



Beginning to Plan Your Finances After Separation



Welcome



Thinking about your finances



The guide is intended to help start taking control of your finances after separation, or divorce. Our experience is that people going through separation often feel out of control; the steps contained in this guide will help you to move forward.

This guide isn't intended to provide you with the detailed individual financial lifestyle and goals-based review that a financial planner would offer. However, it will give you the first steps to take.

Separation is one of the most stressful times in a person's life, beginning to take control and move forward with even one area can help to reduce the stress and help you to focus.

I hope that you will find working through the guide and answering the questions is helpful.

If you or someone you know would benefit from a more in-depth discussion with us, please get in touch.

Good luck with your first step.

Tamsin Caine

Chartered Financial Planner

www.smartdivorce.co.uk



You have decided to separate, or the decision has been made for you. You are probably wondering what to do first, where to start. Take a deep breath, this guide is for you. Over the course of the next few pages, I will help you to get your finances organised.

A new start

It is very easy to think about separation or divorce as the end of something. In fact, I am sure that most people would react in that way.

However, if you can, it may help to think of it as a new start, time to design a new life for you, and if you have any, your children. You can now make your own choices without the need to defer to a partner.

I know this is easier said than done but if you can start to think like that, you may find that decisions become easier.

The financially savvy

In our experience, couples usually delegate the financial control to one person. This probably includes savings, investments, retirement planning, mortgage arrangements, debt management and expenditure, including paying bills. If this is all new to you, keep reading as we work through your budget.

If you were the one in financial control, you will already have a head start. However, it may still be worth going through the budgeting exercise as the household income in the future will be less than you have had in the past as there are now two households to pay for.

Budgeting

Start with the bills

To begin with, you need to work out how much money you have coming in each month and your regular monthly expenditure. There may be changes that you can make to reduce some of these payments. On the next page there is a budget planner for you to fill in.

Find your most recent statement from the bank account the bills are paid from and make a list of the direct debits. If you haven't reviewed these for some time, you may find that you can get cheaper rates for your mortgage, utility bills, insurance, phones and TV by shopping around. There are numerous comparison sites that can help you, including:

- 🔗 www.comparethemarket.com
- 🔗 www.moneysupermarket.com
- 🔗 www.moneyfacts.co.uk

However, it would be worth also giving your existing providers a call to see what they can offer; they may want to keep you as a customer.

You may also find that you have direct debits that you do not receive any benefit from. For example, you may have a subscription to Sky Movies or Sky Sports that you do not watch, or insurance premiums for cover that you do not need or is no longer appropriate. As a financial planner, I can help you to review these.

Once you have added up your regular monthly payments, use your bank statement to work out how much you spend on food and household goods each month. If you aren't sure exactly how much, it is worth estimating the amount. You should now see how much your essential expenditure amounts to each month.



Name:	
Date:	
Household Income - NET	
Salary/Wages - NET	
Pension Income	
State Pension Income	
Savings Income	
Dividend Income	
Rental Income	
Other Income	
Total	

Household Expenses	
Utilities - Electricity/ Gas/ Water etc.	
Council Tax	
Home and Mobile Telephone	
Garden/Gardener/Plants etc.	
Help in House	
House & Contents Insurance	
Other Insurance - BUPA/ Health Insurance etc.	
TV Licence/ Sky / Digital TV/ Modems and Internet	
House maintenance	
Housekeeping/ Food/ Drink	
Motoring Expenses - Car Tax/ Insurance/ Servicing and Repairs/ Petrol and Diesel	
Travelling Expenses other than Motoring	
Clothing & Footwear	
Child expenses - Babysitters, clothing and footwear, other expenses	
Other Private Annual Expenses	
Any Other Expenses	
Total	

Mortgage	
Mortgage on Main Residence	
Mortgage on other property/properties	
Total	

Rent Payments	
Rent on Main Residence	
Total	

Credit Cards	
Credit Card Loan	
Total	
Cost of Servicing Debts	
Hire Purchase	
Bank Loans	
Bank Charges	
Total	
Investment & Life Assurance	
Life Assurance Premiums	
Endowment Premiums	
Pension Contributions	
Total	
School Fees	
Education Expenses	
Total	
Holidays	
Holidays	
Holiday Home Expenses	
Total	
Personal Expenses	
Cigarettes and tobacco	
Eating Out	
Christmas & Birthday presents	
Subscriptions (Excl. AA/RAC etc.)	
Sports / Hobbies	
Misc. Spending Money	
Gifts to Charities	
Other Personal Expenses	
Total	

Professional Fees/Savings	
Accountants fees (non business)	
Doctor and Dentist's fees / prescriptions	
Financial Planners fees	
Optician/ Osteopath/ Chiro/ Physiotherapy fees	
Veterinary Surgeon's Fees	
Maintenance Payments	
Regular Saving in Building Society/ISAs etc.	
Other savings & investment	
Other Similar Expenses	
Total	
Total Household Expenses	
Mortgage	
Credit Cards	
Personal/Car Loans	
Life Assurance/ Pension Plans	
School Fees	
Holidays	
Other Expenditure (Disposable Income/Social Costs)	
Overall Total - Per Annum	
Totals	
Income - NET	
Expenditure	
Total	

Income



What income do you have?

If you have a salary, self-employed profits, rent or dividends from your company, you may know exactly what income you have. If you don't, check your bank statement, last pay slip, most recent accounts or phone your accountant. However, don't forget additional income such as child benefit and bank interest.

