

Can A Prenup Help Protect Your Wealth?

Not always a welcome topic, but advisors say it should be broached

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When clients tell you that they're engaged, it's all smiles and



congratulations. But in some cases, you may add a word of caution.

If one party has substantially more assets than the other, an advisor may raise the issue of a prenuptial agreement. That's especially true if it's a second marriage and one or both individuals have adult children.

“When it’s a first marriage and one person has a lot of assets and the other doesn’t, I may bring it up,” said Larry Ginsburg, a certified financial planner in Oakland, Calif. “In a second marriage, it’s more likely I’ll bring it up. Issues can come into play like children from a prior marriage who (frustrate) their parent emotionally and financially.”

Yet broaching the topic can prove dicey. Clients may squirm in their seats and even resent their advisor for raising such a sensitive matter.

Seasoned advisors insist that’s no reason to overlook this vital issue. In fact, they view it as part of their job.

Reflecting on his 36 years as an advisor, Ginsburg tries to soften the blow of suggesting a prenup by telling lovebirds, “I’m a paid pessimist. I look for what could be major problems in your financial life and (try) to protect you — to plan for the worst and hope for better.”

Ginsburg, 70, finds that everyone accepts his recommendation, even if they chafe at first. And he doesn’t let up if they initially resist.

Show You’re Serious

Many advisors view the prenup as a prudent part of financial planning for certain clients. But Ginsburg has a heightened appreciation for it.

Over 20 years ago, a young man with substantial assets was planning to marry a foreign bride of modest means. The bride didn’t speak English, and Ginsburg strongly urged him to get a prenup.

“He objected, saying they were in love and didn’t need one,” Ginsburg recalled. “He also didn’t want to hire an interpreter and pay for his attorney and her attorney.”

Ginsburg convinced him to act — and he did. Six months later, she left him.

“Before that, if clients didn’t take my advice, then so what,” he said. “But after that, I knew I needed to be very clear and take a stand.”

Since then, Ginsburg estimates that he’s worked with over 50 clients planning to marry who fit the profile of needing a prenup. He has dealt with multiple rounds of resistance by declaring, “Let me tell you how important it is that you do this. If you choose not to do a prenup, I will resign as your advisor.”

“I’ve never had to resign, and every single person has thanked me,” he said.

He also chooses his words with care. When couples insist that their marriage will turn out well, he doesn’t try to argue.

Instead, he acknowledges that recommending a prenup “sounds ridiculous” to them. But then he educates them and explains its benefits.

“Emotionally, people are adverse to talking about it,” he added. “Using (strong) language like ‘ridiculous’ helps them understand.”

Now’s The Time

Timing is critical when introducing the idea of a prenup. Clients basking in the glow of blooming romance may not want to talk about such a gloomy subject.

Nevertheless, advisors cannot wait indefinitely to bring it up. The longer you delay, the more uncomfortable it can get.

Soon after learning a client plans to marry, Cary Carbonaro will evaluate whether there’s a large inequality between the couple in terms of assets. If so, she’ll come right out and ask, “Are you getting a prenup?”

“If they say no, I’ll say that I advise against that,” said Carbonaro, a certified financial planner in Huntington, N.Y. “I’ll tell them that you want to do this now — that it’s the best time to negotiate when you’re both happy.”

She says she's made this recommendation over a dozen times in her career, and every client has taken her advice.

An advisor's demeanor and communication skills are put to the test during these delicate conversations. If you come across as too cold or lacking in empathy, you can create a rift in the client relationship.

Just because you're about to mention the need for a prenup should not preclude you from offering hearty congratulations on their marriage. Smile warmly and celebrate the news, even if you privately harbor reservations.

When the moment arrives to start the prenup discussion, maintain eye contact with both individuals. Ensure that they're fully attuned to the matter at hand.

"Do not favor one person over the other," Carbonaro said. "Treat both of them equally."