

**Ep #346: Serving Clients Through Divorce: A
Conversation with Nancy Hetrick**
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Narrator: [00:00:05] Welcome to your community of fee-for-service financial advisors who are successfully building profitable firms that serve the next generation of clients. You'll learn from innovative advisors whose unique stories will inspire you to dream big and take action on your goals. Are you ready to live your great life and help clients live theirs? Then you're in the right place.

Alan Moore: [00:00:33] Hello and welcome to this episode of #XYPNRadio. I am your host, Alan Moore, and I'm excited to welcome Nancy Hetrick, founder of Smarter Divorce Solutions, on the show today. Nancy got into the financial industry back in 1999 when buying and selling tech stocks was all the rage. She went on to become an investment adviser, and after her own divorce in 2007, she realized just how few resources were out there for people getting a divorce. She went on to get her CDFA and went through a plethora of other trainings that she shares on the show and started working with divorcing couples. She has built a very successful financial planning practice and has even launched an advisor coaching program to train advisors how to build successful practices in this niche. She made the decision last year to sell the wealth management side of her business so she can focus exclusively on building her divorce planning practice, which is growing like crazy and will do over \$1,000,000 in revenue this year alone. Nancy is truly dynamic and building a really amazing niche practice. If you're interested in working with divorcing clients or just want to learn the power of a niche, this episode is a can't miss. Without further ado, here's my interview with Nancy.

Alan Moore: [00:01:42] We hear it every day: compliance is overwhelming for independent financial advisors. That's why XY Planning Network offers three compliance services to get you the support you need. Let our experts

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become your experts through our Initial Registration Service, designed to help you navigate your initial state or SEC registration. Get your firm up and running with our Ongoing Compliance Coaching to hone your compliance program so that it grows with you. Want both? Our First Year Compliance Foundations service helps you build a custom-tailored compliance program while you get your firm registered. Go to xyplanningnetwork.com/compliance101 to get the compliance support you need and let us take the guesswork out of the process.

Alan Moore: [00:02:24] Hey Nancy, welcome to the show. Thanks so much for being on.

Nancy Hetrick: [00:02:27] Thank you so much for having me. It's a pleasure.

Alan Moore: [00:02:29] I am so excited because based on what I know of your firm and our conversations, you have been on quite the journey, and I'm really excited to share that journey with-with our listeners of how you have built a successful firm and made a really interesting pivot. Most recently, which we will get into.

Nancy Hetrick: [00:02:48] Yeah, I sure have.

Alan Moore: [00:02:49] So just, I guess, high level. Can you give listeners just a quick shot of sort of your practice types of clients you work with, your niche, where you're located and then we'll dig into the details.

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Nancy Hetrick: [00:03:01] Yeah, absolutely. So I am in Phoenix, Arizona, and I became a financial advisor almost accidentally in 1999 during the tech bubble. That was just crazy, right? We'll talk more about that later. But in, so I worked corporate, went to work for Charles Schwab and in 2007 found myself facing divorce after a 17 year marriage. And that experience was so devastating on so many levels. And I was so disgusted at the lack of resources and education available and people to support me, that it just ended up being my calling. And so after I went through my divorce, I learned about the credential that financial advisors can get a certified divorce financial analyst and I approached Charles Schwab and said, Hey, I would really like to do this credential. And they said, Yeah, we're not interested in that. That's like all this legal stuff and risk. And how about you do this retirement planning consultant or something? And so I was obviously disappointed in that and, and kept kind of doing my job and but it just kept nagging at me. And so in 2011, I broke away, went independent, rolled up under an RIA that I had had known the people for a little while and launched my own business on the side Smarter Divorce Solutions and started specializing in offering financial planning and support to people going through divorces. And I, you know, I thought I was going to be doing mostly advocacy work where I'd be working with somebody, most likely a woman and her attorney, as she goes through that court process, you know, and low and behold, couples started showing up together with no attorneys. And they've been married a long time. And they're like, look, you know what? We're good friends. We just we've got a lot of financial stuff going on. We don't want to go to war. We don't want to waste a bunch of money on attorneys. Help us figure that out, figure this out. And, you know, Alan, that was the most fulfilling work I had ever done. They were so grateful and they were so honorable and respectful of each other. And they were like, we don't know how we would have done this without you. And oh my gosh, it just warmed my heart. So I got trained as a mediator and then I got trained as a divorce coach. And then I did more training as a mediator and collaborative divorce. And I've really built this practice now for out of court solutions. You know, don't get me wrong, I still do some advocacy

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work, but the vast majority of my practice is mediation, collaborative divorce and couples that are doing it all on their own.

Alan Moore: [00:06:15] So much to unpack here because listeners may know that-that I dabbled in some some divorce work myself, got my CDFA and I did a few collaborative divorce cases before realizing it was not my calling. And so there's going to be a lot of fun stuff to unpack here. One thing I just want to go back to was that you did mention back with the tech bubble, you sort of accidentally became a financial advisor. Can you tell me about that?

Nancy Hetrick: [00:06:40] Well, this is also part of my-my story. I guess that really came full circle. I grew up with domestic violence and, you know, my mother. Never had the confidence to leave because she was a stay at home wife. And back in the seventies, there were no laws to protect her. There was no child support. There was no. My dad had worked 30 years for a pension. She would not have been entitled to any of that. And she had four small children. And I found myself at age 30. My husband at the time had gone to work for Charles Schwab first, and all of a sudden I looked up one day and I had three small children and investment accounts that I knew nothing about. And I went, I've become my mother. This is unacceptable. And in 1999, Schwab was hiring 100 people a month into what they call their build a broker program. And I kid you not. If you could fog a mirror and have a halfway articulate sentence, they would hire you and throw you on the phone lines. Because for those of you that are too young to remember all you little XY millennials, at that time, the internet was a fairly new thing, right? And everyone and their dog was making a zillion dollars trading in technology stocks that had never had any earnings. Well, and then Charles Schwab, of course, was the first company that gave individual people access to the markets where you could trade yourself and not have to use

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a stockbroker. Well, the Internet lines were not equipped for that kind of traffic. So every single day the websites would go down and nobody could get on to make trades. So the only way they could trade their account was calling into a broker on the phone. So all day long there were 400 people waiting on hold and they were waiting for anywhere from half an hour to an hour to get a broker to pick up. So you just sat there and churned out one trade after another, after another, after another. I actually did 5000 trades with no errors in 18 months.

