

A PRIVATE GUIDE FOR BUSINESS OWNERS

3 Financial *Blind Spots* Every Business Owner Should Know Before Signing a Settlement

The patterns I see repeatedly in business owner divorces — and what to do about them before the numbers are on the table.

If you own a business and a divorce is on the horizon — or already in motion — your business is about to become a number on a spreadsheet. My role is to make sure that number is accurate, the analysis is sound, and the strategy protects both the business and your financial future.

Most business owners do not realize how much depends on the financial analysis until the numbers are already on the table. **By then, the leverage has shifted.**

Divorce is a high-stakes financial restructuring disguised as "just" a legal event, constantly hijacked by emotion.

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01 PILLAR ONE

Clean Books Before Someone Else Cleans Them for You

One of the biggest mistakes business owners make is running personal or family expenses through the business. Groceries, vacations, home utilities, the family mortgage — these are common, and they are often invisible until a divorce valuation begins.

When books are messy, someone who is not you — and who does not know your business — has to decide what is a business expense, what is personal, and what is family. **They will get it wrong.** A team celebration dinner may be reclassified as a personal meal. A business conference may be reclassified as a vacation. Each reclassification changes the valuation, the support calculation, or both.

Messy books also cost you credibility. Even when nothing is being hidden, the appearance of commingling creates distrust at the settlement table — and distrust is expensive.

BLIND SPOT UNDER THIS PILLAR

If personal expenses were paid through the business, they should be reclassified as owner distributions — which increases your income on paper. That shifts both support calculations and valuation simultaneously.

02 PILLAR TWO

Understand What Your Income Actually Is

For a business owner, "income" is rarely one number. There is W-2 compensation, owner distributions, retained earnings, business-paid personal expenses, and cash flow that may or may not be available to you. Each of these is treated differently in a divorce — and inconsistency between them creates exposure.

The most common trap is **double-dipping**: the same dollar is used to inflate business value in the valuation, and again to calculate your ability to pay support. When that happens, one side overpays — usually the business owner.

Equally dangerous: making sudden changes to how you pay yourself during the divorce. If you have taken distributions for years and suddenly stop, that is a red flag. Courts and opposing counsel see it as manipulation — even when the business genuinely cannot sustain the prior pattern. Consistency matters more than convenience.

BLIND SPOT UNDER THIS PILLAR

A judge may assume all money inside the business is available to you. It is not. Without a clear financial narrative that distinguishes reinvested capital from accessible income, the court can impose support payments you genuinely cannot make.

03 PILLAR THREE

Get the Right Business Valuation — From the Right Professional

A business valuation done for a divorce is not the same as a valuation done for a sale, a loan, or an internal transaction. The methodology is different, the parameters are different, and the standards applied by courts are different. **A broker's opinion is not a valuation.**

The right professional understands two things: your industry, and how divorce changes valuation. A valuator who regularly appraises medical practices but does not understand how personal goodwill is treated in divorce will produce a report that holds up under normal review and falls apart under cross-examination.

Just as important: someone on your team should be qualified to **interpret and challenge the valuation report** — yours and the opposing side's. Real estate owned by the business can be double-counted in the marital balance sheet. Goodwill can be misclassified. Assumptions about future earnings can be unreasonable. These are not rare errors. They are common, and they are costly.

BLIND SPOT UNDER THIS PILLAR

A business value of several million does not mean you have several million to distribute. Liquidity, tax consequences, and distribution mechanics determine what a settlement actually looks like in practice — not the valuation number alone.

WHAT TO ASK YOUR TEAM

Questions That Separate Strategic Planning from Reactive Decisions

- **Are the books clean?** Have all personal and family expenses been identified, separated, and documented before valuation begins?
- **Who is doing the valuation — and do they understand divorce?** Not just the industry, but how divorce changes the treatment of goodwill, cash flow, and future earnings.
- **Is the same dollar being used twice?** Valuation income and support-calculation income must be reconciled, not handled in isolation.
- **What is the liquidity picture?** A valuation number is not a settlement number. What is actually available, and over what period?
- **Who is interpreting the opposing side's report?** Not just your attorney — someone qualified to find the gaps, errors, and assumptions that deserve challenge.

When Strategic Financial Support Makes Sense

A translator between what you know about your business and what the legal process needs to understand.



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THREE SCENARIOS WHERE THIS WORK MATTERS MOST

When to Bring in Strategic Financial Support

Active Divorce

The process is underway, a valuation is coming, and you want someone interpreting the numbers alongside your legal team.

Considering Options

You want to understand the financial picture before making a decision about the marriage or the business.

Proactive Planning

Divorce is not on the table, but you want clarity on your exposure and the structural choices available to you.

CONTINUE THE CONVERSATION

Divorce & Money Podcast

The full discussion behind this guide lives on the podcast. Two episodes specifically for business owners go deeper into these pillars and blind spots.

[Ep. 1 · Divorce-Proof Your Business →](#)

[Ep. 2 · The Biggest Mistakes and Blind Spots →](#)

READ THE NEWSLETTER

The Most Expensive Misunderstanding in a Business Owner's Divorce

If you are a business owner going through divorce, you have probably felt it — the moment in a meeting where you know your numbers, you know your business, and somehow nobody can understand you. Divorce is not just a legal event. It is a high-stakes financial restructuring that deserves someone in the room who can translate between what you know and what the legal process needs to understand.

[Read on LinkedIn →](#)

REACH OUT

When Any of This Sounds Familiar

If the patterns in this guide describe what is happening — or what might be — a strategic conversation is usually the most useful next step.

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