

Given the current environment, people are not only scared for their personal health, but also their financial health. This is only magnified for a couple divorcing.

Everyone's situation is unique, and requires a custom solution, but here are some thoughts that you and your clients may find helpful.

### If money is needed now:

- Talk with the bank about getting a home equity line of credit.
  - o This will provide access to cash, if needed, without liquidating investments.
  - o It can relieve some of the stress and allow clearer thought.
- Selling investments
  - o This can be scary in an environment like today. Everyone knows you don't want to sell when the market is down, but the feeling that you're losing money can be overwhelming. Try to narrow the focus:
    - Think linear- Focus on what is needed in the short-term. How much do you need in 6 months, 1 year, etc.?
    - If you don't need all the money right away, treat it accordingly.
  - o Sell winners
    - There is a tendency to sell what has dropped the most to "stop the bleeding." Unless you think something is a bad long-term investment, try to only sell assets, such as bonds, that have done well in a down-turn.
  - o Prepare mentally for it to get worse
    - This isn't something you want to discuss every month. Assume it will get worse and sell enough so you will be comfortable in the short-term mentally, as well as financially.
    - If you are using the funds to pay off a debt, be careful about letting your investments "ride" a little longer, before you sell and payoff the debt.
  - o Don't try to time the market. Getting out and back in can be dangerous. Remember: for the trade to work, you need to buy when things are worse, not better.
  - o Engage your financial advisor in the process.
    - Advisors need to know if a liquidation maybe coming.
    - It will also help everyone be on the same page about timelines and investment strategy.

### Dividing assets:

- Make sure you are trading "apples for apples."
  - o If you are offsetting equity in the house with retirement assets, be careful. The retirement assets are most likely at a depressed value and real estate is at a high value.
  - o Make sure to consider market volatility when determining value date and distribution date.
  - o Consider taking investments "in-kind." This way, each party can determine for themselves what they want to sell and when.

- Beware of assets that have liquidity issues such as REITs or non-publicly traded investments.
- Identify if there are any margin loans or security base loans. These can wipe out an account quickly.

Discuss the recovery process:

- Divorcees develop parenting plans, but they also need financial plans. Their focus is on the moment, and it is very challenging to look past the day. Now, their current financial snapshot has been crushed. Addressing this head-on can only help with reaching a settlement.

At the Horizon group we are helping people, whether they are divorcing or just scared about their financial picture, come up with a phased approach for the current environment. A plan that allows them to focus on aspects of their life other than what the stock markets is doing.

Are you ready to regain your stability and happiness?  
Contact Geoff Burroughs today at 410.659.8905  
or [gburroughs@harborllc.com](mailto:gburroughs@harborllc.com) to begin building your path to a better tomorrow.



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