



# 6 Ways the Coronavirus Can Infect Your Divorce

## And Simple Steps to Protect Yourself

By Heather Locus, CPA, CFP®, CDFA®

It seems the ripple effect of coronavirus has infected everything, and divorcing individuals are not immune. The most apparent impact is that most, if not all, courthouses are closed except for emergencies. This may delay your divorce, along with applications for temporary support and custody. There are other less obvious issues as well. Here are six areas you need to re-assess when going through a divorce, along with actions to prepare and protect yourself.

### 1 | The Divorce Itself

Your divorce is a lawsuit, and that means it's dependent on proper and timely functioning of the court system to become final. Court systems across the country are responding in multiple ways to balance handling the pandemic with ensuring the health and safety of all the people they touch—employees, litigants and attorneys.

These new realities affect:

- How motions and petitions get filed
- Hearings and trials, and anticipated delays in dates
- How and when you can obtain a prove-up to finalize your divorce

Some courts have already implemented impressive ways to conduct proceedings by utilizing technology to allow documents to be e-filed and divorcing individuals the opportunity to attend court via video conference with the judge. While less technologically advanced courts and more complex situations such as contested hearings still need innovative solutions, it hopefully is only a matter of time before they are rolled out.

Alternative Dispute Resolution (ADR) is a potential solution to courthouse closures and the unavoidable backlog that is certain to follow once the courthouses reopen. You can move forward with your divorce by utilizing video conferencing to safely mediate or arbitrate temporary issues that may arise such as discovery compliance, temporary support and parenting. You even have the ability to share documents and form breakout rooms for confidential communication with your counsel and a mediator.

Finalize your entire case by reaching a global agreement in attorney assisted mediation or by obtaining a private judge or arbitration ruling that can be incorporated into an Agreed order or final Judgment for Dissolution of Marriage.

The Collaborative Law Process is another ADR solution that does not rely on the court system at all until a fully executed agreement is reached with the help of a team of professionals who specialize in law, mental health, children's issues and financial issues. This process is fully confidential and helps preserve the party's relationship so that they can co-parent well at the end of the process.

**What You Can Do:**

Consult your attorney about how the rules affecting your jurisdiction impact your case and fees, whether your timeline has changed significantly, and what delays might mean for your post-divorce life. If you are not already using ADR, consider whether it may be a more effective process for your family's unique issues. Use this extra time to be thoughtful and organized to minimize professional fees.

## 2 | Your Finances

A significant part of your divorce hinges on dividing assets, a lot of which may be tied up in retirement and investment accounts or business interests. If you are further in debt because of this crisis, you are going to have to negotiate how those debts get allocated and paid.

**Virtually every individual worldwide who has any money invested has seen their accounts shrink significantly from what they were worth at the market high around Valentine's Day.**

What's more, the ongoing uncertainty means that values may continue to see-saw for a significant amount of time, making it impossible to predict exactly what anyone will end up having. Negotiating your financial settlement during this turmoil will get tougher. While markets have historically bounced back from deep declines, it's always prudent to brace yourself for a significant period of low prices.

**What You Can Do:** Enlist the aid of experts to help you create the best possible settlement for yourself regardless of the outcome of the uncertainty. Look for rebalancing and tax planning opportunities. While stocks and mutual funds are down, you can sell them and immediately reinvest in a similar, but not identical, fund so that when the market recovers your portfolio will as well but you will owe less to Uncle Sam.

Make sure you have enough cash for an extended downturn and check your credit report. If you



are fortunate enough to receive a bonus or distribution, consider using extra cash to invest during this buying opportunity. While it's hard to make decisions with your spouse during this time, focus on maximizing how much you will each walk away with. Investigate the benefits afforded by the CARES Act which allows for loans for small businesses, penalty free withdrawals from retirement accounts, and other benefits that will soften the blow from the crisis.

