

Life after child support...

Divorce or separation can inflict a heavy toll – both emotionally and financially. After a few years of living apart and managing your new financial arrangement you tend to survive – somehow. But there does eventually come a time when the child support either stops coming in or stops going out...

This can occur in many ways, some known and some unexpected when:

- your child/children turn 18
- Your ex-partner's income/assets decrease or they are made redundant
- Your income/assets increase
- Your ex has another child to their new partner
- Care arrangements change

On the right is a list of financial considerations for you, your family and friends who may need some financial guidance in this area.

If your child support is ending within the next few years (either in or out) it is wise to start working on your recovery plan - the sooner the better.

Planning ahead is the best way to manage your finances, so don't delay.

CALL US for an appointment for assistance with your finance and loan decisions.

IF you will no longer be PAYING child support:

- Plan for the additional income you will have in your pocket! Don't waste it by letting it absorb into everyday living when you have a new opportunity to rebuild your financial future. Of course it's okay to treat yourself, but consider the future first.
- Put extra payments into your offset account if you have one. Or save the additional funds in the best interest bearing account you can find.
- Reduce your bad debts (credit cards and personal loans) as quickly as possible.
- Keep your credit rating clean.
- Don't apply for any unnecessary credit cards or personal loans.
- Obtain advice on a financial plan for the future. Look into what can be achieved with the additional income. Investing would be a great idea.
- Help your kids get a part time job as soon as they're old enough to help them support themselves. It's never too early to learn finance and employment skills.

IF you will no longer be RECEIVING child support:

- Try to start living off your income level without child support as soon as possible.
- Pay off as much of your existing mortgage as you can to build up some equity for future unforeseen hardship.
- Create a budget and stick to it.
- Look for a better paying job.
- Increase your working hours if you can.
- Reduce your bad debts (credit cards and personal loans) as quickly as possible.
- Keep your credit rating clean.
- Don't apply for any unnecessary credit cards or personal loans.
- Start working on your financial future now even if it does seem out of reach. You may not be able to afford your own home yet, but in the meantime you may be able to afford an investment property or a small investment portfolio. Sometimes that's a cheaper option and you are at least getting your foot in the property market or investment door.
- Help your kids get a part time job as soon as they're old enough to help them support themselves. It's never too early to learn finance and employment skills.

Do you have an existing home loan? If child support was included as income when assessing your loan serviceability be aware of any possible impact when child support ceases. Plan ahead!

Are you considering applying for a home loan in the future? Many lenders will require evidence your child support payments will be permanent for the next 5 years to be included as allowable income. While criteria can vary between lenders if your children are 13 (or over), chat to us first to find out how this may affect your personal situation.