

GUIDE

Rebuilding Your Financial Plan Post-Divorce

This document contains important information and you should read it carefully and keep it safe for future reference.



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IMPORTANT INFORMATION

The content of this guide is intended for general information purposes only which is not intended to address your particular circumstances. It is based upon our understanding of current legislation and HMRC guidance, The content should not be relied upon in its entirety and shall not be deemed to be, or constitute advice. While we believe this interpretation to be correct, it cannot be guaranteed that such information is accurate as of the date it is received or that it will continue to be accurate in the future. We cannot accept any responsibility for any action taken or refrained from being taken as a result of the information contained herein.



Divorce represents a significant life change and along with the emotional challenges, it often brings major shifts in financial circumstances.

After a divorce, you may find yourself facing new financial realities, such as having a reduced income, increased living expenses and the need to rethink long-term goals like your retirement.

Assess your new financial situation

The first step in rebuilding your financial plan is to take stock of your current financial situation. Post-divorce, your income and expenses are likely to have changed and it's important to have a clear understanding of your financial standing.

Review assets and liabilities

Take an inventory of all assets such as cash, savings, property and pensions as well as liabilities like debts, mortgages and loans that are now solely your responsibility.

Reassess your income

Consider changes in your income such as potentially now paying spousal support or child maintenance and any other sources, such as new rental income or investments.

Update your budget

Create a new budget that reflects your current financial situation. Include all fixed and variable expenses such as rent/mortgage, utilities, groceries and any new costs like legal fees or childcare. Make sure to establish or rebuild an emergency fund, aiming for 3–6 months' worth of essential living expenses to cover you in the event that you are unable to work.

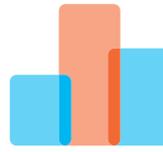


REVISIT YOUR RETIREMENT PLAN

Divorce can have a significant impact on your retirement savings, especially if pensions were divided as part of the settlement.

It's important to reassess your retirement plan to ensure that you're still on track to retire comfortably. If you received or lost part of a pension through a pension sharing order, update your retirement projections to account for the changes. If possible, consider increasing your pension contributions to make up for any shortfall. Pension contributions come with tax relief, so increasing your contributions can provide both retirement savings and immediate tax benefits.

Given the changes in your financial situation, you may also need to adjust your planned retirement age. Extending your working years by even a few years can give you more time to save and reduce the strain on your pension.



REBUILD OR REASSESS YOUR CREDIT

Divorce can sometimes affect your credit score, especially if joint debts were not managed well or if new debts were incurred during the process. Rebuilding and monitoring your credit score will be key to securing future financial opportunities like loans or mortgages.

If you haven't already, close any remaining joint accounts, including credit cards, bank accounts and loans. This prevents your ex-spouse's financial activities from affecting your credit.

Consistently paying bills on time is one of the most important factors in maintaining and improving your credit score. Aim to pay off any remaining credit card balances as soon as possible to reduce your overall debt burden. Although paying the minimum payment is good, if you are able to pay off more than you will reduce the overall amount of interest that you pay.



PROTECT YOUR INCOME AND ASSETS

Post-divorce, safeguarding your financial future involves ensuring that your income and assets are protected. This is especially important if you have dependents or are solely responsible for your household finances.

If you're paying or receiving maintenance or child support, ensure that you have adequate life insurance to cover these obligations if something were to happen to you or your ex-spouse. You should also consider income protection insurance, which provides a safety net in case you're unable to work due to illness or injury.



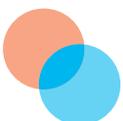
UPDATE LEGAL DOCUMENTS

Divorce necessitates a thorough review and update of important legal documents. This includes wills, trusts and beneficiary designations, all of which need to reflect your new situation.

If your will names your ex-spouse as a beneficiary or executor, update it to reflect new beneficiaries and the individuals you want to manage your estate.

If you have a trust, update the terms to ensure that your assets are passed on according to your wishes, especially if children or new beneficiaries are involved.

Review and update any power of attorney documents. You may want to assign a new person to make financial or medical decisions on your behalf.



Investments carry risk. The value of your investments (and income from them) can go down as well as up, and you may get back less than you invested. Past performance is not a reliable indicator of future results.

Rebuilding your financial plan after divorce can seem overwhelming, but taking a systematic approach will help you regain control and plan for a secure future.

Start by assessing your financial situation, setting realistic goal, and updating important documents alongside the support of a financial adviser.

With careful planning and the right strategies, you can build a strong financial foundation and look forward to a more stable and secure financial future.





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