



# The unexpected financial trauma of divorce and separation

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A WOMEN'S AGENDA GUIDE  
TO ONE OF LIFE'S BIGGEST CURVEBALLS

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This report was produced in partnership with Westpac

Women's  
**AGENDA**



# Introduction

Going through divorce or separation can be terrifying, hurtful and expensive. But it can also result in relief and more positive emotions following the process. Getting informed on the process and planning ahead can help ease some of the stress of separating from your partner and the financial foundation you shared.

Prior to the COVID-19 pandemic, we brought a small group of women together for a frank, raw and honest discussion about their experiences with divorce and separation. This guide provides a snapshot of the powerful insights and lessons shared during the meeting. Its main aim is to help others going through the process of divorce or separation. If that's you, you're not alone.

This guide will also be useful for anyone entering or currently living in a long-term relationship, regardless of whether you think separation might be a possibility in the future. Preparing for all outcomes now may help prevent financial shocks in the future.





A background image showing several people's hands and arms at a table. One person is holding a pen, another is pointing at a document on a clipboard. The image is dimmed to serve as a background for the text.

In **2017**, more than **49,000** divorces were granted in Australia. [1] Of those cases, the median age at which **women** separated was **39 years**.

For **men**, it was **41.8 years**. The average time expected to recover financially from divorce or separation is about five years.

Recent research from **Relationships Australia** found that the **42 per cent** of people experienced a negative change in their relationship since the pandemic hit.

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[1] ABS (2018) '3310.0 - Marriages and Divorces, Australia, 2017'

# Key Facts



Divorce or separation can easily **cost more than \$50,000**



On average, it takes about **5 years** to recover financially from a divorce



Single mothers account for nearly **82%** of the **950,000** -plus single-parent families in Australia

