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Financial Advice for Mrs. Tiger Woods

By Brett Arends Staff Reporter of The Wall Street Journal

You're Elin Nordegren. You're hurting and humiliated. And in two weeks you've watched your home life go from a car crash to a train wreck.

Maybe you'll stay with Tiger Woods. Maybe you'll leave. Amid all the rumor, speculation and nonsense, only you know for certain what you think and feel.

But what are your options? I spoke to three experts on money and divorce to get the skinny.

A.J. Barranco, a partner at Barranco & Kircher in Miami, is an experienced Florida matrimonial lawyer and represented Hulk Hogan's wife in their recent divorce. Michelle Smith and Mark Hill are both Certified Financial Divorce Analysts with more than 20 years' experience advising high-net-worth individuals. Ms. Smith runs Smith Divorce Financial Strategies in New York; Mr. Hill runs Pacific Wealth Management and Pacific Divorce Management in San Diego.

What advice would they give to Ms. Nordegren? Here's the rundown:

Don't give in to anger or rush your decision. "My first recommendation would be: Take your time, go slow, don't do anything precipitously," says A.J. Barranco. "Try to save your marriage if you can, and if you can't, explore your options." Mark Hill agrees. "Don't listen to your girlfriends and go out and get the most aggressive lawyer in your jurisdiction," he says. He's seen it too many times. Most people are hurt, angry or scared, he says. "They hire an aggressive attorney because they feel that will protect their rights more. But that tends to push their spouse to hire an even more aggressive attorney."

Once couples get on the "divorce escalator," Mr. Hill says, it's hard to get off. And the divorce fight often ends up damaging the relationship far more than the breakdown of the marriage. That's a special concern here because the couple have two young children.

Get this out of the public eye as fast as you can, and keep it there. "You want to prevent this from becoming any more public than it's become already," says Mr. Barranco. This is turning into a public-relations fiasco, and that's bad news for everyone involved. And by damaging Tiger Woods's reputation, it may be damaging all of their financial interests. Your willingness to take this private and play ball is probably your strongest financial card and can give you a lot of leverage. Tiger Woods does not want to suffer any more

Be aware that even if you take it to court, trying to overturn your prenuptial agreement is going to be an incredibly tough challenge, no matter what your husband has done. Generally speaking, you have to prove you signed it under duress, or that you were a victim of fraud or incomplete disclosure. Philandering doesn't count. "Disclosure is about financial disclosure," rather than anything to do with behavior or proclivities, says Michelle Smith. "Prenups are usually unwound because there hasn't been full financial disclosure." Duress "is a little harder to prove," she adds. But if Tiger pressured you to sign an agreement after the wedding invitations went out, say, or while you were picking out china patterns, you may have a case.

Even if you do decide to divorce your husband, "choose how you are going to divorce first," says Mark Hill. "Realize that you have that decision to make first." That means looking at non-confrontational options, such as mediation, before you even think about going to war. One non-confrontational option: so-called "collaborative divorce," in which the two parties hire lawyers, personal counselors and a neutral financial expert such as a CPA to help them sort through all the issues - but sign an agreement at the outset not to go to court. It's not cheap, says Mr. Hill, but most times it's cheaper than a messy legal fight.

Be aware that the prenup won't have any effect on what support Tiger will have to pay to support the children. The courts will determine that based on his assets and earnings and the lifestyle the children enjoy at the moment, says A.J. Barranco.

Decide how much you really need to live on before you start negotiating. As a rule of thumb, your investments ought to earn - at the least - 4% over inflation over the long haul. So you'll really need a lump sum of around 20 to 25 times your income if you want it to last a lifetime. In other words, if you want an annual income of \$1 million a year, you'd probably need a settlement of \$20 million, if not more.

But if you do get divorced, be aware you are going to have to downsize your lifestyle from your days as Mrs. Tiger Woods. "She won't be able to continue life as she has known it," says Michelle Smith. "This may be the biggest paycheck of her life."

<http://online.wsj.com/article/SB10001424052748704193004574588353054344802.html>

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