



Recession and Divorce by Scott D. Abel

There can be no doubt that the current economic troubles have an impact on all facets of life, including marriages. Even in the happiest of relationships a certain amount of stress will be experienced, as we're all forced to tighten our belts.

However, the impact of the current recession on those going through a separation or divorce may be more acute, given the turmoil and strife that those individuals are already experiencing.

There is much debate as to whether a downturn in the economy leads to more divorce, or less. One school of thought argues that because there is less money to fight over, and less money to pay for lawyers, couples tend to stay together during difficult economic times. The other school of thought argues that a downturn in the economy adds more stress, and compounds already existing difficulties between spouses, leading to more separations and divorces.

Regardless of which school of thought is right (perhaps they

both are), a downturn in the economy can affect those already separated and going through court proceedings.

The first and perhaps most obvious area affected is that of support. If there is less money being earned, either because of fewer hours, or a complete loss of employment, there may be less child support to be paid. As child support is directly related to one's income, if there is less income, there is less support payable.

There may also be an impact on spousal support. Regardless of the merits of a spouse's claim for support, if the payor spouse has less disposable income to pay spousal support, it may be impossible to pay, especially if there is other family debt to service.

One of the main assets a couple may have is their house, the intention being to accumulate equity in that house. As housing markets decline, and the values of those properties decline, the equity that each spouse may receive upon the house selling (assuming it could

sell) will be lessened.

The assets of the parties are also to be equalized upon separation, with those assets being valued as of the date of separation. If the separation took place prior to the current recession, the values of those assets may be significantly less today, than what their value for the divorce purpose may be. For example, an RRSP on date of separation may have been worth \$100,000, but is now worth \$80,000. The value for equalization purposes is \$100,000. Arguments may have to be raised regarding a decline in value of assets, for the purpose of equalization, given the current economic decline. This is already happening in other jurisdictions, where the recession has had a greater impact.

Only time will tell how long this recession will last, and how deep it will cut. Those faced with immediate job losses are not concerned about legal issues. However, as this recession continues, these issues will come to the fore, and will have to be addressed at some point.