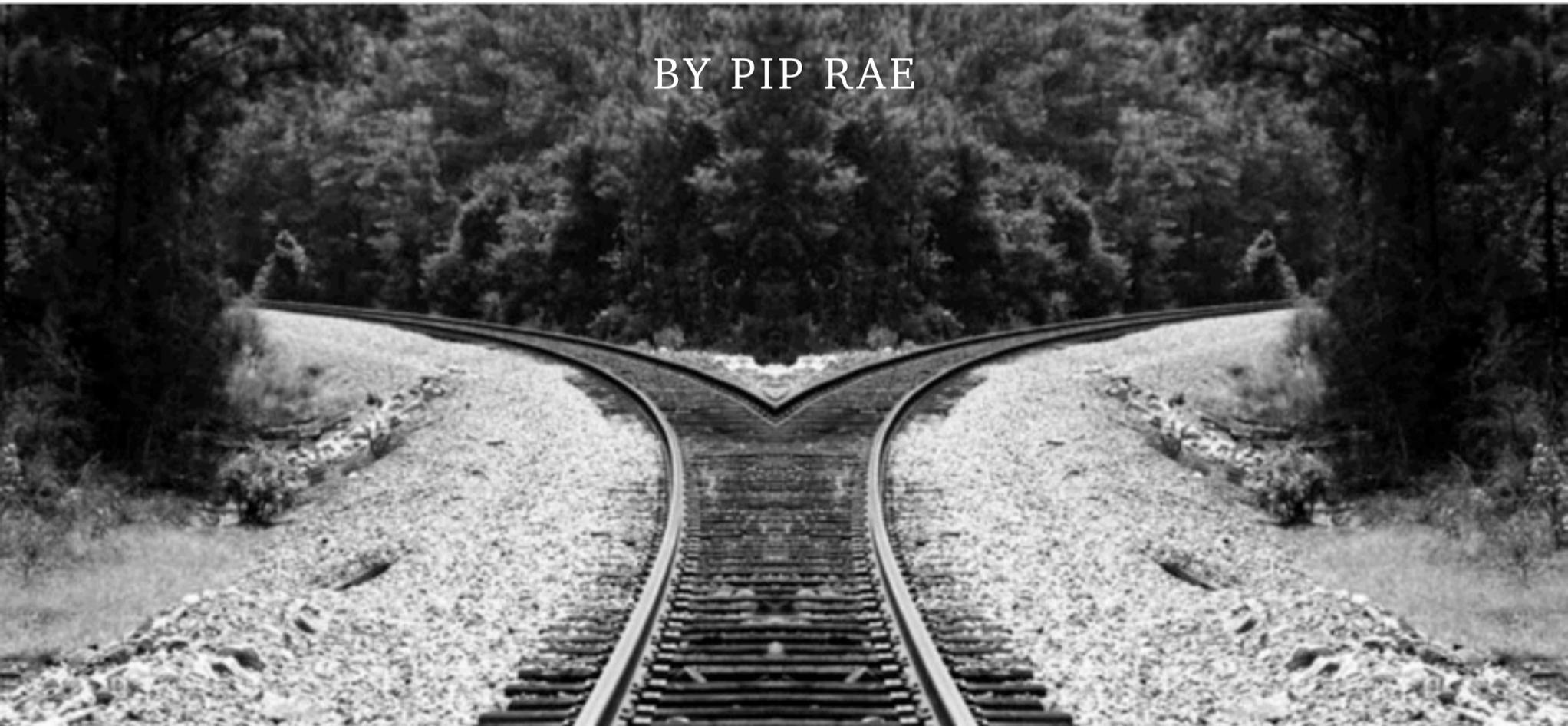


Love and Money

FINANCIAL SETTLEMENTS

BY PIP RAE



A Financial Settlement does not mean the end of your relationship or marriage.

But as Money is one of the four big issues in relationships that are inevitably affected by changes in circumstances over time; especially with the birth of children, loss of job or career changes, it can create power imbalances, trigger insecurities and develop behaviour patterns that cause conflict and potentially contribute to domestic violence and abuse. Finding a way to understand and validate your financial position is a healthy resolution.

ARE YOU FIGHTING OVER MONEY?

The objective of this activity is to recognise the financial position of both partners at any stage of your relationship and it only reflects a point in time. It can create confidence or conflict but the goal is to help you get clearer on the empire you have built or the one you are tearing down. It can also be used as the foundation to start again and has proven to give confidence and perspective.

Background

This document is written to provide information to help you understand the money issues, an opportunity to seek out a resolution or at least unpack a strategy that develops attitudes that solve money problems, not create them. Experts in their field have provided valuable insights and tools as well as the current processes of asset settlement whether you are separating or not. Financial Settlement can dispel irrational attitudes towards contributions and entitlements that pop up during arguments when partners are feeling burdened and can stabilise the assumptions, perceptions and expectations of each.

"No question about it. Fighting about money is hazardous to your relationship. One recent study (by Jeffrey Dew at Utah State University) found that the more frequently couples argued over finances, the more likely they were to get divorced—especially if their altercations occurred several times a week, or almost every day. Obviously, couples fight about many things—from child rearing, to sex, to household chores, to dealing with in-laws. But, above everything else, frequency of money disputes remains the single best predictor of divorce.