Alan Moore: [00:09:04] Wow.

Nancy Hetrick: [00:09:06] So that was -

Alan Moore: [00:09:07] And then that trading stopped. Did you learn during that experience? Did you learn what you were hoping to learn about investing and money and such so that you could feel like you had had become empowered from a financial standpoint?

Nancy Hetrick: [00:09:22] Absolutely. And that is one thing I will always toot Schwab's horn. Their training is absolutely stellar and top of the industry. So that being said. So yes, I felt very equipped and the most revealing thing I learned, was what I thought was some big mysterious something going on with stock market and investing. There was something there that I just didn't understand. Yeah. No, there wasn't. There was just a whole bunch of crazy terms that really didn't mean anything. And it was like halfway through the initial training, I was like, Oh my gosh, it really is just a great big casino.

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Alan Moore: [00:10:09] Well, I appreciate the shout out for Schwab's training program because I get a lot of questions from younger advisors. They're in a college program, they're in their twenties, and they're saying like, Hey, how do I learn financial planning? And we say, Look, please don't want your own firm at 22. I mean, it's just the success rate is very low. We get we have to have the wrap up of having a lot of very young advisors. And it is true that we are younger than the industry. I think median age of a member right now is 41, but the number of advisors in their twenties I can probably count on my hands. Yes, just because in the end starting a business that young is tough. That being said, the bigger programs, the bigger companies, you know, it started out with companies like Schwab. Ameriprise is well known for their training program. I think companies like Vanguard now getting and Schwab, I guess as well getting into the see Vanguard's private advisor services, is that right? I'm losing my-I losing my acronyms. But anyway, just those programs, they are really great training grounds. They're hiring hundreds of CFP®. They're great. It's a great place to learn. You may not be there forever. The same way you wouldn't want to be on the phones for the rest of your career, but you can learn a ton. That really helps set you up for success long term.

Nancy Hetrick: [00:11:20] Yeah, absolutely. And I can't speak highly enough about it. I mean, sales training, emotional intelligence training, not to mention just the nitty gritty of-of the stock markets and passing your Series 7, which for the record. So they put you into a classroom for six weeks to study for the Series 7 pass my series seven first time with a 94% thank you very much so I over studied obviously.

Alan Moore: [00:11:46] You sound like my-my major professor in college I told him I said Dr. Goetz I got a 90 something percent on a test. And he said, So you overstated by 22%. I was like, Dr. Goetz, come on now, don't,

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don't, don't throw shade. But so, so you have built a practice now where you are doing just a lot of divorce work, basically. So I'm going to jump ahead and then go back. And so the jumping ahead is you mentioned that you partnered, you sort of rolled up under another RIA, and then did you ever end up launching your own RIA or you were still with that group, just sort of with your own client base there?

Nancy Hetrick: [00:12:24] No, I did finally launch my own RIA about just about two years ago, and I did that because I was having so much growth that I needed to start hiring associate advisors. Well, it's pretty-pretty hard to negotiate pay with an associate advisor when you don't own the firm. So-so luckily, the firm that I was with was literally a friend of mine and she was fabulous. It just helping me get spun off and and cooperate in the transition. We actually successfully moved a-at the time yeah. It was a \$50 million practice in 30 days. 100%, every single account.

Alan Moore: [00:13:10] Yeah, that's fast.

Nancy Hetrick: [00:13:11] And that's when I joined XYPN as a-as a-as an RIA.

Alan Moore: [00:13:15] And now you recently sold the RIA or just the wealth management portion of that business.

Nancy Hetrick: [00:13:22] That actually the entire thing I did a succession filing and sold my client book. So in towards the end of last year, because I've had such rapid growth for about five years, I've really been trying to

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hire a younger advisor. That could be my succession plan. In addition to the full time operations person that I had on staff. And unfortunately it became a revolving door of the wrong person, the wrong person, the wrong person, the wrong person. And so late last year, when yet another one let me know that this wasn't going to be the world for them, I had to just stop and step back. And what had happened for me after after 23 years of being a financial advisor, I just was getting burnt out on it where the divorce work that I did was so fulfilling and the relationship so valuable and so important. And it gotten to the point where I was just bored with the conversations that I was having with wealth clients. It just started to feel like the same conversation over and over and over again. And every single person I help on the divorce side desperately needs that ongoing financial support. Right. And I just I knew I couldn't continue to do everything because what I haven't mentioned yet is in 2014, I started teaching and training financial advisors all over the country. So I get to the end of 2021. I've got a managing three businesses. I'm doing most of the heavy lifting on all three of them, and I had to just stop and just go, You know what? Wait, what do I really want at this stage in my life, in my mid-fifties? What lights my fire, what gets me out of bed in the morning? And it just wasn't managing money anymore. And so I also knew that I, there's no way I could have just put my practice up for sale to the highest bidder. No way. I got clients that I've had for 23 years. They're my family. I can't just hand them off to any Tom, Dick, or Harry. So I knew two women in the same town that I'm in that we had met through networking groups. One of them had been an independent advisor for more than 20 years. The other one was younger and had just joined her a few years earlier. But I'd known both of them for ten years and I had seen them speak at events and I said, Wow, they are culturally the same as me. They're approaching their clients the same way I do. And it's very, very different than what I fondly refer to as the good old boy firms, right? This this financial advising from the heart and the connection with your clients. And they had it. And so as soon as I started thinking that, you know what, I think this might it might be time. I contacted them directly and I said, hey, I'm having some growing pains. Would you

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guys like to go to lunch? And we went to lunch in November and I closed on transferring my practice to them on March 31st.