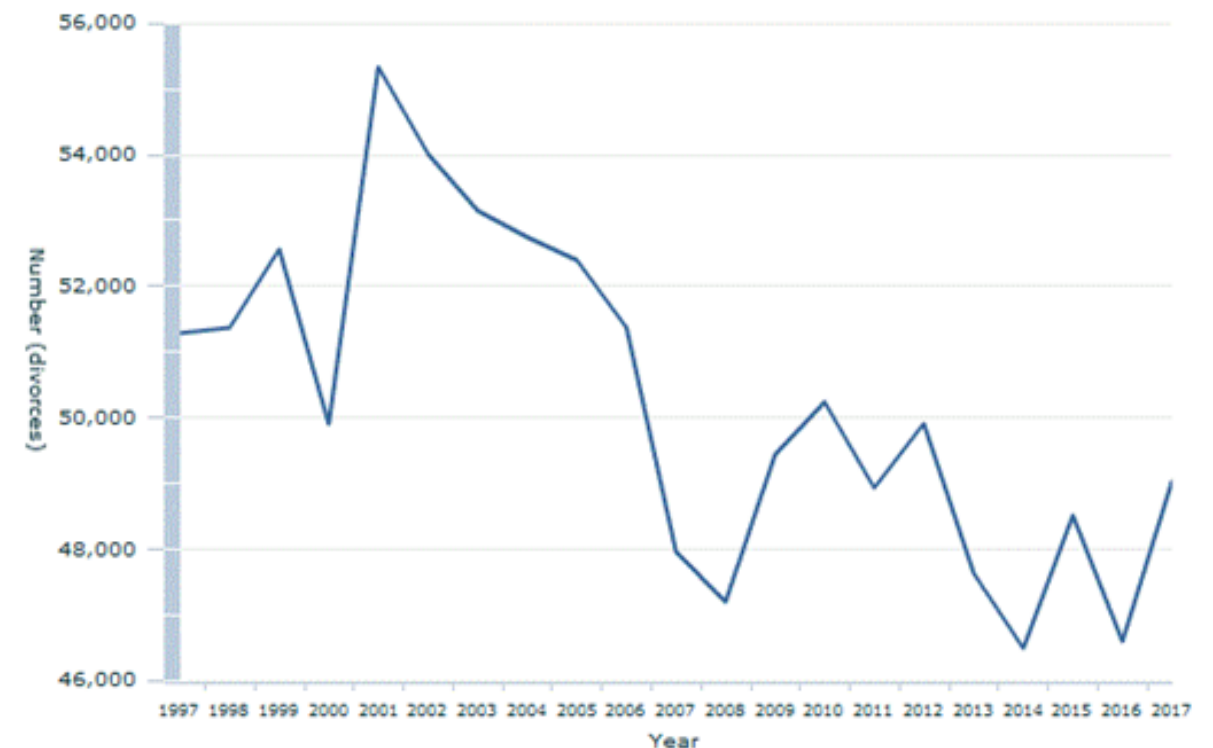


Women who separate in their **50s** are significantly more disadvantaged



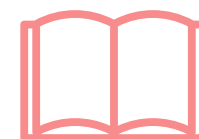
Nearly **16%** of women and **7%** of men have experienced economic abuse in a relationship

## TOTAL DIVORCES GRANTED, AUSTRALIA, 1997-2017



Total Divorces

Source: ABS (2018) 3310.0 - Marriages and Divorces, Australia, 2017



Both young women and men need to be better educated on financial independence





# When your financial base is fractured

The true extent of financial trauma on a person after divorce or separation is not fully understood in Australia because there is limited longitudinal research on its economic impacts. What is clear, however, is that the fracturing of a couple's financial foundation including employment income, assets, and home ownership can cause long-lasting damage.

Sharon Grocott heads Research and Innovation at Interrelate, a not-for-profit organisation dedicated to supporting parents and children. She finds that women who separate in their 50s tend to be significantly more financially disadvantaged with many experiencing drastic lifestyle changes or ending up in the welfare system.

"Some women in this age bracket have not accumulated superannuation for retirement due to raising a family," she says. "For some women, they are planning retirement and then need to reconsider going back to work."



# A Rude Shock

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When Kylie\* met her former partner, she was in her 30s with a promising career and a property in one of Australia's most exclusive suburbs. Within a year of meeting him, she was pregnant and experiencing a worrying pattern of abusive behaviour. After their child was born, things deteriorated very quickly.

*(\*Names have been changed for confidentiality in this report.)*

"I had a small baby and I was unable to continue to service my mortgage despite paying off extra before maternity leave," she says. "I sold the property with the agreement with my partner that the money from the property was only ever to be used to go into another property. At that time, I believed we had agreed to both sell and purchase a house together. This did not happen, and I was under increasing pressure to use the money for day-to-day expenses."

When Kylie decided to leave the relationship, she was in her 30s, with a toddler and no career, property or financial safety net.

*"The legal situation took years and every cent I had," she says.*

"I was not coping well with the situation so could not return to work...it was hard to have a consistent pattern as plans for my son to spend time with his father were frequently cancelled at the last moment."

Kylie tried to push through by working a number of unreliable odd jobs, withdrawing thousands of dollars from her already depleted superannuation fund and accruing credit card debt to get by. Finally, she was forced to seek welfare support. "Using Centrelink was the most humiliating thing I'd ever done," she says.

In hindsight and now many years later, Kylie admits that one of her biggest mistakes was not knowing her former partner's true financial situation when they were together.



“This year is the first year I’ve gotten back into a proper job. Although, I can now pay the rent and am trying to save, I have a teenager to support who still has five years of school left.”

Unfortunately, Kylie’s case is not unique. Control or manipulation by one partner can erode the other’s prospects of a comfortable life. In a number of these cases, divorce or separation exposes misuse of joint funds with unsuspecting partners finding out they are in greater debt than expected or have no financial safety net anymore.

RMIT’s analysis of ABS data reveals that close to 16% of women and 7% of men have experienced economic abuse in their lifetimes[2]. The risk of economic abuse is highest in the age range of 40 to 49 for both women and men. Due to this, there is a growing call to educate young girls and boys on the importance of financial independence.

The Remarkable Woman CEO Shivani Gopal says no matter how strong you believe the relationship

is, it’s crucial to have a Binding Financial Agreement and your own account. In an emergency, access to your own money can be a critical “life raft”.

“It’s about being realistic and preparing yourself for the good and the bad,” she says. “Have those open conversations and make sure you’re protecting your assets in advance. Talk about having a financial agreement from the outset.”

Kylie also encourages women in relationships, who decide to take time off work for children, to ensure the financial agreement accounts for lost superannuation. If the couple separates, the working partner’s superannuation should be split for the period that the other was unemployed.

“I frequently counsel young women to consider their financial futures,” she says. “The education for all people, particularly women, around this is seriously lacking as is appropriate support for women returning to work after a break.”

