



Untying the knot with confidence:

7 steps to managing your finances when you divorce



If you're reading this guide, then the chances are that you are likely to be:

- Thinking of divorcing
- In the middle of a divorce
- Already divorced.

In this guide, we aim to inform and reassure you that there is a lot of support available for those going through the divorce process. It's not all about solicitors, judges, and spiralling fees!

Separating is an emotional time where things are uncertain, and the future looks unclear. You may be experiencing all sorts of uncomfortable feelings and unsure of who to turn to or where to start.

According to a recent survey conducted by Brewin Dolphin, 59% of those thinking about leaving their partner delay the decision mainly because they don't think that they can afford to pursue a divorce.

Some of your concerns might centre around the legal costs involved and how your finances will look after the divorce. We're often asked: "Will I be able to survive financially once this is over?"

There are, of course, many other challenges to work through. If there are children in

the relationship, then you will need to put their needs first, and you'll need to reach an agreement about their ongoing care and financial support.

This guide aims to inform and signpost you to where you can get support. As a business, BluesKY is a firm of Chartered Financial Planners who have been helping people with the financial issues arising from divorce for more than 20 years.

Consequently, this guide focuses on the financial aspects of divorcing, particularly on the merits of seeking early advice. You will also find useful general guidance on the divorce process, to help you with the choices that you face along the way.

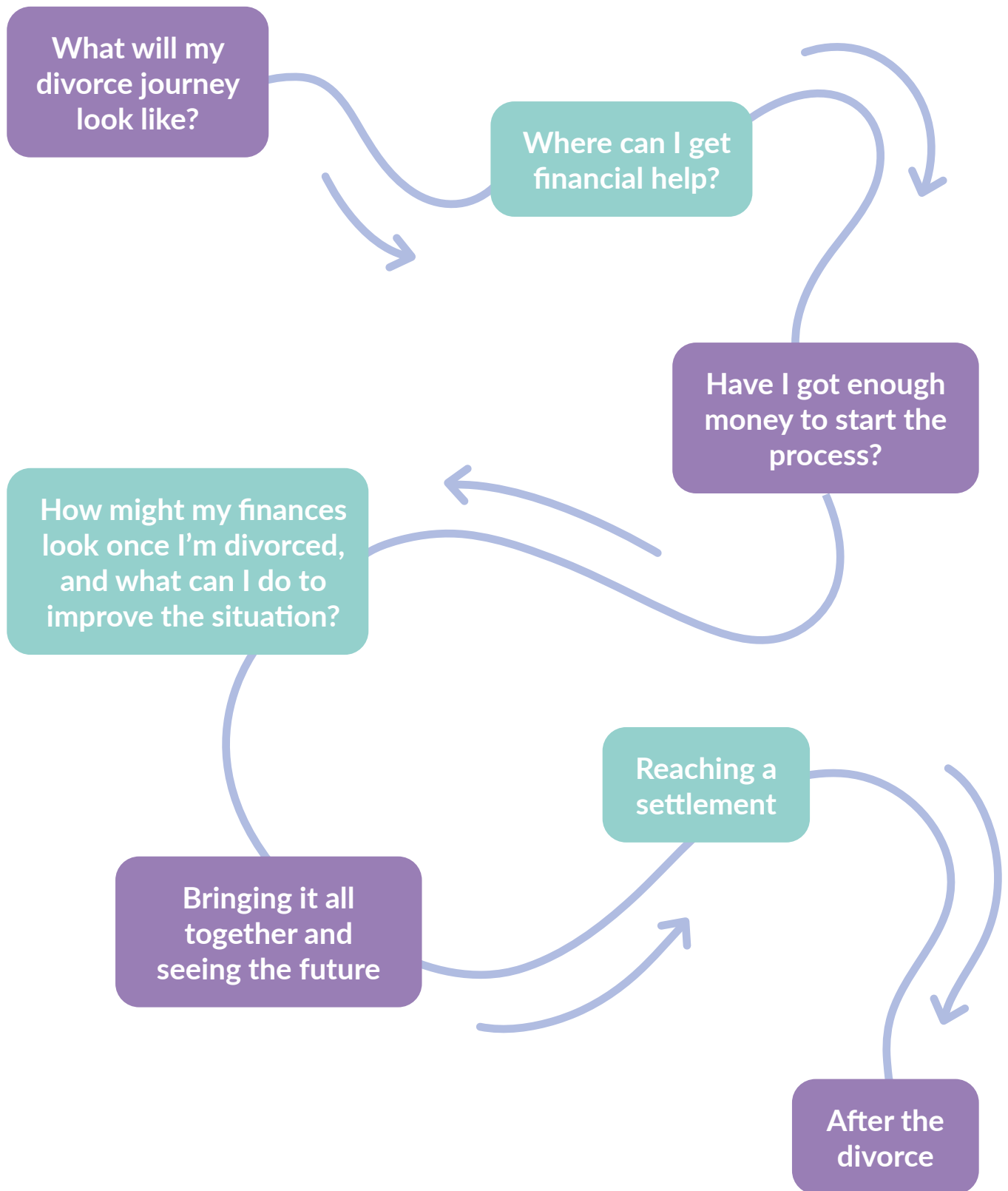
While we can't help with all your needs during divorce, we can act as your confidant and partner to help you weather the storm. We can point you in the right direction where necessary, and help you reach the better days that surely lie ahead.