Alan Moore: [00:16:52] That is really fast. What-what, I guess. Can you-do you mind sharing the financial just like the term structure? Did they use an outside loan or an SBA loan, or did you self finance this? Did you sell it?

Nancy Hetrick: [00:17:08] Self financed and we used FP Transitions, which is a company that specializes in-in these-these transactions. And but then we customize the terms so that they would not have to take an SBA loan. And so a smaller down payment up front and a six year payout, which gave me a lot of comfort as well. And I would and just something for advisors out there to know, especially if you've been in the business for a long time, you know, starting in the-the 2000s and the 2010s, for as long as I can remember, financial advisory practices were basically valued at twice the annual revenue. Right? Not any more, folks.

Alan Moore: [00:17:56] Valuations have really gone up.

Nancy Hetrick: [00:17:57] Valuations have gone up significantly. And so as you think about your own financial plan out there, think more about a multiple of around a three. So that was an amazing surprise for me. It was a

Alan Moore: [00:18:10] 50% boost in valuation. Not a bad at that. Is that what FP Transitions did? Did they give you sort of a range because they're not going to be multiples like the in the end, they're actually getting down to

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like the value of the business, right? It just happened to work out to be three or somewhere in that range.

Nancy Hetrick: [00:18:28] You know, it seems to me that basically starts out with three and then you apply a bunch of discounts and premiums based on the analysis of the practice. I get a premium because my client base is young. Then I get discounted because my top five clients are 25% of the book and they just come all the way down. Yeah.

Alan Moore: [00:18:48] How did you communicate this to your clients? What was that conversation like?

Nancy Hetrick: [00:18:52] Oh, that was gut wrenching. And what we did and this was part of our agreement too which I think is just the best thing ever. I actually now am an investment adviser rep in their firm, and I am the dedicated divorce specialist. So this allows for two things. Number one, the clients don't feel like I'm completely gone because my name and picture is on the website as well. And we have a one year transition that we're working through. And so for the first year, I'm still very much involved. And we did the first series of meetings together, and then we're now we're kind of taking turns and that kind of thing and handing off. But the conversation was, as you know, my clients all know I've got the multiple businesses and- and I just let them know that, look, as I start to get older, my husband is already in kind of semi-retirement. And I would say, you know, Tom's getting a little impatient with me and working so hard and wants me to start enjoying myself, too. And I'm just trying to do too much. And so I have hand-picked Cynthia to take over and run the money and Gina. So we're we positioned it as a merger. We're doing a merger. We're combining forces of the strengths of all of us. You're going to get all three of us for the

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price of one. And when those people some people would really push, which most of them did, then I would say, you know, ultimately at the end of about a year from now, I will go to being the divorce specialist. And so clients kind of understood there was a transition happening. And so far, so good things are going wonderful. We had one client not transfer, not transition over and that was it.

Alan Moore: [00:20:52] Going to be my question is, yeah, what was retention like? Sounds like it was very high.

Nancy Hetrick: [00:20:55] Very, very high.

Alan Moore: [00:20:56] And you're still sort of in the middle. It sounds like a winding down through that year of not being the lead, like sort of still handing off those relationships and really just getting clients used to you not being the primary point of contact.

Nancy Hetrick: [00:21:09] Yeah, exactly.

Alan Moore: [00:21:10] That's a heck of a transition. I mean, and and you did that very fast, which is awesome. Again, it's really about knowing those partners. You know, when we were all in college, I felt like they told us, you got a network, network, network. It's all about networking. And they never really told us what that look like on the back end. And this is what it looks like is when you-when you have this thought of like, hey, today's the day I'm ready to sell. Do you have the people that you know, that would be a good fit for that? And there's an infinite number of scenarios. You can't just

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have someone for every you can't, like, go out into. I'm going to go find the successor. I'm going to go find the person for this thing in my life. But it is about knowing folks and being out and meeting folks, even for those of us who are on the introverted side to know, to be able to have sort of that rolodex of folks who can help depending on the situation, the scenario that that's unforeseen because you probably weren't thinking three years ago, Hey, I need to go meet someone who can buy my practice here in three years. It's cropped up a little quicker than that. So I'd love to go back and talk more about just the divorce work that you're doing, because obviously divorce is extremely prevalent in our society. It's very common. Most I think statistically all of us will get divorced at some point or at least half of us. I remember my-my first boss would say that that divorce was the greatest destroyer of wealth because of the fighting that happens and just how much gets lost to taxes and just poor decisions because it's such an emotional time. So first off, how did you really how do you do you enjoy that, the emotional side of the work because it is so emotionally taxing. This is not just like run some spreadsheets. This is a time in people's lives where it is tough, even the most amicable divorce. So I guess do you enjoy that and how have you prepared yourself for those experiences, which can be really challenging?

Nancy Hetrick: [00:23:03] Yeah, And you know, this is probably one of the most challenging things for divorce financial planning, because we're left brain analytical, right. We are not we did not go to school to be therapists, right? So the human side of things we can kind of struggle with. And so it's no accident. If we look at the broad financial advisory community, it's still only about 10% women. Interestingly, if you look at practicing divorce financial analysts, it's 60% women.

