

# 10 Financial dos and don'ts during a breakup



Don't let the end of a relationship throw you into financial chaos – avoid these common mistakes.

They say 'love conquers all', but the statistics say otherwise. Around a third of all marriages are expected to end in divorce\*. Take de facto numbers into account and that figure is even higher. The sad fact is that not all love lasts.

The breakup of any relationship can take a heavy emotional toll, and if financial decisions are not well advised or considered the financial impact can be far reaching and long lasting.

The key is to take action early. Here are our essential dos and don'ts that will help you get back on track financially after a separation or divorce.

## **DO - Take care of you**

Any separation is tough, and it's almost impossible to come out of it unscathed. You need to take care of yourself and your needs. Get help where you need it, be it counselling, financial advice or legal advice and take your time with big decisions.

## **DO - Get good advice**

Both parties in a divorce need sound, separate financial advice beyond legal advice. The financial landscape is ever-changing so you need sound advice to make the most of your financial position. Friends and family might mean well, but their advice is no substitute for an expert.

## **DO - Create a budget**

An unavoidable result of separation is generally a change in lifestyle. The first step is to make a comprehensive budget separating discretionary and mandatory expenses.

## **DO - Decide on your housing options**

In many cases the family home is either sold or refinanced. At least one partner will need to find somewhere new to live. Renting may be a viable short-term option, however in the long term most people wish to buy a home. Expert advice will help guide you on how to best refinance your home or how to secure a loan for a new home.

## **DON'T - Fight for the house at all costs**

Keeping the house after a separation or divorce is not always the blessing it seems. Often the house comes with a significant mortgage or upkeep costs. In some situations, a fresh start is a better option.

## **DO - Think with your head**

Your heart might be in pain, but you need to take the emotion out of financial decisions. A good broker will help you navigate this tricky time and secure your future. There are many couples who waste thousands of dollars simply because they are acting out of spite or anger.

## **DO - Check your credit rating**

The first step to taking control of your financial future is to check your credit report. This will alert you to any errors or any of your partner's information that is listed with you incorrectly. Once you have this information, you can then take steps to have it rectified. There are two main credit reporting agencies, Veda Advantage and Dunn and Bradstreet.

## **DO - Identify your creditors**

Make a list of all your creditors, both secured (where an asset is used as security) and unsecured. Negotiation of both the asset and the underlying loan will be required by both parties.

## **DO - Separate all joint accounts**

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

## **DON'T - Turn to retail therapy**

Now is not the time to go on a spending spree. There is so much uncertainty around divorce and separation that you need to do whatever you can to secure a stable financial position.