

Case brief

Ruggles v. Ruggles

116 N. S. 52, 860 P.2d 182 (1993)

I'll be presenting a brief of the case spouses Joseph and Nancy from year 1993. The jurisdiction is the US state of New Mexico. It's pretty important case in New Mexico in the area of family law.

First, I'll tell you the facts of the case and then something about the stages of litigation and the holdings of the courts. Finally, I'll explain the reasoning of the courts.

Here are the facts: Joseph and Nancy were married for 30 years. During that time Joseph had a job and was earning pension benefits. The pension benefits would only become available when Joseph retired. The longer he worked the more benefits he would receive when he eventually retired. Joseph and Nancy lived in New Mexico, a *community property* State.

Joseph and Nancy split up. As part of the divorce settlement, it was decided that Nancy owned 48% of Joseph's pension benefits. The question remaining was when would Nancy get the benefits? Nancy argued that if Joseph retired that day, Nancy would be entitled to receive \$748 a month out of the money Joseph would collect, so she wanted \$748 a month starting immediately. Joseph argued that he didn't have any benefits now, so Nancy was entitled to nothing now. Joseph argued that when he retired sometime in the future, Nancy would get 48% of whatever the benefits were at that time.

So, what is the procedural history of the case? The first instance, the Trial Court, found for Nancy. Joseph appealed. The Trial Court found that in a *community property* State, Nancy owned half of Joseph's pension. If she elected to she could cash the pension in immediately. If Joseph didn't want to cash in his share, he would have to pay Nancy out of his own pocket.

Then the case went to appeal. The Appellate Court reversed. The Appellate Court found that the distribution of marital assets should be done on a "pay as it comes in basis". Joseph had not received anything, so he shouldn't have to pay anything out. The Court found that Joseph was always in charge of the decision about when he would retire, so if Nancy had stayed married to him she could not have received any benefits until he made the decision. Therefore her property interest in the retirement money was always predicated on Joseph's decision to retire.

The New Mexico Supreme Court reversed.

What was the reasoning of the New Mexico Supreme Court? The Court reversed their decision and found that retirement funds are to be treated as all other community assets upon dissolution of a marriage. The Court looked to the case law in other States and found that in *community property* States, the trend was that the non-employee spouse is entitled to immediate distribution of assets upon dissolution of marriage.

The Court noted that it is best to distribute all property as soon as possible so as not to prolong the divorce and minimize future contact between the ex-spouses. The Court remanded for trial to see if there had been an agreement between the parties in their marital settlement agreement. Any decision the courts make as to distribution of assets is overruled by any private agreement between the parties. So, if the marital settlement agreement was clear about when Nancy would receive her money, then that was controlling. The Court tend to favour a lump sum distribution as opposed to ongoing support because it is preferable to have a quick, clean break between the parties rather than have them have to deal with each other for years and years.