Get in touch

t: 01189 876655

e: info@blueskyifas.co.uk

The Journey



1. What will my divorce journey look like?



Before getting divorced, it is all too easy to imagine that the whole process might end up in a dramatic courtroom showdown in front of a judge and barristers. However, the simple fact is that very few divorces end in court. Most people find a way to work out a solution using suitable professionals before it gets to court.

Let us explore some of the options that you can take to start the process.

1. Financial assessment - Independent Financial Adviser experienced in divorce matters

- Can be jointly or individually done
- Helps you to understand in principle how the finances might be divided and whether you will have enough to live on
- Will help you to understand how you fund the expenses of going through the divorce process.

2. Counselling - e.g. marriage counselling

- Can be jointly or individually done
- Helps to identify what you truly want
- Will help to determine whether breaking point has been reached

3. Mediation / Coaching - search 'Couple mediation' or 'divorce coaches'

- A neutral professional assists dialogue between couples
- A mediator helps the parties to give their side of the story and discuss solutions



4. Collaborative - ask your lawyer if they are members of Resolution and practice collaborative law.

- You will have your lawyer but everyone signs up to constructive, principled negotiations
- Both parties sign up to an agreement not to go to court without changing both sets of lawyers so that there is a motivation to stick with the collaborative process



5. Lawyer-led Negotiation - search 'Family Law'

- You will appoint your own solicitor
- You will seek to negotiate a settlement with your spouse via your respective lawyers
- Arbitration – you jointly appoint an arbitrator who will effectively act as a private judge.



6. Litigated Outcome - going to court

- This will impose outcomes in line with the broad guidelines provided by the general law
- It may take many months and will generally involve three court appearances
- Alternatives include arbitration and private hearings where parties agree to be bound to the outcome

The best route for you will depend on personal preferences, the complexity of the finances, and whether you feel comfortable discussing things face to face with your partner. Many of the clients that we work with have been referred to us by mediators and collaborative lawyers who understand that taking financial advice can help their clients reach better financial decisions more quickly.

There are time and cost considerations for each route that you take. There are no hard and fast rules other than, perhaps, that face-to-face negotiations are quicker and cheaper than hotly contested divorces. It's good to talk.

Lorna from Reading:

“Working with BluesKY takes the worry out of my financial situation as a single middle-aged woman on a limited income approaching retirement.”

Where can I seek further help about my options?

- 1&2 Relate - www.relate.org.uk
- 2&3 Counselling directories - www.counselling-directory.org.uk
- 3 Professional counselling - www.professional-counselling.com
- 1&4 Resolution (Collaborative law) - www.resolution.org.uk
- 3 National Family Mediation - www.nfm.org.uk
- 5 Arbitration - www.familyarbitrator.com



2. Where can I get financial help?

You should ideally seek financial guidance and advice early in the process. Often this might just be assistance with the direction you want to take but, after reading this guide, you may feel that you want some initial assessment or advice work.

Your chosen adviser should be:

- Regulated to give financial advice
- Conversant with and experienced in the divorce process from a financial and legal perspective.

Accredited membership of Resolution will indicate knowledge and experience in this area.

Independent financial advice is generally preferable. [Head online](#) to find a list of suitable advisers who have been trained and examined on the matrimonial area of financial advice.

For more than 20 years, Bluesky has been advising clients who are separating, and their lawyers and barristers, on how finances should be shared on divorce.

