



Morris Financial Group

A Guide for Divorce Financial Planning



Morris Financial Group

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The Certified Divorce Financial Analyst (CDFA) designation uniquely qualifies Bill to work with business owners facing divorce. How assets are divided can be as important the amount of assets you receive.

Bill has over 25 years of experience providing financial strategies for clients. He has been a business owner and consultant for healthcare professionals, including serving as CEO of a 55 physician multi-specialty practice.

Bill focuses on wealth and asset protection strategies for retirement planning and multi-generational wealth transfer. He works with business owners and healthcare professionals to design workable strategies to fit their unique needs and goals.

He is also an author and instructor of BBQ cooking courses at the University of Tennessee where he serves on the Board of Visitors for the Department of Religious Studies. He is a Vice President with the Knoxville Opera Guild and he has served as an Ambassador with the Knoxville Area Chamber Partnership for over a decade where he was recognized as Ambassador of the Year his first year.

The Certified Divorce Financial Analyst (CDFA) designation uniquely qualifies Susan to work with professionals facing divorce. She understands future income can be more important than today's bank balance.

Susan has spent over two decades guiding clients, through recessions and numerous market corrections, towards their financial goals. Through honest and open dialogue, she develops a partnership with clients and their family's financial plans.

Her experience in developing investment and banking alternatives for her business clients contributes to their success. Her experience as an operating room Register Nurse and medical supplies representative provides her a unique perspective for working with physicians and other healthcare professionals.

In her out-of-office time, Susan volunteers with various local non-profit groups such as AGAPE, Executive Women International and the University of Tennessee, Department of Religious Studies. She is also an active member of the Knoxville Opera Guild.



An Introduction to Divorce Financial Planning

Divorce is not easy

“Marriage is about love; divorce is about money,”

The old adage succinctly conveys the emotional and financial confusion that can accompany even the most simple divorce case.

If you are facing divorce, the assistance of a knowledgeable and experienced financial advisor can be critical as you evaluate your options and make important financial decisions during this stressful and uncertain time in your life.

We focus our practice on working with divorcing individuals to provide clarity on the critical financial issues that arise before, during and after divorce.

We will help you take control of your financial life by guiding you through the practical steps of identifying and understanding your individual and marital assets and liabilities, analyzing and determining your personal financial needs, and preparing and monitoring a financial strategy to support your lifestyle. Our goal is to provide you with the tools that empower you to make long-term and short-term financial decisions. With the proper financial education and planning, you will be better equipped to make comprehensive, suitable, and sustainable choices. We will take the time to understand your personal circumstances and work in partnership with you to develop a custom financial plan.

In this brochure, we outline how we can help you identify, understand, and manage your present and future financial position. Understanding your finances is the most critical step in moving forward in your new life with confidence and independence. Each step will become easier than the last until you are on the path to the future you design and you deserve.



Focusing on your individuality: How we can help

Building a comprehensive understanding of the financial issues around your present and future lifestyle will empower you to make reasonable and appropriate financial decisions.

We work efficiently and effectively with you and your team of personal advisors: your attorney, paralegal, accountant and mediator.

We are available to discuss your financial needs with you and, by helping you to collect, assemble and organize your individual and marital estate, may save you time and legal fees.

In addition, with this information in hand, we are able to help you pursue your personal short-term and long-term financial goals. Please note, however, that we do not offer legal or tax advice and nothing herein is intended to provide any legal or tax advice, which can only be provided by your attorney and accountant.

Defining and prioritizing your goals

The first step in the process is to get to know you and understand your personal financial requirements, objectives, and lifestyle. During your divorce negotiations, we will help you provide financial information and documents to your attorney or mediator.



What you can expect:

Three stages of wealth planning

We view divorce in three stages:

Before the divorce: Preparation and documentation

During the divorce: Negotiation, conciliation and settlement

After the divorce: Post-divorce financial management

Before the divorce

- Gather and assess financial assets and liabilities
- Categorize and review historical spending patterns
- Determine and document your individual and marital assets
- Document marital standard of living
- Review financial statements and tax returns
- Prioritize personal financial goals and responsibilities
- Project anticipated financial needs
- Review public and private sector pension plans
- Review and evaluate employee benefits (including stock options and restricted stock)
- Collect, analyze and review insurance policies (Term, Whole Life, Buy-Sell)
- Evaluate current long-term care insurance contracts
- Evaluate post-divorce estate planning strategies
- Analyze and review executive compensation plans
- Gather and consider college funding expectations and strategies
- Review and prioritize your personal financial goals

