The D-Word

A look into one of the most catastrophic financial losses a dentist can be faced with: DIVORCE.

by Douglas Carlsen, DDS

I've been avoiding writing about divorce forever. It's widely reported that the only worse financial catastrophe a dentist can endure is the loss of his or her license. And sometimes even that might not be as bad.

Two major incidents linger in the back of my mind:

First, a dentist wrote me earlier this year that at age 40, with two children, she had spent over $100,000 on legal fees for divorce and anticipated the proceedings to take an additional two years and $150,000 more. She is sure she will lose her practice and be left with no

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Below are several selections from Fridman's list.

Dancers and Choreographers	43.1 percent
Bartenders	38.4 percent
Massage Therapists	38.2 percent
Social Workers	23.2 percent
Medical Doctors	22.0 percent
Customer Service Reps	21.4 percent
Dental Lab Techs	20.3 percent
Psychologists	19.4 percent
Administrative Assistants	19.0 percent
Dental Assistants	17.8 percent
Dental Hygienists	14.0 percent
Dentists	7.8 percent
Farmers and Ranchers	7.6 percent
Agricultural Engineers	1.8 percent

savings, but should retain custody of her children. No home, no savings and no practice at age 42. The saving grace is that her health is excellent.

Second, a male dentist called me frantically one night two years ago. He was concerned about finding an associate position in another city as soon as possible. Knowing that he had a stable private practice, I asked why he needed a new job. His answer was shocking:

"I just found out that my practice has been embezzled for years. I've lost hundreds of thousands of dollars to my front desk person, who happens to be my wife. She has left the premises, hired a lawyer, and wishes to divorce me. All our practice and personal bank accounts have been emptied."

He next related that his wife's parents were quite wealthy and would make sure that his wife was adequately taken care of. Also, since her husband's discovery, she had been referring existing patients to other practices in the area. The dentist had virtually no funds, a patient base shrinking by the hour, and no family to bail him out.

Divorce is brutal emotionally, but in cases like these, the financial blow can be equally life-altering.

Ultimately, about half of all American marriages eventually end up in divorce.

Divorce in Numbers

Let's now look on the bright side. After doing research, an accurate article I found containing divorce statistics can be found on Lex Fridman's blog at http://lexfridman.com/blogs/thoughts/2012/04/14/divorce-rates-by-profession.[1] Lex Fridman lists the divorce rates for 511 professions.

The divorce rate is normally calculated as a percentage of divorces over a time period, in this case, five years. Of the 511 professions listed dancers and choreographers divorce most frequently and agricultural engineers least. In fact, all engineers have low divorce rates, between 6 percent and 13 percent. The study indicates that dentists divorce at the same rate as farmers (7.8 percent), and at half the rate of other dental personnel.

This blew me away, yet I find no research to refute it. Dentists, along with optometrists, podiatrists and veterinarians actually have very low levels of divorce. Medical doctors are nearly three times more likely to get divorced than dentists. Why then does it seem dentists frequently divorce? Possibly because many are extreme, like the cases mentioned above. Also the amount of money and physical objects fought over may be of more and of higher value than with most professions.

Avoiding Divorce

Journalist Delia Lloyd provides five productive methods couples may use to avoid divorce.[2]

1. Be thrifty. Lloyd says couples that are not materialistic score 10 to 15 percent better on marriage stability than couples where one or both are materialistic. I work with many couples on financial matters and would agree.

2. Work (especially wives). Lloyd relates that Stephanie Coontz, scholar of history and family studies, who has written extensively on marriage in the United States, says that feminism has been very good for marital health and stability. Coontz argues that the changes that Betty Friedan and other feminists of her time agitated for have actually been *good* for

1. *From "A Comparison of Law Enforcenent Divorce Rates with Those of Other Occupations," Journal of Police and Criminal Psychology, 25, 1, 2010, pages 1-16.*
2. *Downloaded at http://www.huffingtonpost.com/delia-lloyd/5-ways-to-avoid-divorce_b_1019194.html on May 29,2014.*

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marriage. The divorce rate tends "to be lowest in states where more than 70 percent of married women work outside the home."[3]

3. Spend time apart. Lloyd remarks that couples often think that the true sign of a happy couple is doing everything together. Wrong.

Private space is important to both men and women. My wife has been a university professor for many years. She reports that academic couples often do not land positions at the same institution, being separated by hundreds of miles, seeing each other on a weekly, bi-weekly, or monthly schedule. These marriages normally work well.

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4. Have sex. Duh! Lloyd comments that if sex isn't good and not frequent enough, divorce will often ensue. Those professors in #3 need to be careful.

5. Do small, recognizable actions. Lloyd says that author Tara Parker-Pope reveals the main determinants of happy, sustained marriages are actually small, tangible things like having at least five small positive interactions (touching, smiling, paying a compliment) for every negative one (sneering, eye rolling, withdrawal).[4]

I'm really good at the eye roll and withdrawal and not so good at touching, smiling, and compliments. Yet I'm still married. Could it be the car I drive, the watch, the cool guy-walk? I doubt it. I actually rarely complain, don't argue much, and I do buy flowers. I hopefully get points for those.

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If Staying Together is not an Option

Let's now look at prudent financial moves when couples do divorce.

First, inventory all investment holdings. This includes checking and savings accounts, retirement and cash brokerage accounts, individual stocks and bonds, insurance policies, company stock options and any pensions. "It may be worth hiring a forensic accountant to help locate each and every asset," Mary Yryan, a financial planner with Vanguard, told the Wall Street Journal in April.[5]

Next, take the time to divide up personal and financial property. With financial property, be quite careful establishing values for entities. For instance, a pension providing life income with a COLA is quite different than half of the equity in a home or a brand new BMW. Take your time and seek expert advice.

Taxable holding versus tax-deferred holdings: For a taxable fund or individual holding, the cost basis is important. A $100,000 taxable holding purchased for $50,000 will be worth somewhat less than $100,000 after paying the accrued capital gains when sold. Alternatively, a tax-deferred holding must have ordinary income taxes taken out and normally will be worth much less than a similar taxable fund. Make sure that the eventual redemption values are used rather than the face amounts listed on your brokerage statement.

Spouses can either keep their own IRAs, 401(k)s, and Roths or transfer funds to the other spouse upon divorcing without penalty. Timing and proper brokerage documentation of any transfer is vital.

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3. *Stephanie Coontz, A Strange Stirring: The Feminine Mystique and American Women at the Dawn of the Sixties, Basic Books, 2012.*
4. *Tara Parker-Pope, For Better: The Science of a Good Marriage, Dutton Adult, 2010.*
5. *Lisa Ward, "What Divorcing Couples Too Often Overlook," The Wall Street Journal, April 7, 2014.*

401(k) and pension fund transfers to the other spouse require a court order called a Qualified Domestic Relations Order (QDRO) to sidestep early withdrawal and immediate taxable events.

Review beneficiaries for all insurance policies and brokerage accounts. Often the ex-spouse is left on documents.

Each spouse needs to evaluate their new financial situation and plan forward expenses and savings accordingly. Two people can normally live on about 70 percent of what they would live on being single. Downsizing and spending cuts are common for both spouses after divorce. ■

Interested in how your colleagues have dealt with divorce ? Visit Dentaltown.com/magazine.aspx and ask them.

Author's Bio

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Dr. Douglas Carlsen has delivered academic-based financial education since retiring from private practice in 2004 at age 53. He has no connection with any company or individual and speaks his mind freely.

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