

# Financial Markets Wreaking Havoc On Divorce Settlements, Attorneys say

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The historic gyrations in the financial markets are scuttling a growing number of divorce settlements, according to New Jersey matrimonial attorneys.

More and more divorcing couples are being forced back to the negotiating table after their divorce, attorneys are saying, because layoffs and declining investment values are undermining established divorce agreements.

"It's an amazing, definite trend," says Robert T. Corcoran, a Hackensack, N.J., based divorce attorney. "The markets are having a huge impact on people's ability to pay after they finalize their settlements."

Corcoran and other New Jersey attorneys estimate that as many as one-third of all divorces involving estates of \$1 million or more are returning to so-called "post-settlement litigation." Prior to 2001, fewer than 10 percent of those divorce cases typically were forced to renegotiate because of changes in a spouse's job status or net worth, attorneys say.

The trend stems from two developments: The plunge in the financial markets and the shrinking number of high-paying professional jobs. Despite a recent recovery, stock-market averages are down more than 20 percent this year alone, and with many investment portfolios 75% off their highs of two years ago, the net worth of divorced spouses has declined sharply.

What's more, Wall Street, a major source of high-paying jobs in the region, has cut back staffing levels sharply. One Bergen County attorney had a client in his office last week, a client recently let go from an investment-banking job that paid \$1.2 million annually. His severance pay? According to the attorney, \$125,000. "That's about enough to pay for my ex-wife's condo," the suddenly unemployed banker told his attorney, who recommended renegotiating a two-year-old support agreement.

Indeed, it's customary for the two parties in a

impossible to maintain the marital lifestyle for the working spouse, the former spouse or the children," says Judith Knopf, a divorce attorney with the Jersey City firm Margulies, Wind, Herrington & Knopf.

When the supporting spouse's net worth collapses, or loses their high-paying job, as it has in many cases in the past two years, divorce settlements are being renegotiated - directly effecting the lives of both parties, lawyers say.

The declining value of stock options and other deferred compensation are also forcing divorcees to renegotiate their settlements, attorneys are saying.

An old rule of divorce law holds that a divorcing husband and wife may split their assets fifty-fifty, but that each divorcing spouse will usually need 75% of the old household

income to maintain their style and standard of living. That's simply because, after divorce, they must maintain two residences instead of one. And that's also

why, attorneys say, divorcing spouses are frequently surprised to find that they can't maintain their old standard of living after a divorce. Because of declining economic fortunes, say's Corcoran, "the problem has only gotten worse."

From June to September 2002, Digital Press International conducted a survey of divorce attorneys in Northern New Jersey. Profiles of those attorneys can be found at [digitalpressintl.com](http://digitalpressintl.com).

**“ Many people who are unemployed or who are working at drastically reduced salaries find it is impossible to maintain the marital lifestyle for the working spouse, the former spouse or the children. ”**

**-Judith Knopf**  
divorce attorney, Margulies, Wind, Herrington & Knopf, Jersey City.



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**-Robert T. Corcoran**  
Hackensack, N.J., divorce attorney



divorce case to reach an agreement of financial support for one of the spouses, and/or for their children. If one of the spouses has worked in the home for several years and has not collected a paycheck from an employer, he or she may receive alimony for a specified period. And child support payments are often included in a divorce agreement as well. Both types of support are based on a spouse's ability to pay, that individual's current income, and, to a lesser extent, their net worth.

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