You may also receive money from your former partner or should be entitled to financial support from them. If you can't agree the amount, child maintenance is not sorted out by the courts but by the Child Support Agency.

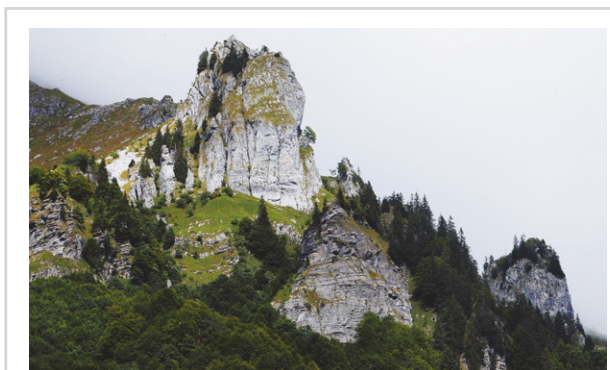
It may also be possible to receive income from savings, investments and pensions, depending on where they are held and how old you are.

Action point – make a list:

What is your regular monthly earned income after tax?

What other income do you have, if any?

What savings, investments or pensions do you have? This is also important for later.



Housing



Where will I live?

Even if you have stayed in the family home initially, you may be concerned about whether you can continue to live there. If you have moved out, you may be renting at the moment but be keen to buy.

We've considered your income and expenditure above, so you should now have these figures readily available. You will also know how much you have left over and what other money you may have available. I say may, because we have not yet considered how your marital assets (all the things you owned with your former partner) will be divided.

If you wish to own your own home, either buying the family home from your former partner or somewhere new, you will need to find out how much you can borrow and what it will cost you each month.

As financial planners, we can help.

We will be able to establish what your current mortgage company will lend you, whether you have penalties for shopping around and what you might be able to borrow in the wider marketplace.

It will be useful for your solicitor to have this information if they are going to be involved in negotiating "who gets what" financially.

You also need to think about where you want to live. You may not be able to buy your ideal home now, but it will be your home to start your new life.

Action point - think about:

Where would you like to live?

What sort of house would you like to live in?

How much would the house cost to buy and to run?

How would you travel to work, and how would your children, if you have any, get to school?



Preparing to see your solicitor

What income do you have?

Family lawyers love it when their clients are prepared. So, what do you need to make sure that you have everything you may need?

It would be a good idea to take all the information you have from the previous sections and any supporting documents, such as payslips, P60s, annual accounts, recent bank statements, etc.

You will also need information about any other marital assets. You may only have full details of your own policies, savings and investments but that's not a problem because your former partner will need to provide theirs. You also need to know about your liabilities, including the money you owe to your mortgage provider and on personal loans, credit cards and so on.

Action point – things to find:

What pensions do you have? You will need the most recent statements from any that you currently pay into, or that you paid into previously.

If you have savings or investment accounts, you will need your latest statements.

If you have property, you should be able to use a property website, such as Zoopla, to get an idea of the value. You will also need mortgage statements for any outstanding mortgages.

What financial protection do you have? This could be life insurance, critical illness cover or income protection. The policy document would be useful from when you took out the policy.

What debts do you have other than mortgages? If you have loans or credit cards, you will need the latest statements.

Your new life

At the beginning of this guide, I talked about designing a new life for yourself. Things will have changed greatly but now is a good time to think about how to move forward.

Hopefully, you now feel that you have a handle on the money in your world and you will have begun to negotiate how these may be divided. The two most important areas of negotiation during divorce relate to money and children, if you have them. I firmly believe that it is worth remembering you will probably need to compromise.

In terms of dividing financial assets, it is important to understand what you need, as well as what you would like. The work we have done so far will help with your short-term needs but when it comes to the longer-term, you will need a more detailed plan. You will find some questions below which should help you begin to understand what your future may look like.

If you have children, their time will be divided between you and your former partner, unless they would be in danger. Therefore, you will have time to yourself that you may not have had before. In the early days of separation, this can be upsetting and lonely. However, make the most of this time. Clients of mine have used this time for exercise, joining an evening class, meeting friends for drinks or dinner, networking and eventually dating!

Action point – consider:

What would you like to be able to do for you in the future?

What would you like to do for you now?

If you look back in 5 years' time, what would you like to have achieved personally and professionally?

What opportunities or lifestyle would you like to give to your children?

What do you need financially to achieve this lifestyle?

How can a financial planner help?



When we meet, I will begin by asking you all about you. I will consider your goals and aspirations for you and those who are important to you; your children, your wider family and your community.

Together we will consider your new lifestyle now and, in the future, along with its cost. We will work out what it costs and how you can achieve it. I can help you to understand how to protect your family's future financially. This process can help you to work out what compromises you can and are willing to make. I will help you to have peace of mind about you and your family's future.

Once you have agreed a financial settlement with your former partner, I can help you to implement it, such as effecting pension sharing orders, investing

your share of savings, if it is appropriate or arranging financial protection.

Your financial planner is not solely there for you during the divorce process. They will be your trusted guide, working with you to help you through this stage of your life towards a new future and onwards.

I am a lifestyle financial planner at Smart Divorce and would love to hear from you.

If you would like to arrange an initial meeting in our offices in Manchester city centre or via video call please contact me:

☎ 0161 706 1072

✉ INFO@SMARTDIVORCE.CO.UK