From the initial 'direction' consultations to the analysis and production of expert Pension Sharing reports, we can assist throughout the process. We also support many divorced clients with their financial needs on an ongoing basis.

Ian from Lower Earley:

“Financial planning expertise combined with a supportive relationship from both a dedicated adviser and an administrative team.”

3. Have I got enough money to start the process?



Divorce is full of unknowns, and your thinking can often be further tainted by bad advice from friends you may have confided in.

The only way to get the right advice is to look for professional help. Seek authoritative input that can set the record straight, dispel myths, and give you guidance on how the future might look.

Understanding how your financial future might look can offer the reassurance and motivation that is needed before seeking legal assistance. According to research, 32% of those considering divorce are worried about the cost of legal assistance - so it is curious that legal assistance is often the traditional first port of call.

In addition, legal assistance cannot normally provide the financial advice that you may need to allay your fears.

It is clear from research, and our own anecdotal experience, that most divorcing

couples want to explore how things might work out financially before pursuing the legal process of divorce.

Of consideration here is whether you will have enough money to pay for legal expenses in the first place. Contested divorces can run on for months or even years, and substantial costs can accumulate.

It can be draining emotionally as well as financially so being able to work through matters rationally, often with the help of a professional, can make the process both easier and less costly.

Having considered the above, there are specialist lenders who will help finance divorce proceedings. This can be especially helpful where funds are not immediately available but are likely to become available on divorce. Such lenders often report that their granting of funding to a cash-starved spouse is often enough to motivate the cash-rich spouse to settle.

During the divorce process, you may be offered a Mediation Information Assessment Meeting (MIAM). Trained mediators run these meetings, and it is normally a prerequisite that you attend a MIAM before going to court.

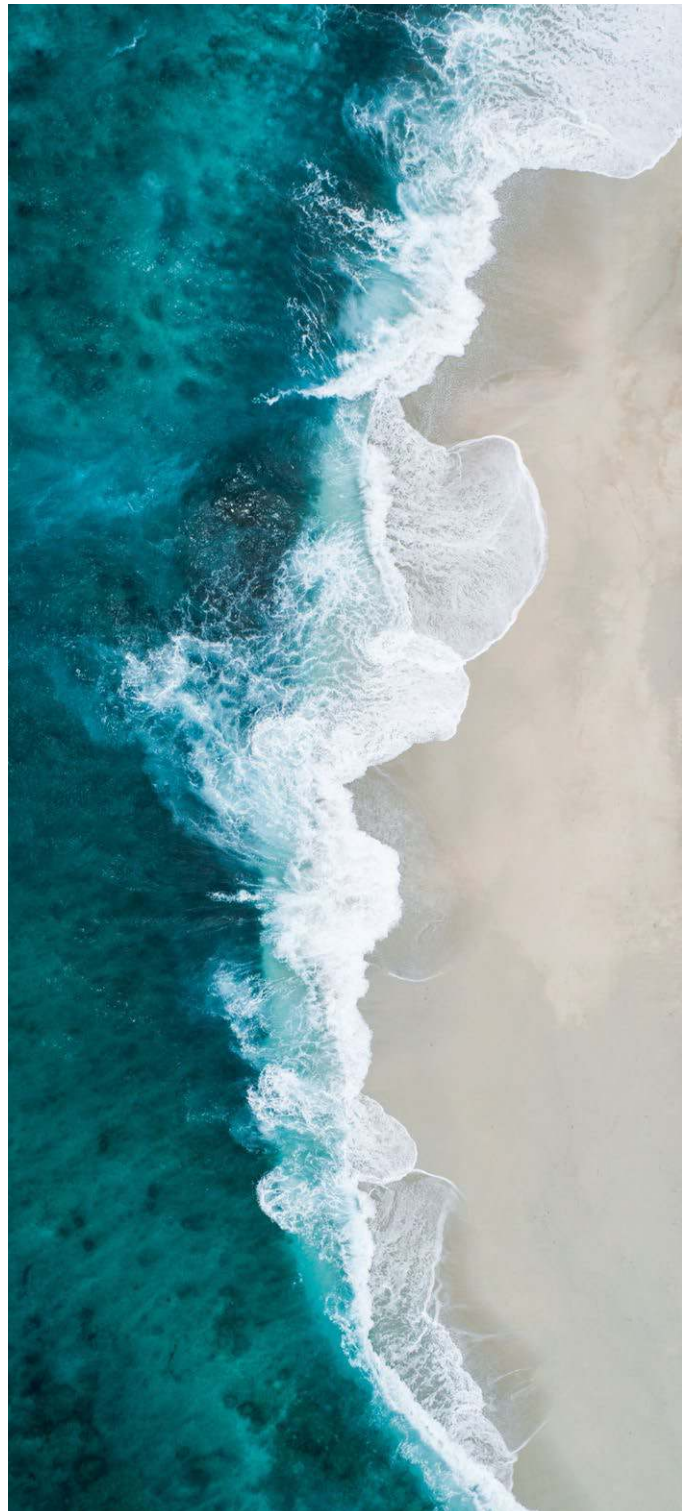
A MIAM will help you to understand the options available to divorcing couples. The intention is that a MIAM will motivate some couples to come to an agreement about how their divorce will proceed without needing to go to court.