During the divorce

- Project post-divorce household funding requirements
- Calculate current and future inflation-adjusted cash flow models
- Determine life insurance requirements designed to replace support payments
- Assess and adjust retirement funding strategies
- Project education costs and funding strategies
- Equalize Social Security, retirement, pension benefits
- Review mortgage and debt structure
- Review real estate appraisals and business valuations

After the divorce

- Facilitate and supervise asset and liability transfers
- Execute strategic financial plan
- Review insurance coverage
- Update financial plans as required
- Implement budget and resource management plans
- Launch long-term financial plan strategy
- Follow through with modified estate planning strategies
- Monitor investment performance, adjust as needed
- Monitor comprehensive results



Before the divorce: Preparation and documentation

The best way to get on the road to independence is to learn all you can about the monthly and annual flow of your personal and marital finances.

Before you can begin to discuss your settlement, collect the most recent copies of the following:

- Federal, state and local tax returns (past three years)
- Savings and checking account statements
- Brokerage and mutual fund account statements
- Executive compensation plans and agreements
- Insurance policies
(disability, life, and long term care), declarations pages and in-force illustrations
- Education funding statements (529 plans, Coverdell Education Savings, UGMA)
- Retirement plan statements
(IRA, 401(k), 403(b), profit sharing plans) for you and your spouse
- Real estate/mortgage/lease documents
- Living wills, Power of Attorney/health care proxy/organ donor cards
- Trust documents and agreements
- Business and personal loan agreements
- Social Security benefits statements
- Credit card statements
- Birth records, marriage certificates, prenuptial agreements, divorce agreements
- Records of lawsuits
- Records of gifts from third parties and spouse
- Business valuations and personal property appraisal reports

Once you have identified your marital estate, you and your attorney may be able to negotiate more effectively and obtain the best settlement result. Consider the following questions and review with your attorney's guidance:

- How much money will you need to maintain your current standard of living?
- How much will you ask for?
- How much are you willing to pay?
- If you request too much, will it delay your settlement resulting in further costly litigation?
- What is the minimum settlement that you are willing to accept?



During the divorce: Negotiation, conciliation and settlement

As soon as you can, it's essential to take control of your finances. Here are some initial steps you can take as you work through your divorce. As always, it's best to consult with your attorney should you have questions.

Open a bank account in your own name

If you receive your paycheck by direct deposit or pay bills through an online service, you may want to use your new account information.

Protect your credit by cancelling joint credit cards

Establish new credit accounts in your name only. Obtain and review a copy of your credit report and work with your attorney to resolve any negative entries.

Establish an interim joint checking account

For any money issues that may be unresolved at settlement, your attorney can advise you about creating a joint checking account. You can also use this account to cover family expenses during the period between separation and the final divorce.

Divorce impacts children, and their physical and emotional well-being should be your top priority. You and your spouse can make matters easier by establishing a suitable financial basis for support.

Child support

Each state maintains its own guidelines to determine how much child support a custodial parent should receive based on parental income. In some states, a judge decides the amount of child support that must be provided to the custodial parent. Other states determine the payment based on the parents' combined income and the number of dependent children. Some expenses may be considered "extras" such as summer camp, special education needs, orthodontia, and psychotherapy. Your attorney can advise you about the laws in your state.

College expenses

Regardless of your child's age, it is important to project college education expenses and negotiate how much each parent will be expected to contribute. Both parents' and the student's shares of college expenses should be clearly delineated in the divorce agreement. I can help you estimate the projected cost of your child's education, calculate how much you will need to save and in which type of account, and provide financial information to assist you with completing the Free Application for Federal Student Aid (FAFSA) forms.



Health insurance

Children are typically covered by a parent's health insurance until they reach the age of 18, or older if they are full-time college students. If one parent has reasonably priced health insurance, many states can permit or require that the court order a parent to keep their children covered under that health plan. If health insurance for the children is an additional cost that must be negotiated, it should be included in the child support calculation. You and your attorney can review these issues as well as any options you may have under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). I will help you analyze your budget, project your expenses, examine your mortgage options, and provide financial information that may assist you in determining whether or not you should negotiate to keep the house.

The family home

The home is typically one of a divorcing couple's largest financial assets and involves the greatest amount of emotional anxiety. Should you keep your home or sell it? Consider the following questions:

- Is it in your children's best interests to stay in the home?
- Can you afford the mortgage, taxes, insurance, and maintenance?
- How stressful is the atmosphere in your home?

Although you may love your home and neighborhood, bear in mind that a house is a very costly, illiquid asset. The mortgage, real estate taxes, capital gains taxes, utility bills, insurance and maintenance can add up over time. Will you be able to afford the house once the marriage is dissolved?