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[2] The Conversation (2017) ‘Revealed: the hidden problem of economic abuse in Australia’



# The Settlement

To protect yourself financially in a divorce or separation settlement, it's crucial to fully understand your situation and what you are entitled to. [Westpac's Separation Guide, checklist and Calculator](#) may be valuable resources here. Salary income as well as assets like property and superannuation must all be considered as well as what has been contributed in terms of care and parenting.

## DID YOU KNOW?

In a divorce or separation, superannuation is considered an asset that can be split. Before it's divided, you must know exactly what you and your partner have in superannuation. If a couple can't come to an agreement, the court can make a binding order on the trustee or superannuation fund[3].

You are entitled to see what is in your partner's superannuation fund and can request this by completing the Family Court of Australia's Superannuation Information Kit form. Remember, the agreed split of superannuation won't be provided as cash. It will remain as a fund under super laws, which in most cases, gets accessed in retirement.

If splitting super, seek legal advice and be clear on any fees or requirements you need to uphold.

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[3] Australian Government Attorney-General's Department: 'Superannuation splitting laws - frequently asked questions'





Having experienced her own painful separation, Divorce Answered founding CEO Rachael Scharrer now helps others with tools, resources and strategies to navigate the process. At first, she says, divorce or separation settlements start at 50:50 between the two partners. This is then adjusted based on factors like who is the primary carer and who has greater earning capacity.

About 20 years ago, settlements would end at a split of about 80:20 in favour of the partner on a lower income. The partner on the higher income would end up losing well over half or more of their asset pool. Today, settlements generally end at about 60:40 in favour of the partner on a lower income. Unfortunately, it's very rare for separating couples to walk away feeling the settlement is fair. "Everyone feels like the victim," says Scharrer.

She also points out that the final value of each partner's share is calculated when the financial settlement is completed. This means, your share will come out of what the total asset pool is on settlement day, not the date of separation. If, after separating, a partner inherits money, accrues debt or has any property appreciate in value, these will all be counted in until the day of settlement.





# Recovering From Career Breaks

Women who take career breaks during a relationship may experience greater challenges during and after separation. Time out of work can lead to lost opportunities for career progression, income growth and compounded loss in superannuation. Other underlying issues like bias and ageism prevent women from earning their true value.

Career breaks often mean that divorced or separated women end up in jobs that don't optimise their wealth of experience and knowledge. The economic impact of this is crushing with one study showing that the income of divorced women, from wages and salaries, is 10 percent lower than married women of the same socioeconomic background[4].

According to Grocott, a number of factors lead to this “frustrating predicament” for women who do want to work. Eligibility for welfare, access to the job market, ability to upskill, support from extended family and the cost of childcare can all weigh heavily on the ability of women to financially recover after separation.

“I had a mother talking to me last year, she hadn't worked for about 12 years because she was raising her children through primary school and her husband had left her,” she says. “She was doing her TAFE course and retraining but she worked out she was going to be earning something like \$20 an hour when she was qualified. She'd be earning the equivalent of what it was costing for her kids to go to afterschool care.”

Sarah\* experienced similar frustrations when returning to work after separation. “You're either applying for jobs at a lower level or you're over-qualified,” she says. “I ended up in a terrible job in a small business that didn't meet the bills. There's this huge group of women and they're either in horrible jobs or they're not finding jobs at all.”

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[4] NATSEM at the University of Canberra (2016) 'For richer, divorce, for poorer'





# Side Hustles

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Some women find that an entrepreneurial approach can help rebuild self-worth, confidence and ownership of their future. For Asha, it helped launch a bright career. When she tried entrepreneurship for the first time, she was a newly divorced, young mother.

“I actually started a brokerage business in home lending,” she says. “I thought I’ll try it out, I love finances, I love property. Then, I realised being self-employed wasn’t suitable for my situation and I required stability in income and employment. So, I thought, no, I need to go out and get a stable job. Being a self-employed broker and going out to see clients at nighttime, wasn’t working for me. Likewise, inconsistent income didn’t help the situation when I had a young baby. I needed something that would provide flexibility and stability.”

Asha ended up finding employment as a lender and remains in the industry to this day. “When you want something or you need something that bad, you make it happen,” she says. “It’s enabled me to provide my daughter with the future I wanted for her.”