### 3 | Your Job and Paying the Bills

You're likely seeing the headlines about the flood of layoffs and the inevitable recession across the globe. While it's impossible to forecast just how long and deep the recession will be, every recession ends up with lost jobs, less money for many who are employed, and the risk of additional future layoffs.

A spouse losing their job or experiencing a dramatic change to their income in the middle of a divorce will change temporary support payments and complicate negotiations. Likewise, if an individual's post-divorce plan to obtain financial security included re-entering the work force, they face increasing challenges as the job market absorbs the shock of a rapidly slowing economy. Questions surrounding unforeseen issues like access to health insurance or short-term cash flow to pay bills may suddenly be critically important.

While the government has provided relief for taxpayers, it cannot do the same for individuals who pay or receive spousal and child support. In addition, it's unclear how these new government benefits and cash payments for those who qualify should be allocated and how they affect child related financial obligations. If you or your spouse's income has significantly changed, consult your attorney about whether to file something with the court. Installments of spousal and child support cannot be modified once their payment due date arrives.

**What You Can Do:** Work together to maximize your family's combined household income. You both will be better off the more money you have to split. If possible, brainstorm with your spouse on ideas and do your best to minimize your legal fees. Use this time to create an impressive resume, brush up on skills like Microsoft Excel, or take online classes.

### 4 | Your Plans for the House

Are you planning to sell your house as part of the divorce? For many people, selling or buying a house is the largest single financial transaction of their entire lives.

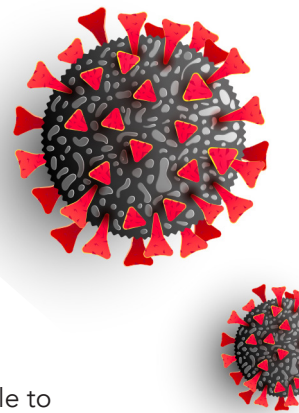
Deciding to keep the house or sell it is a complex decision even in the best of times. In addition to factoring the emotional ties and social implications of a potential move, you have to balance the monthly cost to keep up the house, pay utilities, and maintain its upkeep along with the tax issues and costs to sell it and relocate.

The pandemic just added a huge wrinkle to those calculations. With the housing market in a temporary freeze, it is much harder to predict what the near and long-term impacts will be on home prices after the crisis passes.

**Consult with experienced Realtors® in your area .  
Be prepared to rethink your entire decision  
if that's what will make the most sense in the new reality.**

And while record-low mortgage rates may entice some buyers, be prepared for the house to take longer to sell.

**What You Can Do:** If you decide to keep the house, work with your spouse, attorneys and a Certified Divorce Lending Professional to see if you can refinance at a lower rate. Many lenders will not refinance during a divorce. If you decide to sell, brainstorm creative ideas with your Realtor® for virtual tours and how to keep you, your Realtor® and potential buyers safe for in person showings. Invest in upgrading photos and staging your house to display optimal lighting along with blue skies, fire in fireplaces, and any other details that showcase your house at its best. Consider using a video to win the online beauty contest. Schedule open houses for people to subscribe to online and "join" virtually. Make arrangements to FaceTime buyers to remotely walk through the house and answer questions.





If your state considers agents “essential” service providers and allows showings, provide disinfecting wipes, rubber gloves, etc., and ask agents and buyers if they are sick; deny access if they are.

## 5 | Your Kids

You’re probably already dealing with kids being home 24/7, regardless of their age, and braving the new world of “e-learning”. The lack of school and activities have multiple ripple effects on parenting time and transitions. If you have an established co-parenting arrangement, it’s likely you’re grappling with these unforeseen changes upending your schedules and routines that may have taken you weeks if not months to craft.

Most jurisdictions have ordered that the parties’ regular parenting time schedule shall continue, and possession and access of the children shall not be affected by school closures from the pandemic. They allow the parents to alter the schedule by agreement and are strongly encouraged to act in the best interest of the children and are admonished from any actions that would impact the physical health of any children including unnecessary travel. The American Academy of Matrimonial Lawyers (AAML) and Association of Family and Conciliation Courts (AFCC) have published helpful

guidelines to be healthy, mindful, compliant, creative, transparent, generous and understanding while co-parenting during COVID-19 pandemic.

