

WHEN DIVORCE DOES NOT END A RELATIONSHIP

Many personal relationships are affected when a marriage ends in divorce. In-laws who may have been friendly at one point can become strangers, and children can be pulled in one direction or the other. In order to avoid unwanted run-ins with the former spouse, divorced people may be forced to find new accountants, dentists and doctors.

And financial advisors.

Financial advisors work with married couples all the time. Many of those couples have one account they share, and that account becomes part of the financial negotiations in a divorce settlement.

So does the investor-advisor relationship. With funds separated in a divorce, there are now two investors where before there was one, and it is not unexpected for an advisor to lose one of those two clients in the marital transaction.

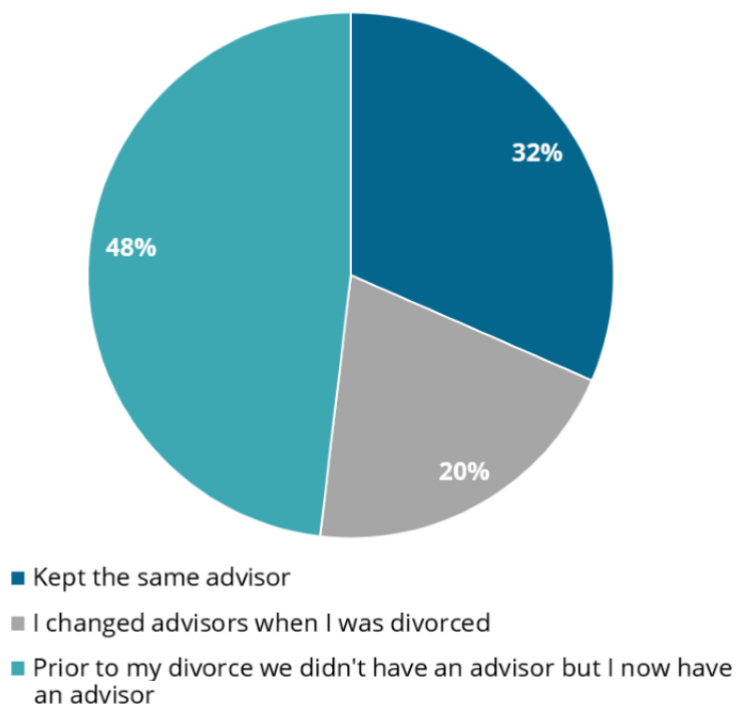
But it does not always happen that way.

Spectrem's new study on women who lose husbands through death or divorce – *Widows and Divorcees: Empowering Women in Transition* - indicates that relationships with financial advisors do not always follow an understandable pattern. While not all widows stay with the advisor they used with their husband before his death, not all divorced women change

advisors upon splitting with their former spouse. "Many investor-advisor relationships become quasi-family relationships, and those types of relationships are complicated in a divorce," said Spectrem president George H. Walper Jr. "That being said, sometimes the advisor relationship can survive a marital breakup, and sometimes an advisor can end up working with both the ex-husband and the ex-wife following the divorce."

If a married couple uses the same financial advisor, it makes perfect sense that at least one person in that broken marriage would want to hire a new financial advisor, just as they might look for a new accountant. But investors surveyed for the study indicate such a move is not set in stone.

Do Divorcees Keep the Same Advisor?



Seventy-five percent of the divorced women interviewed for the study currently have a financial advisor, but 48 percent did not have a financial advisor prior to the divorce. The breakup of the marriage appears to have prompted women to hire a financial advisor to assist with their investment strategies and portfolio growth.

Of the 75 percent of divorcees who currently have a financial advisor, 32 percent kept the same advisor they had before the divorce and only 20 percent changed advisors. That means more women keep their advisor after a divorce than those who do not. The next question the study asked as "Why?" Why did these divorced women keep the same advisor they had prior to the divorce?

For almost half (46 percent) of those who kept the same advisor, the reason was "I was happy with the investment performance of the advisor, so I kept him/her". That response indicates that a satisfactory performance by an advisor can allow that advisor to maintain relationships even when a couple breaks up.

Twenty-seven percent of divorcees who kept the same financial advisor did so because "my relationship with the advisor was stronger so my ex-spouse changed advisors". That response indicates that when an advisor works with married couples, there is very often one member of that couple to whom the advisor has stronger bonds. That makes sense as well.

Sometimes the advisor is allowed to maintain a working relationship with both members of a broken marriage; 14 percent of divorcees who kept the same advisor say their ex-husband is also using that advisor.

Divorce is often ugly, and usually unfortunate. Married investors may see their financial advisor as being representative of their dissolved union, but if the advisor was successful with investment performance, that advisor could be seen as an asset the former spouses will argue over.

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