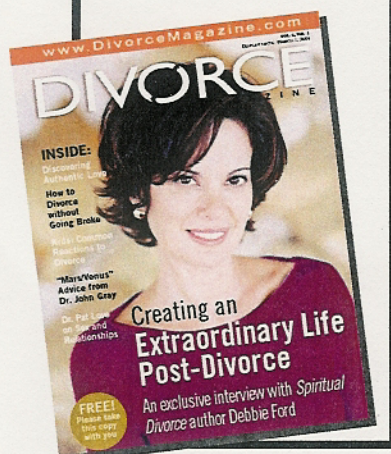


As
Featured In

DIVORCE MAGAZINE



Myths & Realities

Divorce professionals in Southern California separate truth from fiction in the divorce process.

Edited by Jeffrey Cottrill

Financial issues

"It's better to take more marital property – like the house – instead of spousal support or a part of a pension."

It depends. Making a decision of whether to take more marital property instead of an income stream is a crucial one. Before making this decision, one needs to really determine future needs and possible consequences. For example, it could be catastrophic if you had to sell your house in the wrong market because you needed the money to live.

There are some advantages to an "alimony buyout" (taking more money or property upfront):

1. There is no risk of default on the payments. If you have the money, you can invest it however you want, and you don't have to worry about your spouse not paying in the future. Support payments could end if your ex-spouse dies or is injured.
2. No risk of lowering support in the future.
3. End contact with your spouse.
4. Alimony is taxable.
5. Pensions have uncertainty due to the successfulness of the business.
6. Pensions are taxable.
7. Some pension plans may not be divisible.

However, there can be advantages to

taking a guaranteed income stream instead of taking property:

1. Property has risk, and the value can fluctuate in the future. Support payments usually do not change.
2. Property may cost too much to maintain.
3. Selling financial assets may have severe tax ramifications.
4. Sometimes, it's possible to return to court

to have support payments increased if your ex-spouse's income increases.

5. A pension buyout can be tricky. Often, the true value of the income stream is higher than the stated cash value.

When making this type of life-changing decision, be informed and prepared. It can be helpful to work with a financial planner to help identify possible outcomes to different settlement options. It's important to factor in all possible tax ramifications and

costs associated with the different options.

Stephanie Maloney, CFP™, CDFA, CDS has 20 years of professional experience in the financial services industry and provides a broad range of financial and advisory services for her clients.