

Divorce

Make the most of what life serves up to you...



A time of change

Whether it comes as a sudden shock or more gradually, divorce and separation brings emotional upheaval to people, and challenging issues with finances and property.

With an expected one in three marriages ending in divorce it is a challenge many people face. And the need to start again applies equally to people in de facto and long-term relationships.

Where there are children, considerations like meeting their future education needs, health care and other expenses, as well as the cost of holidays, excursions and visits to either parent or grandparents, all have to be discussed and agreed.

The solutions are not always straight forward of course. One partner may gain a major asset like the family home but struggle to meet everyday costs because of the drop in household income. And because income is the main determinant of building retirement savings, this may also affect their long term ability to meet financial goals and aspirations.

Conversely, separating finances may mean one partner taking on more debt to buy another house, or car, or furniture, or... the list goes on...

Looking ahead

It is true that the challenges may be considerable but with these challenges comes the opportunity to seek professional support, and to plan for a different future.

For many people, the cost of legal advice will come up quite early, but that can be money well spent if it helps all parties avoid protracted legal arguments, and the courts.

Wills and estate plans may also have to be re-thought and re-written, while a review of the ownership of life insurance policies is essential. Property settlement might sound as though it just involves the house, but it also covers everything from investments, superannuation and trusts, right through to cars and companies.

With the best intentions you may think, "Don't we just take half each?"; but the complexities of both life and the law mean that it may not be that simple, and you normally require the expertise of financial and legal professionals, working together to reach a clear understanding of the way forward.

By sitting down and talking with a financial adviser about your concerns and questions, you can tap into their experience and receive advice tailored to your personal situation. This provides you with real support when the challenges you face may be complex, and your life is taking a new direction.

Financial advisers can offer long-term guidance or targeted advice when you need help to manage specific events in your life.

An adviser works through the details with you to create a plan, including your:

- goals and aspirations
- income and spending
- superannuation and tax
- investments and major assets.

A life changing event

With two teenage children, a large home, joint bank accounts and a life's worth of superannuation savings, John knew immediately that separating from Angela, his wife of 17 years, was going to take some serious sorting out.

The obvious but still daunting issues were going to involve custody, finances, asset splitting and disentangling bank accounts, car leases and insurance.

"We agreed that the kids would spend a week with me and then a week with Angela, and everybody was happy with that," says John.

"We had a joint account, some investments and the house which we bought together so they were also reasonably easy to split 50–50. The big issue for me was my super which I was told I also had to share," he says. "I wasn't expecting that."

Until he met with his financial adviser and a lawyer John had no idea that under the current law, superannuation was treated as property in a property settlement.

"Suddenly, I felt quite uncertain. Talking with my adviser helped me get my head around it all," says John.

With John having custody fifty per cent of the time, his adviser helped him find a way to work flexible hours without jeopardising his income or benefits. It's also helped everyone that Angela has continued to work part time and now has some money behind her.

Friends who've been down the same path assured him he'd come through in the end, and he's glad he listened to them and sought financial advice, through what's been a bumpy ride at times.



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