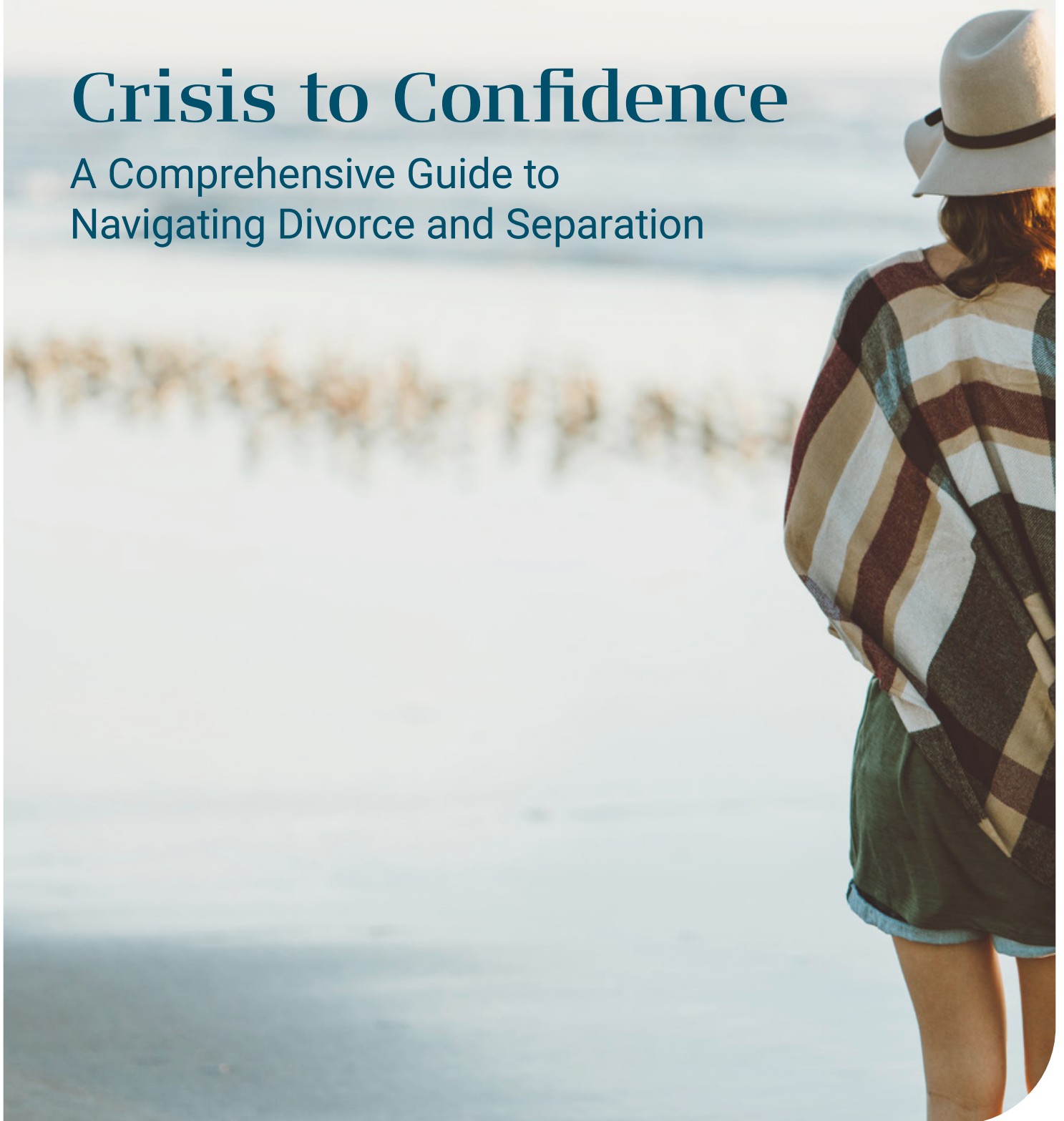


# Capital Partners

LIFE CONVERSATIONS. WEALTH SOLUTIONS.

## Crisis to Confidence

A Comprehensive Guide to  
Navigating Divorce and Separation





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# What we want for you



*Living the life you deserve.*

Finding a new pathway doesn't have to be daunting - it should be exciting, and a journey filled with hope and enjoyment.

*As you change direction, ask yourself, “What do I truly want from life?”*

The journey often involves two parallel paths: managing life administration and navigating personal emotions. Separation and divorce don't follow a straight line; emotions ebb and flow. Similarly, to begin with, the administration and paperwork may feel overwhelming but with guidance, clarity emerges. This comes from building an educational foundation over time, especially for those who haven't managed finances before. As you learn and gain control over your finances, you begin making informed decisions that align with your goals.

