

# 9 Expert Tips For Negotiating an Alimony Settlement

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By Jeremy Brown July 19 2018, 7:33 PM

Fatherly.com



Second only to child custody, alimony is one of the most contentious and difficult-to-navigate processes in any divorce. When two people are splitting up, particularly when that split is acrimonious, the last thing either of them wants to discuss is the prospect of giving money to each other. But, the topic has to be dealt with and the only way to do it successfully is to go in armed with as much knowledge as possible.

“Alimony is one of the very last pieces to fall into place,” says **Lili Vasileff** founder and President of Wealth Protection Management and of Divorce and Money Matters LLC and the author of *Money & Divorce: The Essential Roadmap To Mastering Financial Decisions*.

“Everything else happens and that’s the last piece of the puzzle that completes the whole picture and it’s usually the most complicated and complex because it’s interdependent on so many other things.”

It helps, adds Vasileff, to really go into this with realistic expectations because, by the time you're negotiating alimony, you should have a very good idea of what all the other elements are as you close out this deal. Vasileff, who has decades of experience walking clients through alimony, offered these best practice tips for negotiating alimony.

## **Know Your Finances**

One of the most important things, per Vasileff, to know when entering into alimony negotiations is what it actually costs for you to live — to understand what you can get by on, what you can't live without, and what you'd love to have. By knowing that range, she says, you can negotiate from a better place of understanding in terms of what you might be accepting or even giving up.

Additionally, she says to have an idea of your own earning capacity. "Often I'm working with individuals who are perhaps out of the workforce permanently or temporarily or not fully employed and there's a fear factor in not knowing what you're able to attract in terms of your own capabilities," she says. "And it's really a great time to at least think about it and plan of how you need to be financially independent more or less at some point in your own life and what does that mean?"

## **Study the Law**

Take the time to learn all of the ins and outs of the laws in your state and how they apply to alimony payments. There are many different types of alimony out there and doing the research as to what you can realistically ask for in your state will not only help you build your case but also help you manage expectations. "If you're expecting lifetime alimony and, let's just say there's a rule of thumb that it's half the length of your marriage," says Vasileff, "you could be in for a really bad surprise and be unable to negotiate without that kind of knowledge."

## **Make a Budget**

You're going to be paying retainers and attorney fees, so make sure that you actually have the resources available to make those payments on time. "Attorneys are not sympathetic and do not work for free often," Vasileff says. Additionally, as you begin preparations for your divorce, make sure you figure out a budget. It's an expensive process and going

into it without a plan can set you up for a problem down the line. “Everybody plans for weddings or a bar mitzvah or a cruise,” Vasileff says. “Very few people budget for a divorce and you need to understand that there is a cost to divorce and it helps to think about it ahead of time so that you’re not taken by surprise and unprepared.”

## **Manage Your Expectations**

While every state has uniform guidelines for child support, very few states have such guidelines when it comes to alimony. “It’s very discretionary,” Vasileff says. “It’s weighted by certain factors and the factors are enumerated in case law and in legal statutes. But how you apply those factors results in very different outcomes.”

An example from Vasileff: “Let’s be happy and say we have \$20 million and we’re going to divide \$20 million between the two of us. I could probably live off of the interest on \$10 million, which then kind of impacts what kind of alimony I receive because it’s taken into consideration. However, if we have \$100,000 in debt, no savings and we’re paycheck people, alimony becomes even more critical as an element in this calculation. It’s case specific.”

## **Plan For Contingencies**

“If you’re dependent for the moment on your other spouse supporting you, you need to make sure that you’ve planned for contingencies, that you have an emergency fund in case something happens and you don’t receive support for that month or six months or if he or she falls off the face of the earth,” says Vasileff. You also want to make sure that their obligations to you are secured in case they die or something unforeseen happens. Vasileff stresses that it’s important to protect yourself against any unwanted surprises.

## **Think Twice Before Waiving Alimony**

In some divorce cases, one party may choose to waive alimony, figuring that they’re earning enough on their own that they don’t need anything from their ex to get by. However, Vasileff suggests that keeping the door open slightly, even with a small amount like a dollar year, allows for renegotiation if something catastrophic happens. “If you have waived alimony, it is waived forever,” she notes. “The door has closed

and you can never go back for support under any circumstances. So waiving alimony is a huge deal. There are reasons to waive alimony, but for the average person who's on a paycheck, I would think twice about it."

## **Don't Agree to Anything Out of Court**

Once the alimony is finalized in a judgment, one party cannot change it unilaterally and decide that, for example, they're now only going to pay once every other month. A decision like that can only be made by going back to court. However, some couples might come to some kind of a handshake agreement and allow one partner to skip a payment here and there. This is something Vasileff advises against because of the slippery slope it leads to. "What if it becomes routine behavior?" she asks. "'This month I don't want to pay you but I'll pay you in three months as a catchup.' And then in three months they go on a vacation while you're waiting for your check. Once you start to slip and allow that and enable it, it's much harder to enforce."

## **Keep Emotion Out of It**

The notion of taking someone for "everything they've got" in court has become a cliché in divorce-related conversations, but the truth is, you don't want to approach an alimony negotiation with anything like malice or greed, as it's only going to fuel more negativity. "You're telling me you're going to go after everything I have and go for my jugular. What do you think I'm going to do?" Vasileff says. "I'm going to strike back. You need to come back to, 'How does this transaction get executed and what's in my best interests to make that happen?'"

## **Do Your Homework**

Even if you think you've read everything there is about alimony, read more, and then read it again. The better prepared you are, the less likely you are to be tripped up by something unexpected. "Preparation is the best defense you can possibly have. Because managing expectations will save you money, it's going to save you in legal costs, therapy costs, everything. And it sets the tone for you to understand that it's a process. It's not a sprint. It's going to be a marathon. And you're going to have to last and preserve your energy at different points in time."