



Divorce Case Study

Achieving financial peace of mind after divorce

Joanne is 48 with two children and was recently divorced. As part of the financial resolution to her separation, Joanne was awarded a £355,000 cash settlement, the family home which was valued at £235,000 and a share of her former husband's pension, at a transfer value of £120,000. Additionally, she will also receive support payments from her former partner to cover child maintenance. Prior to the divorce Joanne did not work, but had previously considered returning to part-time employment. As such, Joanne is keen for her money to be invested for capital growth whilst also generating a sustainable income to supplement her new earned income.

Using the value of her cash settlement, we created a comprehensive, tax efficient investment portfolio for Joanne, predominantly utilising Collective investments, which allows us to make full use of her annual capital gains tax and ISA allowances. This investment structure was also carefully selected to allow total asset diversification between managers and asset classes. This diverse structure considerably lessens the risk of Joanne's investments, aligning them with her balanced attitude to risk.

From these investments Joanne generates a sustainable income of approximately £11,500 per annum, which she uses to top-up her salary and maintain her standard of living. The structure of this portfolio also enables her new capital to grow, ensuring that her income is protected against inflation, now and in the future.

We also invested Joanne's pension fund into a varied portfolio of Collectives within a Self Invested Personal Pension, or SIPP, to create longer-term capital growth. Whilst Joanne is not yet able to make further pension contributions, her pension is now in an environment that can be managed in an unrestricted, flexible manner, allowing Joanne the freedom to use all regulated pension vehicles should she wish to.

Our team continues to work with Joanne to make optimum use of her annual allowances and to ensure that her income and tax affairs are kept as simple and coherent as possible. Joanne's adviser is her first point of contact for any financial queries and we continue to ensure that her regular reviews make the cash flow she needs to meet her everyday living costs our priority.

How can we help you?

If you would like to talk to us about how we can help you, please contact us on:

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The value of investments can fall as well as rise. You may not get back what you invest.

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04/2019 FP: 031918

