

# THINKING ABOUT TOMORROW, TODAY.

And today you are:  
Understanding divorce & separation.

# SEPARATION AND MONEY.

When personal circumstances change, determining what happens next is often the most difficult part. The decision to divorce or separate tends to come with a myriad of question marks, and navigating the intricacies around your financial future on top of your emotions is a lot to balance at the same time.

Once you and your partner have divided your assets with your respective solicitors, there are still a number of variables that need to be accounted for. These range from income changes both in terms of level and source, budget adjustments, future planning your long term financial and life goals, as well as providing for your children — if you have them.

A financial adviser and the right professional team can provide guidance for you, so you can make financial decisions that are right for you and your dependents, at every point in life. We're here to understand the implications of your change in circumstance and advise on the best way forward, financially. Whether you're looking for guidance on resetting your long-term goals, re-evaluating your budget, reviewing your loans or superannuation, or updating your insurance and estate plans — allow us to do the (future) thinking for you.

# THOSE THINKING OF SEPARATING.

If you're preparing for, or are in the midst of a separation, we're here to listen. The first foray into this new life is challenging, and so we aim to provide comfort through understanding your exact situation. There is no obligation to proceed after an initial discovery meeting, because we want you to find the right fit to support you in this time. This is what our first steps look like.

## Think: **clearly.**

Generally speaking, when faced with the reality of separation, many people want it to be over and done with as quickly as possible. It is important to take your time to work through the financial aspects of separation, starting with your short term needs first. You might have an idea of what must happen next, but you should stay willing to explore your options in favour of a more considered direction.

## Think: **thoroughly.**

There are a lot of facets to a separation and the divorce process. The [Separation Guide](#) have collated a very helpful 15-step guide to outline what the individual steps could look like and what you need to know along the way.

## Think: **professionally.**

This means being able to talk to a professional and get guidance in early discussions, to help you understand your legal rights in your current circumstance. So, reach out to a lawyer who specialises in family law and divorce, and allow the solicitor to put the right protections in place for you.

## Think: **rationally.**

Opening your own bank account and having some money saved as you go through the process of separating is especially important in the initial stages. There will be the lawyer's retainer to account for and if you're looking to rent a new home, consider initial rent and bond payments, as well as consequential furnishing costs. You want to be able to sustain your life change without the additional worry of financial uncertainty.

## Think: **emotionally.**

Thinking of making a decision like this is incredibly stressful, particularly in the case of abusive or contentious relationships. It's important that you surround yourself with a strong support system including friends, family members, professional counsellors, or a psychologist. Having a space to make room for your emotions in a well-supported, safe environment will provide a calming anchor in this difficult time.

# THOSE WHO HAVE SEPARATED.

In the early stages of separation, both sides must assess their finances and take charge of their own financial future. There are some immediate actions you will need to consider, which ASIC's MoneySmart site has gathered [here](#).

A financial adviser can help you with many of these steps, first of all: mapping out your future. You might want to sort out everything at once, but it's important to give yourself time to research and consider big life choices thoroughly. Upon the initial separation, you might be working with accountants, mediators, or lawyers to get a clear understanding of the process. This will take time. Financial advice can help you get the ball rolling but, ultimately, decisions around your settlement agreement will involve additional parties.

Trying to make decisions that impact your long-term future when you are in the initial period of shock is very difficult at best. While it may not feel like it in the short term, there are likely options available that need considering and it is better to keep long-term alternatives available. Lean on your financial adviser for the support and guidance you need.

## Think: **ahead**.

When deliberating over your short, medium, and long-term goals, it helps to focus on the future you want for yourself — and your children (if you have any). Gather a few, clearly defined points under each time frame, and consult your financial adviser to get tailored advice to your specific needs and create the future you want.

## Think: **money**.

Now that you have your goals on paper, it's important to adjust your budget based on the change in levels or source of income you receive (this may be employment, maintenance, or child support) and work out your expenses. Particularly throughout financial settlement, it is important to have timely access to liquidity (i.e. cash). This is something you can work through with your legal team and your financial adviser.

## Think: **security**.

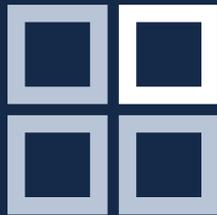
Once settlement is granted, you will have a good understanding of what assets are yours. The next step would be to ensure they are protected. It is important you insure all of your assets (houses, cars) but also remember your largest asset; your life and ability to generate an income. Life insurance, TPD, and income protection are most important when you are protecting yourself and your dependants. It is also important to ensure the beneficiaries of these policies are also correctly reflected in your wishes.

### **Think: tax.**

Another very important consideration during a divorce is tax. While tax may not be payable if assets are simply divided and not liquidated, tax is an important implication to consider as particular assets may have a tax liability at the time you want to sell — for example, an investment property that you and your ex-partner purchased 10 years ago. While you may retain this now, if you decide to sell in the future, you would be liable to capital gains tax. This could also relate to the family home (or principal place of residence). As the PPR is a CGT (capital gains tax) exempt asset, there would not be any tax implications should it be sold. The potential tax ramifications need to be equal and fair and should be considered at the time of the separation process.

### **Think: estate.**

Work with an estate planning solicitor to prepare a new Will and Power of Attorney and guardianship arrangements if you have children. While some of these arrangements can't be executed before your divorce is finalised, it is important to be ready to execute changes as soon as practical. Like many challenges and adventures thrown our way during our lifetime, some journeys can be very difficult to navigate alone. To help you reach your destination in the best possible financial shape, a professional team, including a financial adviser, support you every step of the way.



Reach out to book a discovery call and  
let's begin the conversation.