It’s more critical than ever to work together with your spouse to create the best path for your children’s present and future wellbeing. While you will eventually no longer be a spouse, you will always be a co-parent and doing what’s in your children’s best interest is ultimately in your best interest. No matter how comprehensive your parenting schedule is you will have many future changes in your kids’ schedule as they mature, attend different schools and participate in different activities. Try to work things out on your own and avoid the legal fees. If your spouse won’t cooperate, get clarification from your attorneys on how new regulations impact your arrangement.

**What You Can Do:** Be intentional about what memories you want to create for your kids. This will likely be the time they remember most about your family before it officially became two households. Put your kids and your own well-being at a higher priority than expressing your stress and anger to your spouse. If you have enough cash and a reasonable spouse, talk to them about leveraging this bad market as an opportunity to invest more for your kids’ college in a 529 account.



**Be intentional about what memories  
you want to create for your kids.**

This will likely be the time they remember most about your family  
before it officially became two households.

## Control What You Can and Prepare for the Rest

On the list of things that can upend the best laid plans, the coronavirus must rank at the very top. While divorce adds an additional layer of complexity, keep in mind that many of the physical and financial stressors of today's coronavirus world would be there even if you were staying as a couple.

While many aspects of life are currently at a standstill, your divorce doesn't have to be. Consider these steps to increase your sense of stability and control:

1. Understand the impact of the virus on your divorce timeline, and on your divorce bill
2. Reassess how much your financial settlement is likely to be affected and plan accordingly
3. Realize recent settlement proposals will likely need to be re-negotiated and discuss with your lawyer whether ADR is applicable for your case
4. Start updating your financial documents
5. Expect that home appraisals and business valuations will likely need to be revalued
6. Consider how you'll pay for your living expenses during and after divorce
7. Rethink your plan and timeline to sell your house
8. Revisit your co-parenting arrangements to maximize stability and security for your kids and yourself
9. Maximize steps to protect the health and safety of yourself, your children and those whose lives you touch
10. Breathe. Show patience and grace with your kids, your spouse, others, and most of all, with yourself

## 6 Your Family's Safety and Health

Are you and your spouse on the same page regarding social distancing and staying home? Now that you're no longer a single entity, it's very important that you don't make these decisions in a vacuum.

**If your children are splitting time between two homes and become contagious, everyone in both households could be exposed.**

You'll have to have an open line of communication so you're consistent and acting in everyone's best interests. Showing respect and being open to all possibilities will set the right foundation for your future co-parenting relationship. While it's common to have separate rules for each parent's house on some issues, safety during the pandemic is key.

**What You Can Do:** It may be as hard to contain your frustration and sadness if you are quarantined in one house as it is to contain the virus. Make sure you get some physical activity every day. Use a punching bag or punch a pillow to process the anger and resentment or go for a long walk to clear your head. Create fun ways to interact with your children—even teenagers and 20-somethings—by having a pillow fight or a race. Do spring cleaning around the yard or plant a garden. Use this time to create a new healthy habit of self-care.



**HEATHER LOCUS**  
CPA, CFP®, CDFA®

Heather is Owner, Wealth Manager & Divorce Practice Group Leader at Balasa Dinverno Foltz LLC, solving problems by balancing the emotional and behavioral components of financial decisions with the tax and legal issues. She has been recognized as a "Best-In-State Wealth Advisor" by *Forbes*; a "Top 200 Top Wealth Adviser Mom" by *Working Mother* as well as a "Five Star Wealth Manager" by *Chicago Magazine*. She also recently published her cornerstone book: *The Next Chapter—A Practical Roadmap for Successfully Navigating Through, and Beyond, Divorce*.