A woman with long dark hair is lying down, her head resting on a pink cushion. She is wearing a white, ruffled-sleeved top. Her right hand is pressed against her temple, and her eyes are closed with a pained expression. The background shows a light-colored wooden headboard and a wall with a geometric tile pattern.

# The Hidden Cost of Self-Sacrifice

One of the most painful losses in a divorce or separation is rooted in the loss of self. Separating from a partner, is when many women start to realise how much of themselves, their dreams and ambitions have been sacrificed for the relationship. Sadly, it's a realisation that comes to many quite late.

“There are so many women that want to leave these

relationships but feel they can't because it's complex and complicated particularly when children are involved,” says Grocott. “They're so unhappy. Often, the level of poor wellbeing and depression is very concerning.”

In Tina's case, the realisation came after nearly three decades of putting her own needs last.



After sacrificing so much, for so long, she was left completely “burnt out”. She says, “You need to always ask yourself: if this is stripped away, who am I?”.

Tina now lives alone in a small apartment. Her husband, who remains in the family home with their children, won’t let her see them unless she returns. “I gave up my career so that he could have his because [and] we couldn’t be co-located,” she says. “I raised our four children and set up a couple of businesses just to keep myself busy while he was flying all over the world.”

“The reason I had to move myself away was because I have done everything for everybody for 28 years. It’s a lonely experience. I don’t have a pension, I don’t have super, and I’m just wondering now, at the age of 53, how many years I can sustain this.”

While the reality of divorce is still sinking in, Tina knows that she’s made the right choice. During the roundtable, she shares a poignant message which her daughter had sent her that morning.

“Breakups are okay. Starting over is okay. Moving on is okay. Saying ‘no’ is okay. Being alone is okay. What is not okay is staying somewhere where you are not happy, valued or appreciated. That’s not okay.”





# The COVID Impact

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Just prior to publishing this report, we went back to some of our participants to ask how they've managed during the pandemic period.

It's clear some of the key challenges covered in this report – such as recovering from career breaks – may have been exacerbated during the restrictions experienced this year, as well as the recession Australia is experiencing.

Sarah describes how lucky she felt to get a job just after COVID hit. But she was immediately uncomfortable in the position given the thousands of people who had applied and the handful that got positions. She suffered from extreme anxiety from day one, feeling well out of her depth. The job helped with the bills, but she found it not only miserable but also terrifying. Aside from this experience, she says the isolation suited her personality, enabling her to actually feel like herself again, “confident, positive and even happy”. COVID changed her trajectory and the job she had changed how she's thinking about her career, but she has renewed plans and feels optimistic about the future.







Tina describes losing 30 per cent of her income in her small business, which is currently being supplemented by JobKeeper. The travel she'd planned has been put on hold and she's now paying solicitors instead and preparing to go to court. While money is short, she's happy to be in good health, especially after describing the burnout she'd experienced.

For Kylie, who has a teenager and returned to what she described as a "proper job" for the first time in 2019, she says COVID's made her realise how lucky she is to be in a secure and essential service role. Two years ago, her situation could have been very different.

This doesn't completely change the concerns she has for her long term situation but the COVID pause has given her an opportunity to plan her pathway to turning 50.

"I am seeking good financial advice, making better connections, working towards doing things I am passionate about both for work and personally. I'm looking after my health so my 50 plus can look so much better than my 30s and 40s."



# Where to go from here?

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*Divorce or separation are scary. Change and the unknown are terrifying. But they don't have to be. To help navigate the minefield of financial, legal and emotional trauma, there are a number of steps that can be taken to help be better prepared for the journey ahead.*

## Step 1: Create an exit plan

The first step of building an exit plan is to know exactly where you stand. Find out what funds you have available, what is in your bank accounts and any debt that is owed. Speak to your bank about your situation to ensure your access to funds is not compromised; to limit future debt or liability; and to identify every single account with your name attached.

During this time, Shivani Gopal says it's crucial to think with your head, not your heart. Taking stock of everything and moving ahead with a plan you can stick to will help you head in the right direction. "Knowledge is power, but knowledge also gives you confidence," she says.

With separation, your financial situation is bound to change. Kylie says, "money gives you choices, but the minute that's gone, there are no choices." Because of this, it may be helpful to create a new budget. Westpac's Davidson Institute offers a range of practical, money-management resources for individuals or the federal government's resource kit on managing your money provides free solutions on budgeting, saving and paying off debt.

