

## Divorcing the Microsoft Empire

Bill and Melinda Gates announced their divorce after 27 years of marriage. What does this mean for Microsoft and the Bill and Melinda Gates Foundation?

In March 2020 Bill Gates stepped down from his roles on the boards of Microsoft and Berkshire-Hathaway to spend more time with his family and focus on the Gates Foundation. The impending divorce may have an impact on several of Bill Gates' investments and Foundation goals.

Both Bill and Melinda have committed to the Foundation, even after the divorce, stating they will remain co-chairs and trustees of the Foundation and continue to work together in their international goals to fight poverty, disease, and inequity around the world. You can read their full [statement here](#). They have invested billions of dollars in education and global health, including resources to help combat the COVID-19 pandemic. Members of the Foundation may be concerned regarding their future investments and commitment to continue to work together post-divorce. Melinda Gates also has her own foundation for which she may choose to invest in post-divorce.

Bill Gates, who co-founded Microsoft, met Melinda while she worked at Microsoft. Bill Gates has committed to pledge most of the money he earned from Microsoft to charitable organizations. Investors are uncertain whether this commitment to charitable giving will continue or be affected by the divorce.

Although Bill and Melinda do not have a prenuptial agreement, they have signed a separation contract that outlines how their property will be divided if they separated. According to divorce filings, the parties have asked their real and personal property to be divided pursuant to the terms of their separation agreement. Melinda Gates did not request spousal support.

The divorce was filed in Seattle, Washington, which is a community property state. In a community property state, generally, items accumulated during the marriage are considered marital and will be divided equally. Community property includes income earned during the marriage, retirement assets, and interest on investments. Additionally, community property is any property purchased during the marriage or obtained with community funds. The parties may choose in an agreement to divide their property other than equally. The terms of the Gates separation agreement are not public.

Bill Gates' fortune, which not only includes Microsoft but investments in the Four Seasons Hotel chain, AutoNation, and real estate, could be at risk because of the divorce. Currently, Bill Gates owns 1.3% of Microsoft which is worth more than \$26 Billion. Microsoft went public in 1986 but Bill and Melinda did not marry until 1999. Microsoft shares owned prior to marriage are not considered marital in a community property state. Bill Gates is now estimated to be worth \$146 Billion. Determining the marital estate will involve tracing efforts and calculation of the community property estate. Division of the Gates' estate will be watched to see what impact it will have on the Foundation and gifting to charities that Bill and Melinda have committed to both individually and together.