While these meetings often have very positive outcomes, two issues sometimes arise:

1. Some people will want to explore their options before discussing divorce with their partner.
2. A MIAM does not include the level of financial guidance that you may require or is not specific enough to give you the financial guidance that you need.

Where can I seek further help about my options?

- Financing the divorce - <https://ampla.finance>
www.novitasloans.co.uk
www.moneyadvice.service.org.uk
- Family mediation – Family mediation guide





4. How might my finances look once I'm divorced, and what can I do to improve the situation?

In our 20 years of experience in this area, we have seen that early financial guidance helps those who are thinking about divorce. Early guidance can:

- Help you understand the financial aspects of divorce and help you to understand how you can share various assets
- Help you understand what your financial future might look like based on you sharing the marital assets. These will typically include the house, pensions, savings and perhaps even a business
- Help you with negotiating a better agreement if our analysis proves that the current one may not work for you
- Give you the confidence to make decisions about your future.

What are the general principles when sharing the finances?

Dividing the assets:

The family home

Sell or keep your home? It's not uncommon that one person may wish to remain in the family home if the finances allow. Sometimes

trading the ability to stay in the home in exchange for other capital or pension assets is worthy of consideration.

Other capital and investments

This can include savings, investments, or even a business. The general starting point is to divide the assets equally based on their values. Complications can arise in valuing and dividing some assets such as the business but, here again, early consultation can help guide you and set some expectations. Many people have travelled this path before you.

Pensions

Pensions are often one asset that can be difficult to share. Pensions are often complicated and have valuations that can seem inconsistent with the benefits that they produce.

Since changes to legislation in December 2000, pensions can now be physically shared to create the 'clean break' that many seek. As lawyers cannot advise on how clients should share pensions, we are able to assist in this area. Indeed, since the change in legislation in 2000, we have specialised in this area.

If the pensions that you and your spouse have are significant in value it is likely that you will be required to obtain a Pension Sharing report from a Pensions on Divorce Expert (PODE). A Pension Sharing report will analyse the pensions that you have and suggest how they should be shared to create a fair outcome.

In some instances, you may wish to consider how one spouse can retain more cash or equity in a property in exchange for a reduced pension share. A Pension Sharing report can also help detail the options here.

For more in-depth reading, The Pension Advisory Group (PAG) produced [A Guide to the Treatment of Pensions on Divorce](#) which details the framework around which pensions should be shared. It details and recommends the use of a PODE for larger pensions.

The [Resolution](#) website also has a list of qualified IFAs who are likely to be able to help.

Income

This topic is too big to cover here.


If dependent children are present, then the priority is to ensure that their needs are catered for. This is generally called Child Maintenance and you will find guidance for [making a child maintenance arrangement](#) and [how child maintenance is calculated](#) on the government website.

Spousal maintenance may also be agreed to ensure that needs are met post-divorce. There are many factors that come into consideration here, but the general aim is the reasonable needs are met (where possible) without either spouse needing to rely on state benefits.



Alan from Henley:

"Having a professional adviser who knows my situation really well giving me impartial advice and guidance - that takes the stress out of managing my finances."



5. Bringing it all together and seeing the future

Sometimes the figures become too much and overwhelming. This might especially be the case if you are the spouse that hasn't dealt with the finances during the marriage. You might not have a mind for figures and, in our experience, very few people have a good understanding of what their pensions will mean to them in retirement. So, you are probably not alone.