Alan Moore: [00:23:36] Interesting.

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Nancy Hetrick: [00:23:37] Yes. And so that emotional intelligence that women just are frankly sorry, but we're a little bit better at it. We are more drawn to this work. We have more tolerance for the emotions of it. But even that being said, we're still left brain analytical women. And so when I first got started in this and again, I thought I was going to be doing advocacy and these couples started showing up. It was fine in the beginning because my marketing was all about love and roses and kumbaya and everybody who's amicable come and see me and we're going to do this. So the people that showed up were were frankly, it was just it was not emotional at all, was wonderful. Then I started building a reputation and the referral business started coming. And then I started getting people maybe not so amicable and with emotion a lot higher and maybe some infidelity and things like that. And I felt woefully unprepared. I wanted to be able to help them, and I kind of felt like a deer in the headlights, like, whoa, I don't quite know what to do with this. That is what ultimately made me decide to go through the curriculum to become a certified divorce coach. I needed more tools in my toolbox to deal with these people and additional advanced mediation training. Those things were critical. I would say, though, a lot of divorce financial advisors don't do what I've done, which is to be a financial neutral and the couple's mediator. At the same time, there's absolutely a viable option to be the financial neutral. But then you have another person who's the mediator on the team as well. That way, when the emotions get high, you just shoot them a look and they step in and.

Alan Moore: [00:25:32] Probably helpful to sort of be helpful to help to-to sort of explain the different models here in more detail, just that'll help listeners get their arms around this structure. So traditionally, not traditional is maybe the wrong word, but I think historically each, if a couple was getting divorced and they-they had a financial scenario where they needed help, each attorney really, but each client would hire a financial advocate.

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So that's what you're referring to with advocacy, if I'm not mistaken. And so-so there were two financial people that were helping navigate this, but they were ultimately representing the client, that one client.

Nancy Hetrick: [00:26:12] Exactly.

Alan Moore: [00:26:13] As a neutral and when you're doing what I what I always was trained in collaborative divorce. You are representing, in a way, the finances. So you're working with both clients. You don't represent one or the other. You're not there to try to help one get more of the other. You're-you're a neutral third party now you just mentioned there with a mediator. And so in that instance it's you and a mediator versus or are there times where you're doing both mediation and being the financial expert?

Nancy Hetrick: [00:26:41] I do it all.

Alan Moore: [00:26:42] Okay.

Nancy Hetrick: [00:26:43] I do it all. So I do a lot of work as their sole professional. And then I have an arrangement with a local family law attorney to do all their legal documents. So the attorney never sees the clients. Everything is done through me in my office and we file, we send couriers to the courthouse. So it's a my taglines and marketing is no lawyers, no judges, no courtrooms, and it's a very much a self determined outcome. So -

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Alan Moore: [00:27:13] It's really interesting, have you had cases that ended up hiring attorneys? They just couldn't work through what was going on in your office?

Nancy Hetrick: [00:27:21] Absolutely. There's-there's always-there's always that. I've also had cases where they fail in mediation. They go hire attorney's thinking they're going to duke it out. And six months later they come back to me and reach a settlement and they realize the grass ain't so green over on that other side.

Alan Moore: [00:27:38] So yeah, it's expensive on the other side and it just it's sucks. I mean, quite frankly, it's just like it's hard. There's a lot of tension even in mediated scenarios. I know when I got divorced there was a mediator and we each had an attorney. So I don't know and I don't know. I'm assuming states have different rules and regulations around how that works.

Nancy Hetrick: [00:27:59] Yeah, no, they don't. It's the weirdest thing. So there's actually two different kinds of mediation. There's transformative mediation and evaluative mediation. And so when a lot of people hear mediation, they think about that evaluative style, which is what the lawyers use. If you're both represented by an attorney and they say, okay, we're going to schedule a mediation before we go to trial, that's going to be an evaluative mediation where you and your attorney are in one spouse and their attorney are in one conference room. The other spouse and their attorney are in another conference room. And the so called mediator, who's usually just another lawyer or a retired judge, bounces back and forth between the rooms.

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Alan Moore: [00:28:43] That was my experience.

Nancy Hetrick: [00:28:43] And it's not really the premise of mediation. It's more of just a guided negotiation. So what I do and what I fiercely advocate for is transformative mediation, which is lawyers are not allowed, period. The couple, me and another mediator, if we're going to do that partner team or maybe it's just me is in a room. I've done all the financial analysis ahead of time. I have all of their balance sheet and property statement. We have their budgets, we know their income needs. I've done cash flow net worth projections for the next 20 years and we sit in a room together for 2 to 4 hours and we just talk about it and we brainstorm and we educate and we tackle it. I got to tell you. Nine times out of ten. At the end of one session. We have almost all of the agreements made. That's unheard of. Because what I figured out is the reason people can't make agreements in divorce is because they don't have any idea what they're looking at. They're missing half the information. And when you can clearly put all the financial facts in front of them and the consequences of those decisions, the agreements come really easily. It's just-it's just a slam dunk. And so that's the kind of mediation I practice.

Alan Moore: [00:30:16] Okay. That makes a lot of sense. So when it comes to the collaborative. The I guess, the collaborative divorce side. So are you doing are you representing? I'm using I'm trying to get my terminology correct. Are you acting as sort of the neutral third party while there's another mediator as well, you said, And sort of when does that come into play versus you doing both?

Nancy Hetrick: [00:30:38] So, that's it-this is a good question. I used to do a lot of work as a sole professional, and the reality is, while I did get

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educated, I learned a lot about how to deal with people's emotions. That doesn't mean I really enjoy it. So-so when I do an initial consultation with the couple, if I can inherently tell that this is going to be a higher conflict kind of case, then I'm going to bring in an outside mediator because I just don't want to deal with it anymore.

