

An introduction to \_\_\_\_\_



Divorce and \_\_\_\_\_  
\_\_\_\_\_ separation

Move forward with confidence and clarity

# Introduction

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Deciding to separate or divorce is often one of the most emotionally and financially demanding moments in life. The choices you make now can shape your lifestyle and long-term security, even if the full impact isn't immediately clear. At a time like this, calm, discreet and professional guidance can make a meaningful difference.

Introduced in 2022, the Divorce, Dissolution and Separation Act 2020, removed the idea of 'fault' from divorce. By reducing conflict and shifting the focus toward a fair, negotiated settlement, the process is designed to help both parties move forward with greater clarity.

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### Engaging early with a financial adviser

Your solicitor will guide you through the legal process. But they may not focus on the long-term financial impact of your decisions. Speaking to a financial adviser early on can help shape a settlement that truly supports your future needs.

Your adviser can help value assets, complete financial disclosure, assess your income requirements and manage key paperwork. After your divorce, they can support you in rebuilding your financial plan, giving you more confidence about the road ahead.

### Your Lifetime Wealth Model

Your Lifetime Wealth Model brings all your assets, income and commitments together to show what your settlement could mean over the long term. It helps explore important questions such as:

- Does it make sense to stay in the marital home?
- What income can be sustained?
- Is pension offsetting a good option?
- When can I afford to retire?

By modelling different scenarios, it gives you a clearer view of your options and supports more confident decision-making.



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## Family home

For many couples, the family home is one of the most sensitive and practical decisions to resolve. A judge will prioritise the welfare of any children, and the best option will depend on your family's circumstances. You may buy your partner's share, or you may decide to sell the property and divide the proceeds.

It's also important to think about the costs of running the home. Even if it holds sentimental value, staying may not always be the most sustainable choice.

## Children

Children's wellbeing will always sit at the heart of the settlement process. You may need to consider:

- Can the children stay in the family home?
- What is required to maintain their lifestyle?
- Can school fees continue?
- What child maintenance can be expected?

A financial adviser can help ensure the financial arrangements support your children both today and tomorrow.

## Savings and investments

These usually form part of the settlement unless classed as 'non-matrimonial assets'. Selling or withdrawing assets can lead to penalties or tax charges, so it's important to understand the implications in advance. A financial adviser can help you navigate fees, taxes and timing to avoid unnecessary costs.

## ISAs

ISAs are always held in one name, but they still count toward the total matrimonial assets. To divide them, money usually needs to be withdrawn, which can trigger penalties depending on the ISA type. Understanding these implications early can help you make better decisions.

## Tax-efficient investments

Offshore Bonds, VCTs and EIS arrangements can be particularly complex during divorce. How they are valued and transferred can impact tax outcomes, so careful planning is essential to avoid unnecessary charges.

## Pensions

Pensions are one of the most valuable assets to consider after the family home. It's important to update your beneficiary nominations and understand how they can be divided. A judge can choose from several approaches, and each affects your retirement income differently:

- **Pension Sharing Order** – this instructs your pension provider to transfer a percentage of your pension value to your ex-partner, or vice versa.
- **Pension Offsetting** – this allows you to trade other assets (like your home) at divorce to keep a larger share, or all, of your pension. For example, you might keep all of your pension in exchange for giving your partner the family home, or a greater proportion of your combined savings.
- **Pension Attachment Order** (or Pension Earmarking) – with this order, a percentage of your pension and/or pension lump sum will be paid to your ex-partner on a regular basis – or vice versa – when you retire. The beneficiary of a Pension Attachment Order will have to wait until the other party starts taking their pension before receiving anything.

## Wills

Your ex-partner was likely named in your will, but after divorce they will generally no longer be able to benefit unless you specify otherwise. Updating your will ensures it continues to reflect your wishes. If you remarry, your existing will is usually revoked, so further updates may be needed.

## Business assets

These form part of the marital assets and, even if one spouse had no involvement, they may still have a claim. While courts aim to avoid disrupting a business, division or sale may be needed. A financial adviser can help you explore options such as buyouts and structure a solution that protects long-term value.

## Financial protection

Financial protection becomes especially important during and after divorce, particularly where maintenance payments support children. Without appropriate cover, illness or death could create significant financial strain. Planning ahead can help protect your family's stability and future.

## Tax position

Before your divorce, tax planning opportunities such as interspousal CGT exemption should be used. The settlement should aim for tax efficiency for both parties. Your adviser can help assess your position and put a long-term tax plan in place.

## Planning your future

Working with a financial adviser early in the process gives you a clearer view of your future financial position. During your marriage you may have made joint decisions but now is an opportunity to focus on your own goals. Your adviser can help you build a plan that supports your lifestyle and long-term wellbeing.



### We're here to help

If you'd like to explore your own circumstances in more detail at this challenging time, please get in touch when you're ready.

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