After the divorce: Post-divorce financial management

During your divorce, planning for retirement is probably not your first priority. It is important, however, to establish a financial plan that is compatible with your long-term goals and future financial health.

Your retirement goals

We will help you set up a long-term investment strategy for retirement and advise you on appropriate asset allocation, strategic portfolio diversification, and suitable risk management. Then we will monitor your results and be prepared to recommend ways to adjust your portfolio should there be changes to your financial situation, risk tolerance, time horizon or long-term goals.

Keep in mind that retirement plans—yours and your ex-spouse’s—may be considered marital assets. A Qualified Domestic Relations Order (QDRO) specifies the terms under which an ex-spouse can receive an interest in a former spouse’s qualified retirement plan such as a 401(k) or 403(b).

The IRS provides for a non-taxable transfer of an IRA and most qualified retirement accounts to a spouse as part of a divorce agreement. Completed pursuant to a final divorce judgment, this transfer of assets is a non-reportable, non-taxable event only if all of the rules and requirements are followed, which is an important reason to have an experienced financial professional guide you through the process. You may also want to review these requirements with your attorney.

Determining the effect of divorce on your Social Security rights and benefits can be complicated.

Divorce and Social Security

If you change your name, you may want to inform both the Social Security Administration (SSA) and your employer. This will assure that your earnings will be properly reported by your employer and recorded in SSA records. You will be issued a new card from Social Security with your new name. The government’s website, www.ssa.gov provides valuable information and answers to the following questions:

- How will divorce affect my retirement benefits?
- When can I begin to receive Social Security benefits?
- Does my ex-spouse receive less if I collect from his earnings record?
- How does divorce affect survivor’s benefits?
- If I remarry, do I lose my retirement benefits?
- What if my ex-husband dies while I am collecting from his earnings record?

The rules vary depending on your situation, so you should speak to your attorney or a Social Security representative at 800-772-1213.



Your estate planning goals

Once your divorce is final, you'll need to revisit your retirement and estate plans, your will, Powers of Attorney and health care proxy. Now that you are legally an unmarried person, you may need to make detailed guardianship arrangements for your children. In order to maximize your financial health and minimize your risk, be sure to discuss with your attorneys the possibility of taking the following actions:

Update your beneficiary designations

If your ex-spouse is listed as a beneficiary on your life insurance policy, retirement account, annuity contract or other documents, be sure to change this as soon as your divorce is final to reflect your wishes regarding new beneficiaries.

Establish a trust

There are certain trusts available that can protect your children's inheritance if your former spouse remarries and subsequently divorces.

Consider dividing charitable trusts

If you have any irrevocable charitable trusts, you may be able to divide your charitable trust or family foundation between you and your former spouse.

We are available to work with you as you confront the unique circumstances that can arise from the division of assets in divorce proceedings.



UBS: Our global strength

Your Dreams – Our Mission

As a UBS client, you benefit from the experience of the world’s leading wealth management firm. We have been serving affluent individuals, corporations, institutions and governments for over 150 years. Through our teams of professionals around the globe and their diverse expertise across a range of disciplines, we are committed to helping each client realize their own vision for financial success.

We work side by side with our clients, taking the time to understand their individual needs and goals and the dreams they have for themselves, their families and their future.

Our relationship with you

Our work ethic is simple and powerful. It is based on the value of collaboration.

This deep understanding, combined with the powerful global resources we are able to access on your behalf, lays the foundation for our relationship with you.

About UBS

UBS AG is a leading global financial services firm, serving a diverse client base that includes affluent individuals, corporations, institutions and governments. By integrating and leveraging the combined resources, expertise and best practices of its business units, UBS offers products and services designed to provide appropriate solutions to its clients, regardless of where they are located. UBS has significant operations in all of the world’s major financial centers and strong long-term credit ratings. From investment banking to asset management services, our Financial Advisors have at their command a broad array of financial resources to help clients manage their wealth.

Divorce is difficult.

We can help you navigate through the process and provide you with financial direction. We can talk in private about your questions, your options and your decisions. That is the first and most meaningful step you can take in becoming self-sufficient and in fulfilling your new, independent life. Please contact us for a confidential, personal discussion.

The UBS Client Experience

In delivering the UBS Client Experience, our Financial Advisors take the time to understand your needs and goals and proactively provide appropriate solutions. We keep you informed on a periodic basis, and can monitor and update strategies, as appropriate, to respond to ever-changing markets and your evolving needs.