Alan Moore: [00:31:13] Okay, that's fair.

Nancy Hetrick: [00:31:14] So that's how that works. And then collaborative is kind of the same way. The way I see that, the way I see it is the only way you can be successful in mediation is if there are little to no trust issues between the parties. Because if they don't trust each other, if they think that someone's hiding money or something, they're never going to feel supported by neutral professionals. They need someone on their team that would then tells me we need to do collaborative. And so a collaborative is still an alternative out-of-court dispute resolution method. But each party has a representing attorney, collaboratively trained, a financial neutral, and then a communications coach, which is someone with a mental health background. But they actually kind of have the role of the mediator in the collaborative case, and they help the couple with just communication coaching as well, how to be heard, how to show up better. And I am doing a huge amount of collaborative divorce. This is just in the last couple of years in Phoenix. It has really taken off. We've got an amazing group of professionals that we kind of always all work together for couples. And the misnomer about collaborative divorce is that it sounds like you need the couple to be collaborative. No, no, no. You need the professionals to be collaborative. And we all work together to get to settlement.

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Alan Moore: [00:32:49] And there's more and more groups popping up there. There is a national organization of-of collaborative divorce professionals, correct?

Nancy Hetrick: [00:32:58] International actually, it's the International Academy of Collaborative Professionals. There's a lot of collaborative going on in Europe and Canada.

Alan Moore: [00:33:05] Okay. So if you're interested, you can or if you have clients that are going through this situation or you're interested in learning more, most areas now seem to groups are starting to pop up. We have one here in Bozeman, Montana that I was a part of helping launch for-for helping with collaborative divorce. And usually the one-the one skill set they can never find is financial. So there's lots of divorce attorneys out there. And the other part of the team is a child advocate. If they're-if there are children involved, to be sure that their needs are represented. But finding financial folks, I mean, I still get requests now of like, hey, I know you haven't done this in a while, but we really need some help. And I just I don't feel qualified anymore to do to actually be able to be a fiduciary in that scenario. But even here.

Nancy Hetrick: [00:33:52] Send them-send them my way now, because I'm doing a ton of work virtually all over the country now.

Alan Moore: [00:33:56] So, yeah, I mean, this work is not state based then, so you're able to work across state lines. How much of your business is-is now virtual versus in-person?

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Nancy Hetrick: [00:34:07] Oh, gosh, that's a good question. It's changing dramatically as we go forward here. But for two years, my revenue did not drop during COVID, we did 100% virtual. And we actually our business actually increased because the courthouses were closed. So if you needed to get a divorce during COVID kind of ours was the only way to do it. So it got that-that was actually a pretty surprising time period. So now at this point, I would say it's we're probably down to 25% that's virtual. But I would say every engagement is 80% virtual, and it's only the actual final negotiation meetings that we try to do in person.

Alan Moore: [00:34:50] So how many divorce cases do you think you will do over the next 12 months? Like what sort of your what's sort of your caseload at this point?

Nancy Hetrick: [00:34:58] So at any given point in time, my office will have anywhere from 25 to 35 active cases. And we typically are going to do an average of about 60 to 75 every year. So think about that. Think about being in front of 60 qualified wealth prospects every year. I grew my net new assets so much faster than when I was competing with every other financial advisor out there. I went from 20 million under management in 2013 to selling my practice just shy of 60 million.

Alan Moore: [00:35:39] Wow.

Nancy Hetrick: [00:35:41] Yeah. So most of it happened in the last three years.

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Alan Moore: [00:35:45] So it makes sense that you were providing those services and then going to work with them on an ongoing basis. So what's the plan now? Will they then work with these two women, that vulture practice of of which you are part of the way? So there's still a financial benefit?

Nancy Hetrick: [00:36:00] Yes. So I'm not, I mean, I'm just an IAR, but the way these referral arrangements work because, look, I'm paying all the marketing and everything to hand this client over. Right? Right. So I get 25% of the fee year one, 15% of the fee year two and 10% in perpetuity.

Alan Moore: [00:36:20] Okay.

Alan Moore: [00:36:21] So basically.

Nancy Hetrick: [00:36:21] That's actually the exact same model that wealth ramp uses and some of these other referral sources that send clients to advisors.

Alan Moore: [00:36:29] Yeah, no, that makes-that makes sense. I mean, that's from their perspective, they're like, oh, these higher asset clients ready for financial planning in our niche that, that basically just come over across the hall. That's a-that's an incredibly valuable resource. The real question is if they want to scale enough to take care of all the prospects, you're going to be sending them, because that is a large it's a large number.

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Nancy Hetrick: [00:36:51] It is. It is a large number. And and their agreement is for the first year they have exclusivity. I will only refer clients to them. After the first year, though, I could have partnerships with a whole bunch of different advisors, which probably will do because not everybody is the right fit for everybody else.

Alan Moore: [00:37:09] Right.

Nancy Hetrick: [00:37:09] Right. I'd like to get a male financial advisor. I'd like to get a young financial advisor and be able to direct clients to the advisor. That's the best fit for them.

Alan Moore: [00:37:18] So can you just talk to me about sort of the average price point of one of these cases? I'm sure it varies based on complexity, but sort of what do you have sort of a starting price for what the divorce planning process will cost them and sort of the range that-that-that it ends up in?

