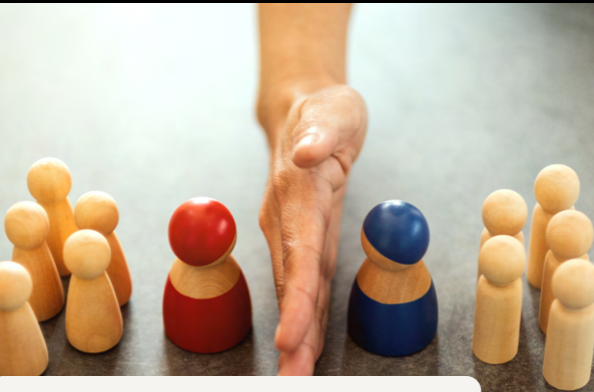




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## 8 Practical **Financial Tips** when Separating or Divorcing

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Going through divorce or separation can be one of the most difficult things to face, add the stress of money into the equation, and you can be facing a seriously overwhelming situation. We know that looking after your finances can be difficult on its own, so we have put together some top tips for financial preparation if you are also facing the breakdown of a long term relationship.

## Review your Finances

Whether facing separation or divorce there will come a time when your joint finances are going to be laid out and meticulously analysed. It will serve you well to be familiar with terminology and the types of assets you own, in order to better understand and ready yourself for the division of those assets. Seeking help from a financial planner can help you know your finances inside out aside from lawyers and legal proceedings so you know precisely what you have and how you want to proceed sensibly.

## A New Budget

Most of us could confidently state our earnings, however it is not always so black and white when it comes to expenditure. Luxury items aside it will be beneficial to know precisely what you need financially in order to live. You can do this by taking the time to write down all your essential outgoings and devise a sensible yet realistic budget, taking into account any changes which may occur post separation.

## Property

When it comes to deciding whether to keep the family home, and if so who gets to keep it, it can be incredibly emotional for obvious reasons. When there are children involved it can seem like the less disruptive option would be to stay where you are, but it is critical to realistically consider whether the party who is staying in the home can afford it on their own. A great way to look at different options is by using a spreadsheet and seeing whether downsizing and having more income fits better with your budget (as mentioned above) or if you could actually afford to keep the home and live a comfortable life. Whatever happens, considering all options will help you to find the best option for your family.



## Moving Home

If it turns out that a new start in a new place is the best option then what about the cost implications of that? It could be of benefit to stay in the location you are currently for a number of reasons (job, schooling, nearby friends and family), however consider options of moving slightly further away and seeing if this affects cost and therefore your overall finances. If it is likely you will need a mortgage for a new property then how much are you likely to be able to borrow? Will it be affordable long term? Again, using a spreadsheet to document all available options will help you to feel much more prepared.





## Pensions

The financial settlement will consider all assets and any pensions built up during the marriage will be included in this. It is important to make sure you understand the options you have when it comes to pensions. When it comes to pensions in a divorce or separation it is considered a specialist area which financial planners will assist with. If you are able to seek advice from a planner with experience in this area then they can help you to make informed decisions when it comes to discussing it with your partner. This is a vital part of any separation as you want to make sure you prepare in the best way possible for your future.

## Be Prepared

Make sure you approach a settlement armed with the most amount of information as possible, and don't agree on anything until you have made sure it is the best possible outcome for you and your family. Make sure you remember to cover all areas such as will you be able to afford your lifestyle, if you are keeping the family home will you be able to keep up with payments and support your family? When will you be able to retire? Think of all the financial aspects of your life and any goals you had in mind prior to separation and consider whether they are still obtainable or whether you will have to revise your future goals altogether. Most importantly, what are the long term implications of this separation for you financially, and what do you need to put in place for minimal damage or disruption.



## Financial Support for Children

If you are due to receive ongoing financial support for your children or yourself, then you should consider life assurance on your ex-partner. Life assurance is also known as a 'Term Assurance' policy, which means the cover is in place for a specified period of time, or a 'whole of life' policy which means the cover is indefinite and has no fixed end date and you will want to ensure you look at the right cover for the period of financial support payment. You will also need to own the life assurance and be in control of paying the premiums. A financial planner can help you with this and explain how it works.

## Keep Advice to the Professionals

In the midst of a separation there can be a lot of emotions and feelings involved. Friends and family will likely want to give advice based on their experience or knowledge of you as a couple, however they are not the experts. Seeking advice from experts will keep emotions out of the important financial decisions and family and friends can still be there for emotional support.

## Other Things to Consider

If you are to become a single occupier of a property then you will be entitled to 25% off your Council Tax, you can check this with your local council. You will no longer benefit from your ex-spouse's higher national insurance record in order to claim a higher state pension. However, you can contact the Department for Work and Pensions (DWP) to see if you would benefit from making additional National Insurance contributions.



Taking all these things into account and putting time and effort into the research and planning can seem extremely difficult in the midst of separation or divorce. However, it is vital to remember that by making these important decisions now, and taking the time to review all your options will benefit both parties and the wider family in the long run, especially if there are children involved.

# Disclaimer

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