Financial prosperity means different things to different people. Your goals, your direction – they're yours to define. You own your path. No matter what's brought you here today, remember that life will keep moving forward. And you can move forward with it! Finding a supportive community and understanding environment that recognises your struggles and helps you navigate these challenges can be transformative. Finding your next step is the first step to regaining control and living the life you want.

We believe in guiding you through these tough times with patience and care. Whether you've handled finances before or not, you can learn everything you need to take the lead. Is it time to give yourself the security and joy that come from being in control? This guide is your next step forward.

Finding your direction at the beginning of change can sometimes be overwhelming, but with the right guidance and understanding, it doesn't have to be. Our resources are designed to help you find clarity, manage your money, and feel secure in your financial decisions—so you can focus on living the life you want.





# The financial landscape for women





## The current reality

The world we live in is full of amazing information and resources created to inspire and educate us. However, these tools aren't always obvious, or even always accessible. We have seen our world change dramatically to create stronger spaces for women when it comes to their financial security, however, we still have a way to go.

Gaps in financial literacy, pay, and superannuation can combine to leave women in less-than-ideal situations. When life throws the challenge of a divorce into the mix, there are often many questions that need to be answered that didn't exist before.

We've come a long way from the days when the man of the house was the breadwinner and solely responsible for managing the family's finances. In Australia today, women comprise close to half of all employed people (47%), with around 61% of women participating in the workforce to some degree.

However, we do still see a significant gender gap when it comes to financial literacy and empowerment. This gap has arguably resulted in more women taking a back seat when it comes to their finances, as they are more often than not, engaged in other equally important endeavours such as managing a household, raising a family and caregiving for older relatives, as well as working full time. A study by Commonwealth Bank found that among heterosexual couples, men usually make the big decisions about the couple's investments and superannuation.<sup>2</sup>

So, if that was you – you're not alone. It's also never too late to change course and start your own financial literacy journey.

## Financial literacy and the future

Unconscious gender bias can undermine the motivation of girls and women to choose subjects such as maths and science or careers that are seen as traditionally male. Stereotyping may also contribute to under-investment in financial knowledge for girls, leading to lower levels of interest and engagement.<sup>3</sup>

In fact, a recent economic study found that only 48% of Australian women can 'demonstrate an understanding of at least three basic financial literacy concepts, compared to 63% of Australian men.'<sup>4</sup>

The world is changing in front of our very eyes; however, we are seeing younger generations of women and girls take a stand against these challenges and empower themselves to be equipped to handle their own financial matters.

*Only 48% of Australian women demonstrate an understanding of at least three basic financial literacy concepts, compared to 63% of men.*

1 Workplace Gender Equality Agency (WGEA), Gender workplace statistics at a glance, February 2020.

2 Commonwealth Bank, Enabling change: A fresh perspective on women's financial security, 2017.

3 Department of Education, Skills and Employment, 'Women and girls', National STEM education resources toolkit, 2020; A Driva, M Lührmann and J Winter, Gender differences and stereotypes in financial literacy: Off to an early start, December 2015.

4 University of Melbourne, The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 16, 2018; A Preston, Financial literacy in Australia: Insights from HILDA data, 2020.

## Wage gap challenges

In 2021, Australian women's earnings trailed men's by 14.2% when comparing ordinary full-time pay across all industries and occupations. Structurally, the working environment has been built in a way that doesn't naturally support the requirements and demands asked of women. It is a reality we need to acknowledge and also reflect on. More often than not, women will take time off to raise children or care for their parents. These breaks often result in challenges of missed periods of full-time wages but also gaining the opportunity to progress their careers and salaries.

Currently in Australia, the median gender pay gap is 19%. This means, that over the course of a year, the median pay for a woman is \$18,461 less than the median pay for a man.<sup>5</sup> Further, the gender pay gap is not an isolated issue and is, in fact, prevalent across every industry in Australia.

The gender pay gap is 2.5% for female employees under 24 years old and increases at a constant rate before reaching 30.2% for employees ages 45-54 and peaking at 31.9% for employees ages 55-64.<sup>6</sup>

*Currently in Australia, the median gender pay gap is 19% — that's \$18,461 less per year for women.*

On average, women spend almost two-thirds (64%) of their average weekly working time on unpaid care work, compared to men who spend around one-third (36%).<sup>7</sup> Time out of the workforce = lower salaries, less progression, less savings, and lower super balances.

While these challenges will continue to linger, we are seeing such great improvements across baseline statistics and anecdotal cultural changes in our working world. Women shouldn't be so hard on themselves. Rather we need to encourage one another to have conversations about our place in the workforce and step up to the challenge, taking a seat at the table.