Nancy Hetrick: [00:37:34] Yeah, The most standard method of billing as a divorced financial analyst is hourly, and the hourly rate can vary from as low as \$150 to as high as \$600 an hour, depending on your market. Basically what I teach advisors to do to set their pricing is secret shop the attorney community. When you call a big law firm, whatever, they're going to pay one rate to their new associate attorneys and then the partners are going to make a certain rate. Whatever those associate attorneys are making, you should be billing actually slightly higher than that. And so in some markets, a partner attorney is only making \$300 an hour. In other markets, they're making \$1,000 an hour. So like a Washington, D.C. CDFA

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that I know is charging \$400 an hour and a an Alabama CDFA is charging \$200. So you kind of have to figure that part out. But then I realized a real problem with charging hourly. And it's the same problem attorneys have is I got really, really fast. I'm really good because I do so much of this work. And I had hired my first CDFA as an employee, and I put him on a payment structure where he would get half of whatever he billed out. Well, he and I started at a very largely similar cases at the same time. And my case was done in 10 hours and his took 30 hours. So he was making two-two times as much as me. And I was like, wait a minute, this-this doesn't make any sense. And so it was at that time that I transitioned over to flat fee billing. And so I do flat fee billing now based on financial complexity. So it's tied to net worth, it's tied. And then there's add on expenses for small businesses, rental properties, separate property tracings. So however complicated it is, is going to dictate the rate. So it's more value based pricing, frankly, because the more complicated their situation is, the more money I'm going to save them. And it might or might not take more of my time. And this goes over a lot better with clients. And to be honest with you, since I have done that, my average hourly rate is about 800 bucks an hour. But they don't know that, Right. And they shouldn't know that. And they feel thrilled with the value that they get for the money when I show them my creative settlement solution that saves them \$250,000 in taxes, which is not unusual.

Alan Moore: [00:40:22] Yeah, I mean, you really are so much of that complexity pricing is how many financial advisors price their financial planning services, which makes a lot of sense that that it can be complexity based. But clearly you're providing significantly more than \$800 an hour of value to these clients. If they're one, they're willing to pay for it. They know the fees. And I find that we like to tie things back to an hourly rate. I mean, I hate paying by the hour. I don't know anyone who enjoys paying by the hour and just watching that clock. I prefer to know what something is going to cost going in, even if it's going to cost me a little bit more. I like the

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security of that. And I think that it sounds like that's what you're finding with your-with your client base.

Nancy Hetrick: [00:41:02] I think that that's absolutely universal. What's the first thing you think if somebody tells you it's hourly, it's like, oh, yeah, great. They're going to be surfing the Internet and eating lunch at their desk and charging me for it, Right?

Alan Moore: [00:41:14] Or there's three people on the call. And I think, you know, even if they need three, if my-if my use a regional accounting or a regional legal firm, if they if there's ever three lawyers on the phone, I just assume it's for billing purposes. And it really is because they needed three experts on to talk about different things that they're experts in. But it's just hard to not go there, you know, and just assume nefarious, even though they're just trying to do a good job.

Nancy Hetrick: [00:41:38] Well, and part of it, too, for me was a decision based on culture, culture and values of my company, because my whole thing is being the anti attorney, why would I want to bill like an attorney if I'm basically saying get away from that model? Right.

Alan Moore: [00:41:52] That's fair. Yeah. Because it is true that the adversarial model is how the hourly the number of hours start really skyrocketing, because every every motion, every filing, every bit of discovery, like there's so much that goes into that adversarial model that really can drive up the number of hours. And really there's no incentive for attorneys to help you settle the case there. The incentive is to-to-to fight for every last penny for you. Who cares about what your ex now thinks about

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you and whether or not you can be friends for the sake of your kid. But then also, like, how many hours is this going to generate for the firm? So.

Nancy Hetrick: [00:42:29] Yeah, absolutely.

Alan Moore: [00:42:31] So going forward, I mean, my notes said, I mean, and just doing the math on what you're charging per hour, number of cases like this is going to be a seven. I mean, this is a seven figure divorce focused practice at this point in terms of annual revenue, which is just incredible. Where do you find from a marketing standpoint that-that you're able to drive? Obviously, there's plenty of people out there getting divorced. How are you getting in front of those folks and really your ideal client? Plenty of people are going through divorce process. That would not be a good fit for you.

Nancy Hetrick: [00:43:02] Well, the crazy thing is, and in my training programs, the beauty of this niche is you only have to market for about 2 to 3 years because then it just becomes a referral business. I don't market anywhere anymore. I just told I have two other locations. I have a location in Indianapolis, Indiana, that is run by Greg Kiehl, and then I have a location in Wisconsin with my employee, Gerard Zielinski, and I only market for them. I told my online marketing guy, take my zip codes off. I've got 34 active cases going. I can't handle any more business and my waiting list is out six weeks. If anybody out there want to move to Phoenix and come join me, that would be awesome. Oh, my gosh. And so-so yeah, when starting out, it was networking, networking, networking, networking. Because this is divorce. This is a trust business that you want. People want to hire people they know, like, and trust. So one of my tactics for online marketing was video, video, video, video, video, video because people felt like they were

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already getting to know me. And that was huge. And then it was educational marketing content, content, content, content. Because perception is reality. If I am putting out writing articles, guest blogs, if my content is everywhere, it doesn't matter that I've never done a case. The perception is I'm the expert. And that was huge in the beginning. I actually wrote a blog that I submitted to DivorcedMoms.com. It got picked up by Huffington Post and it went viral and I ended up with 8000 views in less than 24 hours. And they had me on for a video and and it's still out there if you want to Google Nancy Hetrick and Huffington Post.

Alan Moore: [00:45:00] Well, that's the beauty of content is that it does live forever, basically, thanks to the Internet. And so people can go find it even today when they're-when they're in this group or using this blog for resources. And they're they're asking questions about getting divorced and what that means, like your article is going to pop up.

Nancy Hetrick: [00:45:16] Yeah, and I did. I published a book I wrote-I wrote my book in, I think 14 or 15 "Divorce is Not for Dummies, How to Cover Your Assets." And then -

Alan Moore: [00:45:28] No pun intended.

