

MEREL MINUTE



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FIVE COSTLY MISTAKES HIGH-NET-WORTH INDIVIDUALS MAKE DURING DIVORCE

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Divorce is difficult for everyone, but for high-net-worth individuals, the stakes are significantly higher—and so are the risks. After more than 20 years practicing family law and representing thousands of clients, I've seen firsthand how even small missteps during the divorce process can lead to massive financial and emotional fallout. If you've spent years building wealth, protecting that legacy requires more than good intentions. It requires strategy, clarity, and a deep understanding of where high-net-worth divorces tend to go wrong.

Here are five of the most common mistakes I see—and how to avoid them.

1. Skipping a Prenuptial Agreement

Too often, I hear, "We don't need a prenup—we trust each other." But prenups aren't about mistrust; they're about clarity and protection. Without one, divorces involving significant assets become far more complex, expensive, and contentious. A well-

drafted prenuptial agreement sets expectations and offers both parties peace of mind, should the marriage end.

It's not about predicting failure. It's about ensuring that your finances, your business interests, and your future are protected from unnecessary risk.

2. Blurring the Line Between Business and Personal Finances

Many successful entrepreneurs inadvertently entangle their personal and business finances—maybe a spouse helps with start-up costs, joins payroll, or contributes informally to the company. These actions, even if casual or well-intentioned, can result in a spouse gaining a legal claim to part of the business.

To avoid this, keep all business matters clearly documented and legally distinct. Ownership structures, compensation agreements, and clear paper trails are essential. In a divorce, ambiguity only benefits the opposing party.

3. Relying on Verbal Agreements

Verbal promises like "You can keep the house" or "The retirement accounts are yours" may feel sufficient in the moment. But during divorce proceedings, the court relies on what is documented, not what was said.

Without written agreements, those informal arrangements can unravel quickly. I've seen many cases where one party believed there was an understanding, only to face a costly legal battle when the other party changed their mind. Put everything in writing, ideally in court orders, early and often.

4. Overlooking Privacy and Reputation Risks

In high-net-worth divorces, reputational damage is an often-overlooked danger. Without proper protections in place, personal communications, financial records, and business dealings can become part of the public court file.

I advise clients to establish confidentiality agreements, nondisclosure provisions, and even social media boundaries early on. In today's digital age, reputation is currency—and privacy is power.

5. Underestimating Lifestyle Expectations

Courts don't just look at what you earn; they look at how you've lived. If you and your spouse have enjoyed private schools, international travel, luxury real estate, or a particular lifestyle, those standards can influence support obligations after divorce.

Failing to understand or prepare for this can lead to long-term financial commitments that come as a shock. The best defense is awareness—know what the law considers, and plan accordingly.

Final Thoughts

A high net worth doesn't protect you from the emotional and financial challenges of divorce. In fact, it often complicates them. But with thoughtful planning and a clear-eyed strategy, you can protect what you've built and move forward with confidence.

At Merel Family Law, we've helped thousands of clients navigate complex divorce matters with discretion, compassion, and a commitment to results. It's not just about what you have—it's about how you protect it.

Merel Family Law is located at 440 W Randolph Avenue, 5th Floor, in Chicago; 595 Elm Place, Suite 225, in Highland Park; and 40 E Hinsdale Road, Suite 202, in Hinsdale. For more information, call 312-408-7000, visit merelfamilylaw.com, and follow @merelfamilylaw on social media.