It's also an area of contention where attitudes of prideful self-righteousness are most likely to prevail. When couples argue about money, their respective positions so deeply reflect core values that it's hard for them not to get into antagonistic gridlock on the subject. And like a festering disease, as time passes such polarization tends not to get better but worse—ultimately threatening the very foundation of their relationship. The inability to appreciate and sympathetically discuss their conflicting attitudes toward money eventuates in all kinds of misunderstandings and hurt feelings, which in turn leads to an increasing sense of alienation and loss of intimacy."

<https://www.psychologytoday.com/us/blog/evolution-the-self/201211/couples-stop-fighting-over-money>

WHAT DOES MONEY SYMBOLISE FOR YOU?



THE FORMULA

Property Settlement, Financial Agreements, Asset Allocation

With a change in circumstance comes a natural consequence of adaptation and acceptance. Whilst a separation may not be final, this formula can and may be used for a final financial settlement after Divorce is decided upon. It is also a useful tool for point in time dispute resolutions regarding the financial attitudes of partners, separating or in conflict.

1. **ASSETS**

Ultimately there is a determination of the VALUE OF THE ASSET POOL. The time line for this includes the relationship prior to marriage, marriage, separation and post separation until the date of the Financial Agreement. It is not the date of separation, but this is another topic altogether.

2. **HOW DID WE GET THERE?**

Determining the asset pool is based on the three crucial elements.

A What assets were in **possession prior to relationship** and then brought into the pool to help grow the value. This will essential form a part of the percentage of the initial contribution and the growth is apart of the share asset pool.

B Next, What **contributions were made by each party** in terms of income, super and non financial contributions such as sacrifices in career and income for raising children. It is accepted that income earned is equal to the time and energy spent raising children and making a home. This enables a base line of 50% in the separation of asset value.

a) financial gifts from family are generally perceived as just that and divided equally yet respectful considerations should be given to return this amount as a percentage to the heritage line if requested, not necessarily the amount contributed especially if the asset pool is less than. It is considered a contribution not a loan and was a gesture of good will from that side of the family.

b) as with above, inheritance is another contribution that has been placed into the asset pool to grow the value and whilst it was given to the family unit and that unit

benefited, it would usually be considered as an asset to the heritage line in separation. Again the dispersement of this would form a percentage of the total and not the actual amount refunded especially in the case if the asset pool is less than the amount.

c) redundancy and insurance settlements are another contribution in which a lump sum has been placed into the pool for the benefit of the family unit. More than likely to purchase assets or reduce debts and aid in living expenses. It's important to agree what purpose it was used for or intended to be used for.

C **FUTURE NEEDS**

This is a **complex formula** in itself that takes into consideration the current and future arrangements of the children, living arrangements and expenses; and agreed responsibilities. Things become complicated because the relationship breakdown has more than likely caused communication to be poor, broken or lost altogether. In which case, implementing strategies to understand parenting styles and the impact of these will be dependent on the age of children, the children's needs, the capacity to parent ; especially in respects to employment and other commitments, the parenting plan agreed or consented to, any risk or contributing factors that would not be in the best interests of the child/ren and finally the financial support environment of either party that may be impacted by a third party.

a) an important factor in this formula is the need of each child and not the collective children of the relationship. They are all individuals.

b) the capacity of employment in both time and income for each parent given engagement, experience, training and education.

c) the financial support provided to a parent outside of the relationship such as a new partner. By residing with another partner, the future needs of this partner is not as great as the other without. It certainly becomes complicated but is something a partner must accept will impact on their claim of the asset pool.

d) provisions for super based on career breaks for raising children or sacrifices made for the other parents career. The limitation of work related experience and income can become significant in terms of future needs and validates why Governments support returning to work after children, finding balance with work and life and the need for women to become financially interdependent.

The division of financial assets does not necessarily have to be done in the physical sense, with evaluations and negotiations, assets can be retained and reassigned to either party. Especially in regards to assets like a home - where stamp duty is exempt upon transfer.

FINANCIAL DECLARATION

The valuations of assets, investments and liabilities is reliant on the declarations by each party during the process. If it is felt that assets have not been disclosed or there has been

an attempt to disguise or discard them, unexplained wealth in the future can be revisited and the financial settlement re-examined.

In this context it is really important that separating partners respect each other and understand any losses are a cost of the relationship breaking down and the family unit resettling into a new format.

The goal is to maintain an environment, especially for children that was there, prior to separation, and by nature of the parental relationship, working together for a resolution can only benefit them.

THE OUTCOME

Whilst both partners may be seeking a financial advantage from the evaluation and separation of assets, it may become a source of disappointment if you don't acknowledge that the decisions of the past is a direct correlation of the time, energy and money you have contributed.

With a solid understand of your financial position, your separation period and financial settlement reality check with not only highlight the difficulties and challenges you may have faced, the financial stress you may have experienced or the actual cost of your lifestyle, it will give you an asset pool assessment and potential allocations to either build on or restart with.

Be realistic. Financial and non financial contributions are made during the relationship that was building an empire for your family unit. Arguments, fights and dishonesty will not only cost money but emotional and psychological stress.

It's important to recognise your own story around money and what it represents to you.

SAVING and SPENDING is INVESTMENT and the total sum accumulated and owed were decisions that you made together, allowed or enabled. Forgive yourself, let go of resentment and accept where you are and build on that. The situation has changed and

you have the opportunity to grow, learn and be the best version of you. That positive mindset will see you through the hard days, the desperate times and the lonely nights.

Be at peace with your situation, regardless. Regularly reassess your position and look for the lessons. You know more than you knew before and can now make better decisions.

BE KIND TO YOURSELF.