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THE INFLATION-PROOF PORTFOLIO

How physicians can balance risk and reward in a changing market

Plus

Legal

Why doctors
need prenups

Tech

13 steps to protect your
practice from hackers

Careers

We need to fix
primary care.
Here's how.

Chronic Conditions

Managing patients with
heart arrhythmia

Yes, a prenup is worth it for physicians

Prenuptial agreements, or prenups, have an undeserved reputation as the destroyer of romance. Prenups offer a level of lifelong protection unmatched by any other contract you will enter.

Is a prenuptial agreement worth it? The short answer is yes. The long answer is also yes.

This is true for most people, but especially for physicians. Although doctors are not the most likely to get a divorce (quite the opposite, according to a 2015 article published by Harvard Medical School), the possibility exists, and physicians (no matter their age) have much to protect.

A prenup need not be expensive or overly complicated to potentially save hundreds of thousands (even millions) of dollars while minimizing litigation (and all the nastiness that divorce litigation brings). It can protect generational wealth, help direct what will happen to your estate when you die and preserve assets for your children. It can even ensure clear communication and understanding of how money will be treated during the marriage, removing a typical cause of marital strife. The prenuptial agreement can help maintain marital relationships. Nothing is more romantic than a strong, healthy marriage.

Prenups are not just for millionaires. They are a wise decision for most people. There are countless situations where a prenup is an effective tool for building and maintaining wealth no matter the couple's financial situation prior to the marriage. Prenups are insurance.

People do not want to be sued, but they carry malpractice insurance. They do not want to get sick, but they have health insurance. There is life insurance, long-term care insurance, disability insurance, and even key man

■ **Alimony**, which is the money one party would pay the other for support for a determined period. Without a prenup, this could be as high as one-third of one's income for life. A prenup can waive alimony (no matter how much someone earns) or limit the amount or the duration of payments.

■ **Division of assets**, which involves deciding what will be considered marital property and how much of the marital property each party receives (if any). Assets can be tangible (real estate, bank accounts, retirement and investment assets) or intangible (business licenses, certain trust assets, inheritance expectancies).

■ **Division of debt**, which involves deciding who is responsible for debt. This includes any class of debt, including premarital debt (like student loans) and unsecured or credit card debt.



insurance for partners in one's medical practice, and no one questions that a sound financial plan includes these protections. It would be foolish not to have them. The same is true of a prenup.

Simply stated, a prenuptial agreement is a contract between two people who intend to marry. Should the wedding not take place, the contract is void. If the wedding does happen, then the prenup is a valid contract that directs certain financial paradigms, and it does so algorithmically.

In Massachusetts, for example, a prenup cannot direct matters regarding the couple's children (custody, child support, college, etc.), but it can address the following issues. (See box above.)

For physicians, a prenup will be useful in protecting income and assets, including a medical practice. Your practice may be (or will become) your most valuable asset. Absent a prenup, closely held and privately owned businesses (even those started before the marriage) are considered marital property, no

matter the duration of the marriage. If a divorce occurs, this asset may need to be valued, and then a buyout of the nonpractitioner spouse's share will take place. This could translate into a physician paying hundreds of thousands to an ex-spouse.

The prenup can declare that certain classes of assets (such as a medical practice) are separate property and therefore no valuation or costly buyout is necessary.

Marriage is a partnership. You would not enter a medical partnership without an agreement, so you would also be wise not to enter the marital partnership without a prenup.

Among other assets protected by prenups are houses (including the marital home), assets acquired before the marriage, retirement assets, family monetary gifts and inheritances.

The list is endless. For a physician, such an agreement can be invaluable. ■

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