

In Love and Owning a Business in Minnesota? You May Need A Prenup (James J. Vedder quoted)

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Moss & Barnett family law attorney, Jim Vedder, was quoted in the Star Tribune article, "In love and owning a business in Minnesota? You may need a prenup" (Oct. 9, 2022). Excerpts from that article appear below.

Love is all around, but business is business.

Before walking down the aisle — well before — a business owner may want to consider asking their beloved to enter into a prenuptial agreement.

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"We're an equitable division state, meaning fair but, oftentimes, whatever's marital gets divided equally," said attorney James Vedder, Minnesota AAML president-elect. "The antenuptial agreement will help you at least establish that you had this business premarital, that it had a value that the parties agreed upon at that time."

The prenuptial agreement also can address the increase in the value of the business over time. Vedder likes to use percentages so that, in the event of a divorce, a non-owner spouse would get, for example, 10% of that increase if married one to five years or 20% for five to 10 years of marriage.

That approach helps to protect both sides. An owner gets a return on investment without having someone take over a partial ownership or be awarded a large sum of money that would damage the business, Vedder said. At the same time, if the business has done well during the marriage, the non-owner spouse receives some share of that increase.

Neither side needs a lawyer to enter into a prenuptial agreement, Vedder said. But he strongly encourages each side to have an attorney to increase the enforceability of the agreement. A law firm or law office also can keep a digital copy of the original agreement.

Each side entering into a prenuptial agreement also has to engage in full financial disclosure, Vedder said. That means exchanging financial statements with assets, liabilities and income, so each side understands what it would receive or potentially give up in a divorce.

Attorneys

James J. Vedder

Practice Areas

Family Law