### SUPPORT FOR MENTAL HEALTH

**Relationships Australia**

**1300 364 277**

**Lifeline**

**13 11 14**

**Sane Australia Mental Health Helpline**

**1800 187 263**

**1800 RESPECT**

**1800 737 732**

**Kids Helpline**

**1800 551 800**



## Update your accounts

A simple place to start in regaining your independence is to change all your passwords. Setting up your own bank accounts and health insurance is also crucial. Ensure the beneficiaries on your will, superannuation and insurance have been updated. If your separating partner is listed as a next of kin in medical records, make sure this is changed.

Resources like Westpac's Divorce and Separation checklist provide an easy-to-follow breakdown of what you need to document, whom you need to inform and what you should consult your spouse about.

## Secure your income

After looking at your situation and finances, it may become clear that you need to either return to work with a former employer, secure a new job altogether or increase the income you are receiving in your current role.

If working with a current or former employer, Gopal recommends reviewing your situation with them. Really consider your worth, how you add value to the role and try to negotiate your salary package. "I remember sitting on the other side of the table when I was a practicing financial adviser and speaking to women who I knew were getting screwed over by their employers," she says.

If you are searching for new employment, start the job seeking process as early as possible. Consider everyone you have in your network from your phone contact list to social media. If you're not sure where to start, list your best strengths, skills and knowledge on a piece of paper.

### SUPPORT FOR SEPARATION

**Interrelate**  
**1300 473 528**  
<https://www.interrelate.org.au/>

**Divorce Answered**  
[www.divorceanswered.com.au](http://www.divorceanswered.com.au)

**Family Relationship Advice Line**  
**1800 050 321**

**Westpac's Separation Hub**  
[westpac.com.au/separation](http://westpac.com.au/separation)



Looking at this list, identify the jobs, small business ideas or freelance opportunities you'd thrive in. Also look out for opportunities to upskill and build on your unique value proposition. "Remember your biggest financial asset is you," Gopal says. "And your biggest asset is your time and how you can monetise that time."

## Consider welfare support

The welfare system may provide a small lifeline during this transition. You can find your options for financial support by speaking to Centrelink and Child Support Australia about your plans for separation.

It's crucial to do this as early as possible if you do not have access to your own funds or have no independent source of income. A full list of payments and services you may be eligible for are available here. The Department of Human Services also provides online estimators, which factor in your unique circumstances and help you calculate what you may be eligible for.

The most common payments for single mothers are the Family Tax Benefit, Child Care Subsidy, Parenting Payment Single and Newstart Allowance (which has now carries the coronavirus supplements, and is known as JobSeeker)[5]. Currently, Family Tax Benefit Part A offers a fortnightly payment between \$186.20 to \$242.20 for each child depending on their age as well as an annual payment of \$766.50 for each eligible child[6].

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[5] Council of Single Mothers and their Children (2019) 'Government payments'

[6] Department of Human Services (2019) 'FTB Part A payment rates'

## SUPPORT FOR RETURNING TO WORK

**Dress For Success**

<https://dressforsuccess.org/>

**Flexcareers**

<https://www.flexcareers.com.au/>

**Moneycare**

<https://www.salvationarmy.org.au/about-us/our-services/moneycare/>

**Work180**

<https://au.work180.co>

**Fitted for Work**

[www.fittedforwork.org](http://www.fittedforwork.org)

**Skills Checkpoint for Older Workers Program (45+) -**

<https://www.employment.gov.au/skill-checkpointprogram>

**The Mid-Career Checkpoint Program (for those who have spent two years out of the workforce undertaking caring responsibilities) -**

<https://www.employment.gov.au/mid-career-checkpoint-program>



Family Tax Benefit Part B offers a fortnightly payment between \$110.60 to \$158.34 for the entire family as well as an annual payment of up to \$365 if eligible[7]. Additionally, Parenting Payment offers up to \$780.70 per fortnight if you are single[8].

Single parents who are unemployed and looking for work may also be eligible for Newstart, which offers a maximum fortnightly payment of \$604.70[9]. If you don't have children, the maximum fortnightly Newstart payment is \$559.