Nancy Hetrick: [00:45:29] Pun absolutely intended. And then in 2018, it occurred to me how absurd it was that there was no textbook for our industry. And so I wrote "Divorce Financial Planning, Building a Niche Practice." And it is and it has a corresponding workbook, and it is the only textbook for our industry. So one of these days I'm going to put out volume two that will be more advanced.

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Alan Moore: [00:45:57] But yeah, let's talk about your advisor training because I think this is huge. The CDFA is good sort of foundational knowledge, but it really only goes so far. I wouldn't call it. It's not teaching advanced concepts and so the CDFA is probably table stakes at this. Do you agree with that? Just like get the designation that's-that's recognized. So but obviously you're doing training with advisors as well. So how are you teaching advisors sort of what-what types of concepts are you teaching them to help them build their practice focused on this niche?

Nancy Hetrick: [00:46:32] Yeah, it's a very, very holistic kind of training. I've had a couple hundred hours of coach training and so it's-it's the advanced skills of actually doing the work right. How do you set up your practice systems and processes, all of the different marketing, creative settlements. What do you do with rental properties? What do you do with small businesses? What about federal retirement plans and all of the crazy different pensions and all of that stuff, so really deep training on those advanced skills. So that if you're going to do this work, you're going to do it better than anyone else in your market. And then there's the entrepreneur side of how to build a business, because most of us have never done that. We've never had to build a business from the ground up. And so there's a boatload of mindset. 95% of small businesses fail guys, 95%. And it's not because they don't have a great idea and can't get clients, it's because their head gets in the way. They-they hit things, get hard, and they don't know how to figure it out and they quit or they do too much too soon and they run out of money. And so that business planning and strategy, time management and just. Being ready to do this. And when it gets really, really hard, having somebody that says, no, no, no, you're doing all the right stuff, just keep going, keep going. And so it's a very structured year long program where we start with deep diving on marketing, because the first thing you've got to do is get out there and get the clients coming in. We'll

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worry what to do with them later. Right. And I'll tell you, I got my very first-I got my first client in one month, I got five cases in one month. That was the first cases I'd ever had. I didn't have retainer agreements. I didn't have any processes. I didn't know what the hell I was going to do. So, you know, I kind of one of those that says, you know, jump off that cliff and build a parachute on the way down.

Alan Moore: [00:48:42] Exactly. Yep. That is-that is entrepreneurship is building building the train tracks as the-as the train is hurtling down the the mountain sometimes.

Nancy Hetrick: [00:48:50] Yeah, exactly-exactly. So it's a very, very holistic program, the goal of which for everyone is to have six figure revenue from divorce cases that you're on that run rate by the end of that first year. I'm telling you what, if you execute on everything I teach you, it just-it just is it just does what it's supposed to do. And then if you think about that, that's an average of about three cases a month, 36 prospects a year. And depending on the size of someone's wealth practice, sometimes we have to strategize on, okay, are you going to need hire? And so I have a whole training section on how do you decide who to hire, when do you hire them, how is it done? What are you going to do with the extra time that you have now to make sure you generate the revenue to cover that person's salary, all of that stuff?

Alan Moore: [00:49:40] And what percentage would you say of advisors that have really adopted this philosophy, this type of programming in their in their firm are also managing assets, doing financial planning on ongoing basis? Are you finding folks who are trying to do both or are they really focusing on one or the other?

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Nancy Hetrick: [00:49:55] No, most of them do both. Very few people are doing only the divorce specialty like I am. There is a selection of divorce specialists that are CPAs rather than advisors. But it's very unusual for somebody to be doing it like I'm doing it. I'm kind of a weird unicorn, but mostly it's advisors and I find that it's mostly advisors that have somewhere between 15 and 25 million under management. That's a real sweet spot where at that level you've got your base income need pretty much met, but you still have plenty of time. And so I found as an advisor, when I first started out, I had about 22 million under management and I was able to do it by myself for the first year. Once you get to that point where you're doing about three, three or four cases a month, that's when you're going to start looking at full time help and how you're going to scale. And because you just can't, there's only so many hours in a day and it's just all about team, the right team and-and working smarter, not harder.

Alan Moore: [00:51:08] How many advisors have gone through this training program at this point?

Nancy Hetrick: [00:51:12] Oh, gosh, I'm pushing 100. Yeah. And then interesting, this is the huge statistic that is the reason I do the training. The numbers getting better gradually. But every year the IDFA does a survey. The people that give their credential of all the people that have the CDFA credential. Last year, less than 27% did more than ten cases per year. The vast majority of advisors get this credential and they don't know how to turn it into a viable business. They just dabble. Now I have to estimate that maybe half are just getting it for continuing education hours and to put your letters on their business card. Totally fine. Totally fine. But the other half really are drawn and want to do this business. And they try a couple of things that don't work out very well. And then they just keep kicking the can

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and they look up five years later and say, Oh, crap, I never really have done what I wanted to do with that. It's not cheap. And the credentials are like 1500 bucks. You don't do that unless you actually had intended to use it. Right. So my-my personal mission now is to build an army, because I want every person in this country who's going to be faced with divorce to understand we're out here and we're an option. The whole middle of the country has never heard of CDFA. They don't know who we are and what we're doing, and it's because nobody's doing the work. So we got to get people out there doing this work. It's such high demand and needed, desperately needed.

Alan Moore: [00:52:52] So as you have made this transition with the-the wealth management side of the practice continuing to grow, the divorce planning practice, you've got the advisor training, where is your focus going to be over the next 1 to 2 years, sort of what's coming? What are you going to be working on?