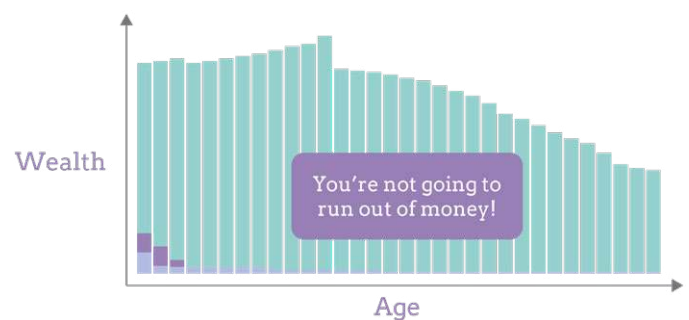
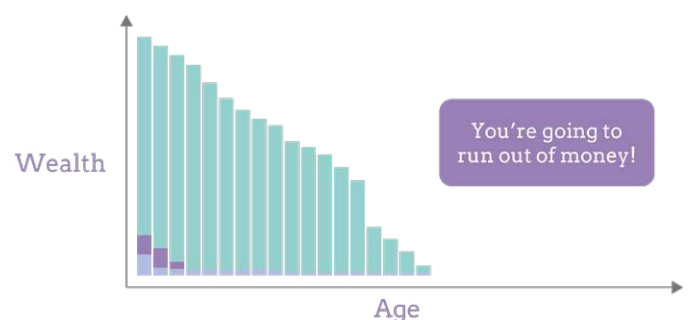
Modelling the future

What does help is someone who can put all these figures into context. A good financial planner should be able to explain, in simple terms, what you have.

Many financial planners use modelling tools that graphically represent how your financial future might look. It's a great visual representation of how things might be in the future, and the planner can test scenarios and answer the ultimate question: "How likely am I to run out of money?"

As the illustration shows, we use cash flow modelling to illustrate how things might look post-divorce. The visual representation is

often the light-bulb moment that many seek. We can give you comfort that your money will last or, conversely, the reality check that you'll need to make changes to ensure that ends meet. It's essential information that makes sure that you don't sleepwalk into your financial future.





Sylvia from Reading

"A year ago, BluesKY gave me the optimism to carry on. Today, BluesKY have made me really positive for the future.

Thank you all for your wonderful advice and understanding."

6. Reaching a settlement

At the start of the process, it is natural to think that you need to get your 'fair share' in order to deem the outcome a 'good result'.

However, the outcome should be that you go away knowing the settlement will work for you. Therefore, rather than work on the assumption you need to get as much as you can, you should spend some time with a financial planner to think about what your needs are and how life will look like post-divorce.

It is important to be realistic here. On all too many occasions, we have seen couples fighting over every last item which causes stress and anxiety, prolongs the process, and increases the costs – sometimes beyond the value of the item(s) they were fighting over.

Having analysed all the above with the help of a professional, you should feel more confident of reaching an agreement about the terms of your divorce. It can be a huge relief to have finally got there. It's then time to look forward and to start planning your future.

At this stage, a specialist divorce financial planner can help you turn your expectation of the future into a more realistic plan. A plan that you can keep under review with your financial planner.

- At BluesKY we can help you with the advice and administration necessary to turn the agreements of how you will share your finances into reality.
- We will help you understand what this all means to you in financial and future income terms.



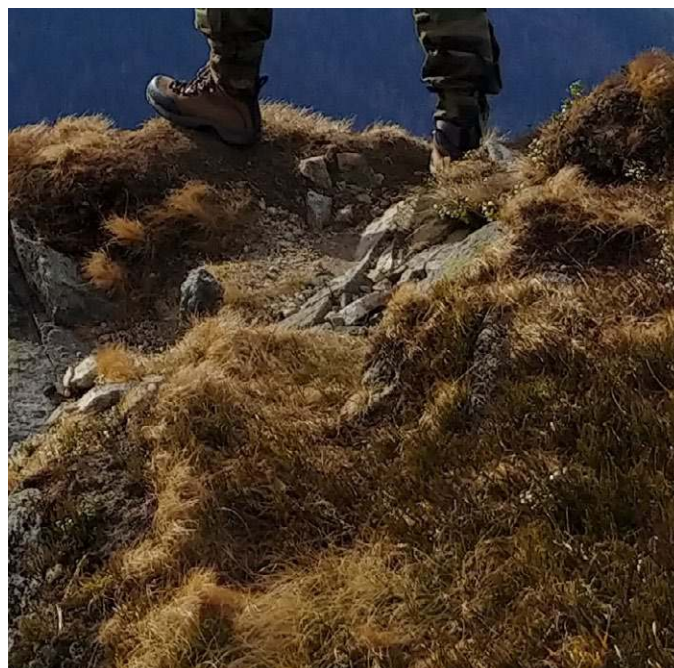
7. After the divorce

While it is perfectly understandable to feel anxious and confused about the decisions that you need to make, financial independence need not be scary.