### ***DID YOU KNOW?***

*Over 950,000 single-parent families were counted in the latest Census. Single mothers accounted for nearly 82% of them[10].*

Despite the support available, Scharrar says the only way to protect yourself financially is to be prepared early on.

*“In an ideal world, people would contemplate separation and plan for their exit strategy even within the relationship,” she says. “They upskill, they retrain while they’ve got their partner there and they have financial support.”*

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[7] Department of Human Services (2019) 'FTB Part B payment rates'

[8] Department of Human Services (2019) Parenting Payment, 'How much you can get'

[9] Department of Human Services (2019) Newstart Allowance, 'How much you can get'

[10] ABS (2019) '2016 Census QuickStats'

## **SUPPORT FOR CHILD CARE**

**Child Care Access Hotline**  
**1800 670 305**

**Playgroup Australia**  
**1800 171 882**

## **OTHER SUPPORT GROUPS**

**The Queen's Fund for Single Mothers**  
**[www.csmc.org.au](http://www.csmc.org.au)**

**Single Mum Support Group Australia**  
**[www.facebook.com/groups/singlemumsupport/](https://www.facebook.com/groups/singlemumsupport/)**



## Plan for childcare

Child care costs can be subsidised to an extent depending on your income and circumstances. Generally, families earning \$68,163 or less are entitled to have 85% of their child care fees subsidised.

Online tools like Care For Kids' child care calculator can help you gauge the cost of child care based on where you live. It also lets you calculate how much child care subsidy you may be entitled to.

For more information on eligibility and rates, visit the Department of Human Services' Child Care Subsidy section.





## Step 2: Professional Advice

Gopal has found that many women become disempowered from separation because they aren't aware of their financial rights. This is why seeking professional advice can be very useful. Getting the right guidance can not only help you ease some of the stress, pain and overwhelm in separating but it can help ensure you start the next chapter on the right foot.

If there is a particular area you need help with, look for an advisor that specialises in that. For example, some financial planners specialise in Centrelink entitlements, which can help you navigate the complex welfare system.

Interrelate also recommends using forensic accountants to ensure you get the full share of what you are entitled. "Often, the separating partner is very manipulative," Grocott says. "Sometimes, assets are not disclosed."





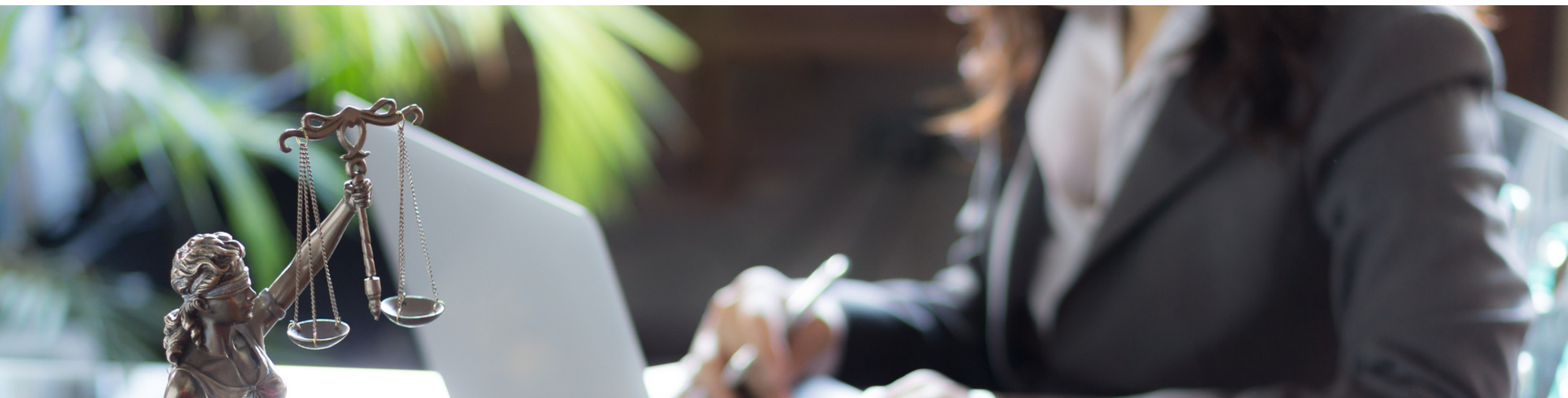
## Seek Legal Advice

Legal fees can be very costly so it's important to research and prepare well before walking into an appointment. If possible, hire a lawyer who is happy to receive payment after settlement.

