

# Divorce Financial Quarterly

*A Newsletter for Savvy  
Family Law Attorneys*



**TruNorth**  
**DIVORCE**  
**SOLUTIONS**

**July 2024**

## Featured Topic: Executive Compensation in Divorce



**Berni Stevens, CDFA®**

In this July inaugural edition of our newsletter for family law attorneys, we are starting with a BANG! Dividing executive compensation in divorce is complex and nuanced. Our new eBook provides a valuable, concise roadmap to properly characterizing and valuing prevalent forms of executive compensation, including stock options, restricted and performance stock, restricted and performance stock units, and deferred compensation.

Read on for some valuable information on executive comp and then download our eBook.

**Download our new eBook**  
**EXECUTIVE COMPENSATION IN DIVORCE:**  
**AN ATTORNEY'S ULTIMATE GUIDE**

### **In this newsletter you will find:**

How To's, Featured Services, and a Valuable Offer You Can't Afford to Refuse.  
Keep Reading!

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**Did you know that a 1099 can be used to transfer the tax burden of RSU's to the non-employee spouse?**

## Which Documents Should You Request From Opposing Counsel When Executive Comp is Involved?

- Compensation plans and all amendments
- Grant agreements and all amendments
- All correspondence (letters, memorandum, emails) relating to grants
- Summary plan descriptions
- Annual statements of employee benefits
- Employee manuals that describe employee's right to benefits
- Employment contract or offer letter
- Beneficiary designation forms
- Employee's employment file
- Valuations conducted for IRC Section 409(A) purposes or other purposes
- Employee's W2's

In divorce, RSU's are generally not transferrable. The employee spouse will have taxes withheld at the time of vesting. There is precedent that allows the employee spouse to issue a 1099 to the non-employee spouse so that the non-employee spouse can later pay taxes at his/her rate.

Ask me for a sample subpoena!



Type	What	How Granted	How Vest	How Taxed	Transferable?	Deferable?
<i>Restricted Stock</i>	Actual shares of company stock granted upfront with restrictions.	Granted outright, subject to vesting and forfeiture conditions.	Vest over time.	Taxed at ordinary income rates based on the fair market value of the stock upon vesting.	Vested units only (tax paid by employee spouse at his/her marginal tax rates in year of vesting).	No
<i>Restricted Stock Units (RSUs)</i>	Promise to deliver company stock or cash equivalent in the future.	Granted outright, with settlement in stock or cash upon vesting.	Vest over time.	Taxed at ordinary income rates based on the fair market value of the stock at settlement unless deferred.	No	Rarely





## Featured Services for Attorneys

### **Business Value Calculations**

How much are you and your clients spending on a formal appraisal of the value of a closely held business that is subject to division in divorce? \$15,000 - \$25,000 isn't uncommon. For negotiated cases, we can provide a "back of the envelope" business value calculation for less than \$2500. Our calculations are based on industry-accepted methodologies that utilize the present value of future cash flows and/or liquidation of assets.

### **Pension Valuations**

If you have a client who would prefer not to split a pension at payout, we can value the pension for offset. Our pension valuations utilize industry-accepted methodologies and are not only useful for negotiation purposes but will stand up in court proceedings, as well.

### **Client Education and Support**

There may be times when you want to better help a financially vulnerable client better handle the divorce process. We can help with post-divorce budgeting, an assessment of keeping the marital home, determining the financial need for alimony and child support, education on settlement alternatives and how they can impact both short and long-term financial health, and more.

**DOWNLOAD OUR COMPLIMENTARY  
DIVORCE FINANCIAL PLANNING GUIDE  
FOR YOUR CLIENTS**

## An Offer You Can't Afford to Refuse

As an incentive to see if we can make a positive difference to your case outcomes, I am offering an initial complimentary consultation based on up to three hours of analysis on a specific case. Nothing to lose and much to gain. Give me a call to explore how we can best support you.



**Get in Touch!**

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