Starting over...

In Australia today around 1 in 3 marriages can be expected to end in divorce. With 77% of Australian couples also living together before getting married (and let's face it - some don't go the distance) the real impact of relationship breakdowns is likely to be much higher than the statistics lead us to believe[1].

There is no doubt moving on from any long term relationship, be it marriage or de facto, can attract a heavy emotional toll. But the financial impact can also be far reaching and long lasting.

Finances are often left on the backburner as you focus on the emotional health of yourself and your family. Perhaps it is the first time you have had sole responsibility for your finances? Or maybe you feel overwhelmed and don't know where to start?

The key is to take action early. Here are some steps to get back on track financially after a separation or divorce…

1. Check your credit rating

A vital first step is taking control of your financial future! Check to see if your credit report contains any errors or if any of your partner's information is listed. If so, have it rectified. There are two main credit reporting agencies - Veda and Dun & Bradstreet.

2. Identify your creditors

Make a list of all your creditors, both secured and unsecured. Your secured creditors are those where assets are used as security for the loan, eg house or car. Negotiation of both the assets and the outstanding loans will be required by both parties.

3. Separate all joint accounts

A time consuming but crucial step is to unravel all your joint accounts, including credit cards. Even if the separation is amicable it is best to separate all accounts to avoid future issues.

4. Create a budget

An unavoidable result of separation is a change in lifestyle. An important step in making this adjustment is creating a comprehensive budget separating discretionary and mandatory expenses. To stick to your new budget you may need to make tough decisions on discretionary spending.

Of course, if you have children then child support may also come into the equation – one party may be paying child support while the other receives it. Remember that child support payments will cease or may be amended at some point in time. This should be factored into future planning for both parties.

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5. Decide on your housing options

In most cases the family home is either sold or refinanced. At least one partner will need to find somewhere new to live. While renting may be a viable short term option, in the long term most people wish to buy a home. You will need expert advice on how to best refinance your home or secure a loan for a new home.

If refinancing or applying for a new loan it is important that all required identity documentation reflects your new marital status and/or any change of name.

It is essential you contact your mortgage broker to discuss the process BEFORE lodging any loan application documents.

6. Prepare a financial plan for the future

- *Start an emergency fund* - open a separate savings account for unexpected emergencies.
- *Update your Will* – ensure it reflects the changes that have occurred in your life.
- *Manage your debt* - contact us for a chat about how to reduce your 'bad' debt like credit cards and personal loans as quickly as possible.
- *Plan for your retirement* - review superannuation and update beneficiary details if required.
- *Review your insurance needs* - you will need to update policies from married to single status.

1. www.mccrindle.com.au


Life after child support...

Call the office for a copy of our article **'Life after child support'**. Together we can plan your financial future.

Or perhaps you need assistance with budgeting, assessing your home loan options or restructuring your debt? We're here to help.

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