hadn't happened at all.

Are you going through a divorce? Do you want—or need—to take charge of money matters in your own life?

We are ready to discuss how SignatureFD can help you manage your finances. Call your SignatureFD relationship manager or contact Page Harty:

- 404-253-7656
- page.harty@signaturefd.com

*Please note: The above is a hypothetical situation and does not represent any specific SignatureFD client situation or experience. There can be no assurance that the engagement of SignatureFD will prove to be a positive experience. A copy of SignatureFD's written disclosure statement discussing scope of fees, services and conflicts is available upon request.

In contrast, because Claire sought professional guidance and was willing to take the necessary financial steps, she was empowered to live a great life after her divorce. Because she worked with SignatureFD, Claire:

- Benefited from a personalized financial plan designed to help her achieve her goals, such as earning her degree
- Enjoyed the support of an entire team of advisors to help her make informed decisions both during and after a divorce
- Had a post-divorce balance sheet and cash flow plan, which helped her avoid outspending her income
- Knew she had a team of professionals managing her investment portfolio
- Received a complete review and update of her property, casualty and umbrella coverage so that she was better protected from risk
- Received estate plan guidance, including referrals to attorneys her advisor knew and trusted

If you're experiencing a divorce, you need to take steps to make sure you end up like Claire, not Amanda.

SignatureFD can help. Ending a marriage is never easy, but our experienced team of advisors can help you **lay the groundwork** so that **you can live confidently, fully and purposefully** after a divorce.

If you or someone you care about is experiencing a divorce, please let us know. We are here to help.

Pre-Divorce Action Plan

If you're convinced that divorce is inevitable, here is a step-by-step list of things you may need to do, depending on your situation.

■ CONSULT A FAMILY LAW ATTORNEY

Before you take drastic action, make sure you are informed about your legal rights and responsibilities.

■ GET ORGANIZED

Don't let lost paperwork or a missed deadline negatively affect your situation. Stay organized, and consider keeping a "divorce calendar" that will help you track appointments with your attorney and advisors, deadlines, meetings with your spouse and other important dates.

■ ASSEMBLE A PROFESSIONAL DIVORCE TEAM

Gone are the days when, if you or your husband wanted a divorce, the only thing to do was for each of you to retain lawyers, who would then work through all the legal matters. Today, financial portfolios—and the regulations that govern them—are much more complex. Many women find they need professional help to navigate all the legal and financial details. A financial planner who has experience managing the challenges of a couple divorcing can be a valuable addition to your divorce team.

In addition to a divorce attorney and a financial planner, we recommend you consider starting with a therapist or counselor. Gather and compare information and schedule interviews before deciding on the members of your professional divorce team.

■ MAKE COPIES OF ALL FINANCIAL DOCUMENTS

You need copies of tax returns, investment statements, employee benefit handbooks and all insurance documents (including life, property and casualty, disability and long-term care). Also get a copy of your and your spouse's Social Security, credit card and bank statements. If you or your spouse own a business, gather as much information as possible about the business finances.

■ STASH CASH

If you do not already, make sure you have access to money of your own. If your spouse moves out and stops paying bills, you will need to pay them until temporary support orders can be entered. If you are the one who is going to file for divorce, you'll need money for a retainer. Start saving now and plan to initiate divorce proceedings when you have built up a nest egg of your own.

■ ASSESS YOUR CREDIT

Request copies of your credit reports, and correct any misinformation they contain. Good credit is the foundation of your financial future, so watch those reports carefully!

If you haven't done so already, now is also the time to start establishing your own credit history—get a credit card in your name only. Also, make sure you cancel all joint credit cards after the divorce.

■ CONSIDER HEALTH INSURANCE

If you were covered by your husband's policy, you'll need health insurance. Consider getting coverage through your employer, COBRA or private insurance. This can be expensive, so know the costs before you settle.

■ INVENTORY YOUR MARITAL ASSETS

Make a list of all your household items, including artwork, cars, furniture, jewelry and items in your safe deposit box. Bring this information when you meet with your family law attorney.

■ UNDERSTAND ALL OF YOUR LIABILITIES

Know what the payments are on any loans that you may be responsible for, including but not limited to the home mortgage, vacation home mortgage and car loans.

■ UNDERSTAND YOUR FAMILY'S INCOME AND EXPENSES

Your tax returns will show your income. Write down each utility, mortgage and other household expense for each month. Keep track of the cash you spend as well.

■ BE OPEN TO CHANGE

Consider a career if you're not already working, or go back to school to gain new skills. Perhaps you have been out of the workforce for a while and have been devoting yourself to child rearing. Assess what your current employability is and whether furthering your education prior to divorce would benefit you in the long run.

■ RELY ON YOUR SUPPORT SYSTEM

Friends are more important now than ever. You may have one or two who have been through the same experience as you. Ask a friend to go with you to your attorney's office. Sometimes two sets of ears are better to remember everything that was said.

Post-Divorce Action Plan

Stay on the right track by taking these financial actions after your divorce.

SET UP BANK ACCOUNTS

Cancel all joint checking and savings accounts. Then, if you haven't already, open individual bank accounts and change any direct deposits to your new accounts.

UPDATE YOUR ESTATE PLAN

Update your estate plan, including your will, medical directive and general power of attorney.

REVIEW YOUR BENEFICIARY DESIGNATIONS

Change beneficiary designations on all your accounts, including 401(k)s, IRAs, deferred compensation plans, stock option plans, life insurance policies, disability insurance and any other accounts that are payable on death to your spouse. If necessary, remove your spouse from your workplace benefit plan. Even after you are legally divorced, if your ex-husband was named as a beneficiary, he will get those assets.

REVIEW YOUR INSURANCE COVERAGE

Update your property and casualty coverage and long-term-care insurance if appropriate.

TRANSFER TITLES

Transfer titles for real estate, investment accounts, cars and life insurance. Sometimes, after the divorce is finally done, these details can fall by the wayside. Don't let them!

CHANGE YOUR PASSWORDS

Change the passwords on all of your accounts, including checking accounts, frequent flier accounts, ATM cards and credit cards.

Your new life is full of wonderful possibilities. Remember to relax and breathe.

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