



press clip

Breakups expensive to do

Relationship breakdowns can cause home loan havoc but you can reduce the pain, writes **Anthony Keane**

THERE'RE two words that never work well together: mortgage and divorce.

The combination can leave a trail of financial destruction – almost 100,000 Australians divorce each year, often with a home loan.

And another 10,500 de facto couples are breaking up each year, social researchers say.

Managing a mortgage during and after a split is a huge challenge, but there are ways to minimise the financial pain.

The founder of financial consultancy On Your Own Two Feet, Helen Baker, said women often fared worse in breakups because of factors including the gender pay gap, a failure to seek advice and inability to borrow.

"Women are wired for security and they often put their children first, so they tend to take the home at the expense of any other assets to ensure the children are not disrupted," Ms Baker said.

But the bank still wants its money and the homeowner needs to protect their credit

rating. "Let the bank know what is happening immediately," Ms Baker said.

"They have seen it many times and they know what to do. They will be able to guide you on your options.

"Sometimes you both may need to stay in the same home to meet mortgage repayments if you can't afford another place as well."

She said splitting couples should try to work together on making good decisions.

"Think seriously about how this house fits with your settlement and your future," Ms Baker said.

In a de facto relationship, where a couple has lived together in a genuine relationship for at least two years, the home, investments and superannuation are treated as joint assets regardless of which partner owns them.

Social researcher Mark McCrindle said whether married or de facto, 119,000 Australians each year had their relationship end.

"The Australian Bureau of Statistics estimates about one in three marriages end in divorce," he said.

"If we look at how living works these days, you have generally got two incomes going to pay the mortgage, rent and other living costs. When a relationship ends there's a lot of financial stress."

Mr McCrindle said current data showed couples were divorcing later in life and most breakups now did not involve dependent children.

"If you try to work on your relationship for the sake of the kids, it's probably worthwhile to want to work on it for the sake of your finances," he said.

There was more relationship support available to couples today such as free services and counselling, Mr McCrindle said.

Mortgage broker Two Red Shoes founder Rebecca Jarrett-Dalton said she had seen a

definite increase in clients dealing with breakups.

"I see couples that continue to function under the same roof – and split the costs of everything," she said.

"I have also seen really irresponsible behaviour where one party has either out of spite or desperation blow out all of the credit and put the couple in a terrible financial situation."

Ms Jarrett-Dalton said communication – including with creditors – and co-operation were vital in a breakup, because nasty behaviour would only cost you legal fees.

"Try to be as fair as possible and at the same time protect your interests," she said.

"While spite won't help you, neither will ridiculous behaviour assuming more than your share of the debt or leaving more than your share of the assets. Your ex is not going to thank you down the track."

Ms Jarrett-Dalton is personally experiencing a divorce and said it had been challenging.

"There are temptations to throw spiteful comments around, but we still share parenting," she said.

Costs for her children and running costs of two homes had been shared, she said.

"There have been a few moments where we have – probably both – gritted our teeth and certainly some ill-timed withdrawals, but so far all repayments have been met on time and credit history is in order," Ms Jarrett-Dalton said.



Western Times (Charleville)

Thursday 19/09/2019

Page: 19
Section: General News
Region: Charleville, AU
Circulation: 958
Type: Regional
Size: 483.00 sq.cms.



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The breakdown

- Married Australians **9.68 million**
- De facto partners **2.11 million**
- Annual divorces **49,000**
- De facto bust-ups **10,700**

Source: McCrindle/ABS

COST: Rebecca Jarrett-Dalton says bad behaviour benefits lawyers. Picture: Kirsten Flavell