

How to safeguard your financial wellbeing when the fairy tale ends

Getting a divorce later in life can destabilise more than just your emotions. Taking steps to ensure your financial wellbeing is crucial to help lessen the blow.

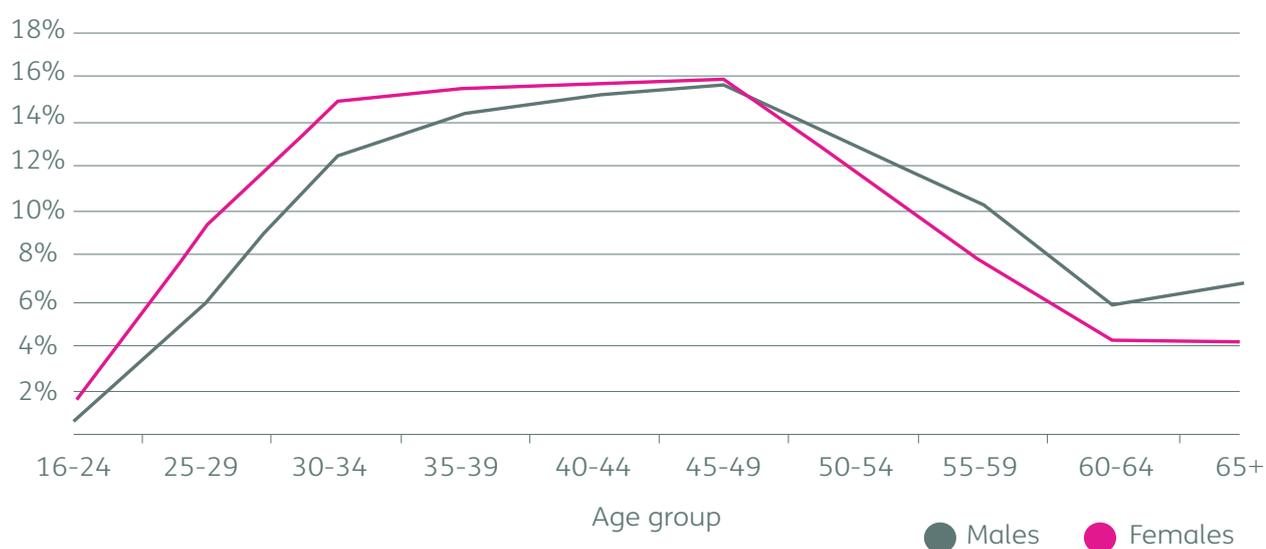
Once upon a time, marriage sought to guarantee you against massive financial upheavals later in life.

A husband and wife who had put care and work into their financial future were expected to be well placed for a comfortable retirement, living happily ever after until late into their twilight years.

But this is often not the case.

According to the Australian Bureau of Statistics, in 2017 most men who divorced cut ties at 45.5 years, while the average female severed her marital bonds around age 43¹.

Age at divorce, age group, Australia 2017



Source(s): Australian Bureau of Statistics, Age at divorce, Age group, Australia, 2017-Age at divorce, Age group, Australia, 2017.

Glenn Adams from Financial Coaching Australia says experiencing a divorce can negatively affect your financial position, retirement plans and personal sense of wellbeing.

“When you’re under stress financially, it leaks out of you into your personal life. You can’t help it. It’s always in the back of your mind: how can I pay the bills?”

“That’s why people who are going through a divorce will need to consider what’s actually coming up in the next five years and possibly start to look at their plan Bs and Cs.”

Adams stresses that budgeting for your future as a newly single person is essential – not just to ensure you remain financially stable well into retirement but so that you can have peace of mind and experience a high degree of financial wellbeing.

“People need to put strategies in place to get them to the right place in their lives, financially and emotionally.”

Adams recommends that divorcees know how much money they have coming in and going out, after both partners divide all assets.

Next, they should work out what they want their life to look like in the long-run. For example, consider:

- Do you have substantial ongoing costs such as children’s school fees?
- Is travelling important to you?
- How long do you plan to work for?
- What does work-life balance mean to you?
- What leisure activities will you want to spend your money on?

“Knowing exactly where you are heading in the future will give you a lot of surety. It may not be a pretty story if the direction you’re following is not ideal, but at least you know and you can make changes.”

Don’t believe the social media hype

One huge tip that Adams gives divorcees looking to achieve a greater sense of emotional and financial wellbeing is to stay off social media.

“People often compare themselves to other people in similar situations on social media,” Adams says. “Someone will say ‘well, Jimmy or Beth has more than me. They are divorced but they seem to be going okay on Facebook.’”

Adams reminds divorcees that competing with other people’s luxurious lifestyles on social media is a costly hobby that you may not have factored into your budget.

“On the outside, other people’s lives may look good on social media but what they are going through internally may be just as traumatic as what you’re going through.”

So do your best to avoid comparing your status updates to others. By ignoring the expensive race to keep up with the Joneses, you’ll enhance your emotional wellbeing and protect your personal finances along the way.

1 Australian Bureau of Statistics, 3310.0 - Marriages and Divorces, Australia, 2017 “Main Features - Summary of findings.” www.abs.gov.au/ausstats/abs@.nsf/mf/3310.0.

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