“Women are significantly impacted by the cost of the family court system and court costs,” says Grocott. “The average time seems to be 12 to 18 months in the Family Law system, however, we often hear stories of the timeframe being three to five years from families. It is not unusual to hear the cost being upward of \$50,000.”

Because of this, Scharrer from Divorce Answered says, it's best not to go to your lawyer straight away. Many people make the costly mistake of using their lawyer's time to discuss the breakup. They end up walking out an hour-and-a-half later with no strategy, guidance or advice.

To avoid this, Scharrer recommends preparing a list of questions, doing sufficient research and gathering all the right paperwork before meeting with a lawyer. This will help ensure you get the most out of the appointment. Organisations like Legal Aid may also be able to offer some free, early guidance.





## Aim for fair

For an amicable split, it's important for both sides to consider what the other wants. What does the other partner really need financially? If a child is involved, what's best for them?

The unfortunate truth is that it's rare for both sides to respectfully consider these issues. Programs like Interrelate's Building Connections may be helpful for some separated parents struggling to focus on what's best for their children.

Reflecting on her separation, Leah\* says she chose to leave with nothing because she had no more energy to fight. "Fighting for an equal split rarely works," she says. "Unless, you're on the same page."

This is why couples, whether married or de facto, should consider signing a Binding Financial Agreement. Having a written financial agreement with your partner from the get-go is a one way to help mitigate the risks of a messy separation.

Ideally, this agreement would be updated and re-signed regularly. Especially, when there are changes to assets. Scharrer believes South Africa is a role model when it comes to this. "You can't get married without a financial agreement and it is just how it is," she says. "It would be great if Australia moved that way."

To ensure you're not left vulnerable, Gopal says, open and honest conversations about money should be a part of your relationship. Establishing a financial agreement that recognises what you bring to the relationship both monetarily or otherwise can also prevent you from being disempowered in future.



## Step 3: Put self-care on the agenda

While some people come out of separation feeling optimistic and resilient, others will take more time to regain their strength. In many cases, the partner who is asked for a divorce or separation has to commence the grieving process while the partner who has made the request may be further down the path.

“They’ve grieved and been sad throughout the marriage so when they breakup with their spouse they’ve got a weight lifted off their shoulders,” says Scharrar. For the other partner, however, the breakup may be a shock. “They’ve got to go through the whole grieving process now.”

Whatever stage you are at, it’s important to put self-care on the agenda. This means putting your needs first and paying close attention to both your physical and mental health. Activities like meditation, exercise and art can be very therapeutic.

It’s also necessary that you surround yourself with the right people. Be wary of toxic relatives or friends and highly selective about the advice you take. For some, your social circle may change as people take sides. During these changes, Scharrer encourages people to focus on themselves. “Fill your own bucket to make you feel good,” she says.

### HOW IS YOUR MENTAL HEALTH?

If you’re not feeling okay, speak to someone you trust.

You can also reach out to your GP or a free mental health referral service like:

**Lifeline**  
**13 11 14**

**BeyondBlue**  
**1300 22 4636**

**Relationships Australia**  
**1300 364 277**

**Sane Australia Mental Health Helpline**  
**1800 187 263**

**1800 RESPECT**  
**1800 737 732**



## Step 4: Build a new chapter

It may be difficult to see what lies ahead right now but the good news is: a blank page is the perfect place to start creating the life you want. “Work out where your strengths and passions are and put more of your energy there,” says Scharrer. This is a new era where you get to decide what you want and how you get there. For Tina, this chapter is about reclaiming her life. It’s a second chance at discovering who she was meant to be. “I got to a point in my marriage where my husband was telling me what I didn’t need and what I couldn’t have and there was more and more control. We’re wired as women to nurture and love and we’ll do that for just about anybody.”

“ I don’t need to defend myself anymore or justify myself anymore or have people tell me I’ll be okay. My faith has taught me to feel that I am loved. I am enough.





Thank you to all the women who participated in this survey, sharing their stories to provide insight into their experiences and ideas on what more can be done to support others. Thank you also to [Westpac](#) for supporting this work. You can check out their [Life Moments Hub](#) for more information on key transitional points that impact many of us, as well as [Ruby Connection](#) for more on building financial confidence in women.