Working with a qualified financial planner can help you:

- Form a realistic picture of what the future holds and identify the areas that you might need to focus on
- Understand how much income you will have and how it will affect your future lifestyle, both now and when you retire
- Work out what to do with any lump sum or pension share you receive
- Identify when would be the best time to start drawing on your pensions
- Rebuild your funds, for example, if you've had to pay a lump sum to your ex-partner.

We are happy to discuss your situation in advance of arranging a first meeting so please make contact for a no obligation exploratory chat.



Get the right financial advice on divorce

We hope this guide has given you some practical tips for navigating your way through divorce. More than that, we hope you realise you are not alone and that there are several organisations and sources of information to help you find your way.

While we naturally help couples with their finances through the divorce journey, we are aware of the wider challenges faced along the way. We have many years' experience successfully working with divorcing people, and we understand your needs.

Don't take our word for it, though. This is what clients we have helped in the past say.

Lorna from Reading:

"Working with BluesKY takes the worry out of my financial situation as a single middle-aged woman on a limited income approaching retirement."

Ian from Lower Earley:

"Financial planning expertise combined with a supportive relationship from both a dedicated adviser and an administrative team."

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Thank you all for your wonderful advice and understanding."



And this is what our solicitor contacts say about us:

"BluesKY are very approachable and always take the time to explain principles in an easily digestible form for both solicitors and clients alike."

"You are always approachable and helpful. BluesKY is my go-to business for pensions reports and divorce advice."

About Us

We help people who are divorcing navigate through the complex financial aspects of the process. With over 20 years' experience working in this specialist field, our friendly financial planners are here to help during a potentially difficult time.

The Resolution difference

All of our advisers are members of Resolution and two of our financial planners are Resolution accredited Specialists. This accreditation is a mark of excellence and demonstrates our skill in working with clients who are divorcing or separating.



The Chartered difference

All of our Financial Planners are individually Chartered, as well as the firm itself. Chartered status is the 'gold standard' in financial planning and means that your financial affairs will be managed by experts in their field.





Who we help

We work with individuals and couples who want their divorce to be as smooth as possible. We also work with mediators and solicitors.

How we help

We know that divorce can be an emotional and stressful time. You are also likely to have concerns about money.

We can help you consider your options, help you to understand how the assets and pensions should be divided and show you what your financial future might look like when the divorce has been finalised.

With over 20 years of helping separating couples and their legal representatives, we have a wealth of experience and knowledge.

We can help you to answer the following questions:

- Can I afford to get divorced and how will the finances look if we choose to divorce?
- How do we deal with the financial aspects of the divorce and how will things look financially after the divorce is finalised?
- How can we divide our assets fairly?
- How do I know if the settlement I've been offered is fair?
- What should I do with my share of my partner's pension?
- How do I rebuild my life financially after divorce?

With empathy and expertise, we can help you at every stage in the divorce process.

Meet the Bluesky team



Mark Penston

**Chartered Financial Planner –
Resolution specialist**

✉ markp@blueskyifas.co.uk

☎ 0118 987 6655



Chartered



Rob Starling

**Chartered Financial Planner –
Resolution specialist**

✉ robs@blueskyifas.co.uk

☎ 0118 987 6655



Chartered



Jeremy Jackson

**Chartered Financial Planner –
Resolution affiliate**

✉ jeremyj@blueskyifas.co.uk

☎ 0118 987 6655



Chartered



For a no-obligation conversation about your current situation and the next stage, please do get in touch. Your enquiry will be treated in confidence.

We are available for a confidential chat over the phone, face to face or on videoconference.

☎ 01189 876 655

✉ office@blueskyifas.co.uk

📍 **Bluesky Chartered Financial Planners**
3 Chalfont Court, Chalfont Close
Lower Earley, Reading, RG6 5SY

For more information, please visit: www.blueskyifas.co.uk

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