Nancy Hetrick: [00:53:08] Oh my gosh, I'm so glad you asked because this is kind of new. So I have two things in the works. So last fall I actually formed a nonprofit because I have the most horrific divorce story. I've been working with this woman for four years. It's a domestic violence situation, potentially sexual abuse of the children, high net worth case that the litigation world has just eaten alive because they had no other option. She has had to spend \$700,000 to protect her children.

Alan Moore: [00:53:47] Wow.

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Nancy Hetrick: [00:53:48] And the litigation process is happy to let that happen. And in fact, we are just now taking it to the Supreme Court of Arizona. It's gotten so ugly.

Alan Moore: [00:54:00] Wow.

Nancy Hetrick: [00:54:01] And watching this happen from day one. First of all, I now understand why a woman would put her kids in the car and head for the Mexican border and then Costa Rica and never be heard from again, because what do you do if you don't have that kind of money? Yeah, attorneys will not work for free. They won't work for free. I have watched attorneys fire clients the minute they can't pay the retainers. The reality, the sad reality of the family law system is it is only there for those who have money. If you don't have money, Sorry about your luck. Well, that's just wrong. We've got to be better human beings. So the nonprofit is called LegalLifeline.Help. Legal Lifeline is the name of it. And my-my idea is to fundraise, raise money, get corporate sponsors. You know, Nike, Dove, the big-the big boys, right. To donate money so that I can then have a pool of attorneys that will agree to work at a 25% reduced rate. But they still get paid to help people like this that need legal protection and don't have access to it. So that's number one. Second one is and I think this one this one is more urgent. This one's going to happen more quickly. I bought the domain name DivorceFinancialAdvice.com. And in order for Americans broadly to know about us and to know that these options exist, we need a national voice. We need a national voice with a national brand where we can get national publicity. The IDFA is a for profit certification agency. They're not interested in that. So I want to have a national directory of active CDFAs where we market together. We do content, publicity videos, referral business, kind of a membership, kind of a site where we can really

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dial the needle on this and get the public educated that we exist and help all of our members be successful.

Alan Moore: [00:56:02] All right. That sounds amazing because this is an area at your point where we go, you know, you go to Google, you try to find the resources, but in the end, they're hard to find. They're very expensive. The communities are very you know, there are just different pockets of these communities. And you've got to be able to get tied in with the right one. So amazing. So, Nancy, as we're coming to a close, I'll ask you the final question, which is if there's one piece of advice that you could go back and give your younger self, one thing that you know now that you wish you had known, then what do you think that one piece of advice would be?

Nancy Hetrick: [00:56:35] Oh. I think the first one. Is the phrase I repeated to myself probably 20 times a day for the first two years that I was started my own business. Feel the fear and do it anyway. Feel the fear and do it anyway. And no is never an answer. It's only a request for additional information.

Alan Moore: [00:57:01] You got that from your sales training at Schwab. No is not an answer. It is a request for more information. I love that.

Nancy Hetrick: [00:57:08] Yeah, And just for example, every job I've ever gotten, I was not qualified for. I applied anyway. And you know, when somebody. Oh, the IACP, I don't have a CFP®. I'm an old school advisor. We didn't get CFP® back in back then. Right. The IAC, the collaborative folks denied my membership because I don't have a CFP®. So I went to their code of ethics and I looked at all their requirements and I wrote my

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appeal letter and said, That's right here, CFP® is not required, equivalent experience. Here's all of my equivalent experience, here's my case history, here's everything that I've done. And they were like, Very good, you're in. But how many people would have just said, Oh, I was denied, Screw that, You know, you got it. We got to be braver. We've got to be braver.

Alan Moore: [00:57:54] Yeah, No, I love that. Well, Nancy, thank you so much for coming on the show and share your story and the amazing work that you're doing, helping a lot of people who have been ignored. This is work that most advisors don't want to do or haven't even known was possible. So thank you for-for the work that you're doing, both with clients as well as advisors and educating them on how to build successful practices in this space.

Nancy Hetrick: [00:58:16] Fantastic. Thank you so much. Is it okay if I give some contact information?

Alan Moore: [00:58:19] Sure.

Nancy Hetrick: [00:58:20] So if you're an advisor and you're interested in possibly considering this niche, you know, reach out to me, Nancy, at SmarterDivorceSolutions.com, I'm happy to have a talk with you any time. The training website is DivorceFinancialTraining.com, and you can find all of our good stuff there, too.

Alan Moore: [00:58:37] Awesome. We'll have all that in show notes as well. So thanks again, Nancy.

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Nancy Hetrick: [00:58:41] Thank you so much, Alan. Have a great day.

Alan Moore: [00:58:46] We hear it every day: compliance is overwhelming for independent financial advisors. That's why XY Planning Network offers three compliance services to get you the support you need. Let our experts become your experts through our Initial Registration Service, designed to help you navigate your initial state or SEC registration. Get your firm up and running with our Ongoing Compliance Coaching to hone your compliance program so that it grows with you. Want both? Our First Year Compliance Foundations service helps you build a custom-tailored compliance program while you get your firm registered. Go to xyplanningnetwork.com/compliance101 to get the compliance support you need and let us take the guesswork out of the process.

Alan Moore: [00:59:29] Also, be sure to go to XYPlanningNetwork.com/VIP to join our private Facebook group for fee-for-service advisors. It's the community you've been looking for that's there to support you no matter where you are in your journey—best of all, it's free. Again, that's XYPlanningNetwork.com/VIP.

Narrator: [00:59:47] Thanks for listening to #XYPNRadio. If you enjoyed the show, please be sure to leave a review that will help grow the movement of fee-for-service advisors, serving next gen clients and building the firms of their dreams. That's all for today's episode, until next time.