

New Haven Register

<https://www.nhregister.com/opinion/article/todays-business-high-net-worth-divorce-20063478.php>

[OPINION](#)

Today's Business: Navigating the unique challenges of high net worth divorce

Today's Business: Navigating the challenges of high net worth divorce

By Kevin C. Brown
Contributing Writer
Feb 1, 2025



Attorney Kevin Brown
Contributed photo

High net worth divorces in Connecticut present unique challenges — and very careful navigation.

First, Connecticut is an "all property" state, meaning that generally, all assets owned by either spouse are considered marital property (as opposed to separate property) and are subject to division. This broad, inclusive approach complicates matters, especially when one or both spouses have:

- Ownership in a business;
- Real estate holdings, domestic or international;
- Non-public investment portfolios and private equity interests;
- Executive compensation packages that include restricted stock options and

other deferred compensation that may be in the form of cash or equity and subject to vesting;

- Valuable collectible assets such as art, antiques, and jewelry.

Valuing such assets often requires the expertise of forensic accountants, business appraisers, and other financial and tax professionals. The challenge lies not only in determining the current value of these assets but also in projecting their future worth, particularly for assets such as stock options or carried interests that may not have an immediate, tangible value or cannot be readily sold.

Connecticut follows the principle of equitable distribution, which doesn't necessarily mean a 50/50 split of assets. Equitable does not always mean equal. The court considers various factors, including:

- The length of the marriage;
- Each spouse's age, health, and earning capacity;
- Contributions to the acquisition and appreciation of assets;
- The standard of living established during the marriage.

Maintaining your accustomed lifestyle (post-divorce) can be a substantial challenge even when a family has extensive financial resources. Specifically, the process of turning one household into two can be both awkward and challenging. Courts must balance the need to provide adequate support with the reality of maintaining two households using assets and income previously supporting one united household.

Prenuptial and postnuptial agreements are often front and center in high net worth divorce. While these agreements can simplify some aspects of divorce, they also may be subject to challenges regarding validity or fairness. Courts in Connecticut have the authority to review these agreements and may set them aside if deemed unconscionable or if circumstances have changed significantly since execution. Resolving validity challenges to a prenuptial agreement often is the first major hurdle along the divorce journey.

Increased scrutiny during divorce proceedings often is faced by high-net-worth individuals and public figures. Protecting sensitive financial information and maintaining privacy can be challenging, especially because court documents become public record. Strategies to maintain confidentiality, such as using alternative dispute resolution methods or seeking protective orders, may be necessary to shield personal and business information from public view. A "Privacy Plan" can be the cornerstone of your strategy.

High-net-worth couples often have substantial retirement assets and complex executive compensation packages. Dividing these assets requires a thorough

understanding of various retirement vehicles, vesting schedules, and the tax implications of different distribution methods. Qualified Domestic Relations Orders (QDROs) may be necessary to divide certain retirement accounts without incurring early withdrawal penalties.

The tax consequences of asset division and support payments can be complex. Issues such as capital gains taxes from the sale of assets, tax implications of dividing retirement accounts, and the deductibility of alimony payments must be carefully considered in conjunction with a party's accountants and financial advisers.

There may be attempts to conceal assets. Complex financial structures, offshore accounts, and intricate business arrangements can make it challenging to ensure full disclosure of all marital assets. Forensic accountants and financial investigators may be necessary to uncover hidden assets and ensure a fair division of property.

For couples where one or both spouses own a business, valuation and division of business interests can be particularly contentious. Determining the true value of a business, especially in cases of professional practices or closely held companies, often requires extensive analysis. Considerations such as goodwill, projected future income, and the impact of the divorce on the business's operations must be carefully evaluated.

Clearly, high-net-worth divorces demand a rigorous approach to address both the immediate and long-term consequences of property and income division and financial settlements. By understanding these challenges, individuals can navigate the divorce process proactively to ensure a fair and equitable resolution — and a clear path forward.

Attorney Kevin C. Brown is a divorce litigator at the Westport-based law firm Needle | Cuda: Divorce and Family Law. Many of the cases he takes involve high-income and high-net-worth divorces, complete business valuations, and highly contested child custody. He can be reached at 203-508-3198 or through the firm's website, www.needlecuda.com.