## Not-so-super superannuation

The introduction of superannuation in Australia has undoubtedly given more security to the financial futures of everyone in retirement. For women, this has been a great step forward in having agency over their own financial future. However, we do know that certain structural factors in the workforce, and how women are receiving income, can restrict the impact of what women can achieve through their super.

We often find there is not enough understanding of the role of super and how to best utilise it for long-term security. Superannuation can be a very useful tool for tax savings and building your future wealth.

<sup>5</sup> WGEA, Employer Gender Pay Gaps Snapshot February 2024. Note: Based on Total Remuneration this includes base salary superannuation, overtime, bonuses, and other additional payments for full-time, part-time and casual employees, on an annualised full-time equivalent basis

<sup>6</sup> WGEA, Wages and Ages: Mapping the Gender Pay Gap by Age 2022

<sup>7</sup> WGEA, Australia's gender pay gap statistic 2021, WGEA, Unpaid care work and the labour market





*This is an opportunity to create future comfort for yourself, on your terms.*

On average, women nearing retirement have saved an average of 42% less superannuation than their male counterparts. This equates to a monetary amount of around \$113,000.<sup>8</sup>

As women tend to live longer than men, they may have to stretch their savings further in retirement.<sup>9</sup> The Association of Superannuation Funds of Australia (ASFA) estimates that a single woman needs \$545,000 to retire comfortably.<sup>10</sup>

It is important to ensure that your current superannuation product is the most suitable option for you and that you are disciplined in your approach to managing your super contributions. This is an opportunity to create future comfort for yourself, on your terms.

**And there are other options.** When one member of a couple has a higher paying job at stages throughout their career, strategies are available to split superannuation contributions to boost the balance of their partner. Whilst superannuation can be a family asset, the person who owns the superannuation fund can have full control of the investments, and their preferences might not be the same as their partner. Having equal and separate balances allows both parties the autonomy to invest in a way that suits their preferences. Ultimately, it is better for the family unit to be aligned, but second best is for each to have control of an equal portion of wealth for financial empowerment.

<sup>8</sup> WGEA, Superannuation & Gender pay gaps by age group. Source Clare, R (2017), Superannuation account balances by age and gender, October 2017, ASFA Research and resource Centre

<sup>9</sup> WGEA, Gender workplace statistics at a glance, ABS, Life tables, 2017–2019, November 2020.

<sup>10</sup> ASFA, ASFA retirement standard, June 2020.

<sup>11</sup> Commonwealth Bank, Enabling change: a fresh perspective on women's financial security, May 2017.

# The impact of a crisis





## Navigating the Realities of Separation

For some women, it's only in a crisis that the financial landscape factors become challenges. In the middle of a major life change such as a divorce or separation, there are already so many matters that require your attention and decisions. Factor in how this can impact your financial life, not just now, but in the future, and the situation can suddenly become too large to bear by yourself.

Clients often struggle to understand what their divorce settlement means in practical terms. They might not know how much they can afford to spend or where their income will come from. This uncertainty can lead to managing multiple bank accounts to chase the best interest rates, which adds complexity and stress.

Some clients think buying property for rental income is a solution, but this can bring its own challenges, like vacancies or maintenance costs. Others might not know how to generate income from their investments or understand the risks involved. Additionally, some clients feel they shouldn't spend any of the capital, seeing it as a legacy to leave to their children. However, it's important to balance growing the wealth with enjoying it. Helping clients understand they can still support themselves, grow their money, and honour their loved ones is key.

Management of shared financial resources is often delegated to one partner, commonly the husband, so women experiencing the breakup of a marriage may face a new and very different financial future, both in terms of quantity of money and control of it.

*Having endured the rigorous processes required to reach a divorce settlement, many divorced women find themselves thinking: 'Where to from here?'*

Divorce can change your lifestyle considerably. You may have to make tough decisions about splitting joint assets such as the family home or dividing up your superannuation. This might not be something you've ever considered before. A recent survey found that 74% of women have never discussed with their partners how they would divide their assets if their relationship broke down.<sup>12</sup>

The financial impacts tend to be worse for women than for men, with women's household income usually falling after divorce. While some women recover financially by re-entering the workforce or starting a new relationship, divorced women with dependent children find it hardest to regain their former level of income.<sup>13</sup>

*74% of women have never discussed with their partners how they would divide their assets if their relationship broke down.*

<sup>12</sup> Relationships Australia, Finances and relationships, January 2019.

<sup>13</sup> Australian Institute of Family Studies, The financial impact of divorce, July 2012.

## Emotional Upheaval

Regardless of who initiates it, divorce involves loss. With that loss, a myriad of changing and conflicting emotions are present including sadness, love, and anger. Emery's Cyclical Model of Divorce, clearly depicts the range of interconnected emotions commonly experienced by people involved in the breakup of their marriage.

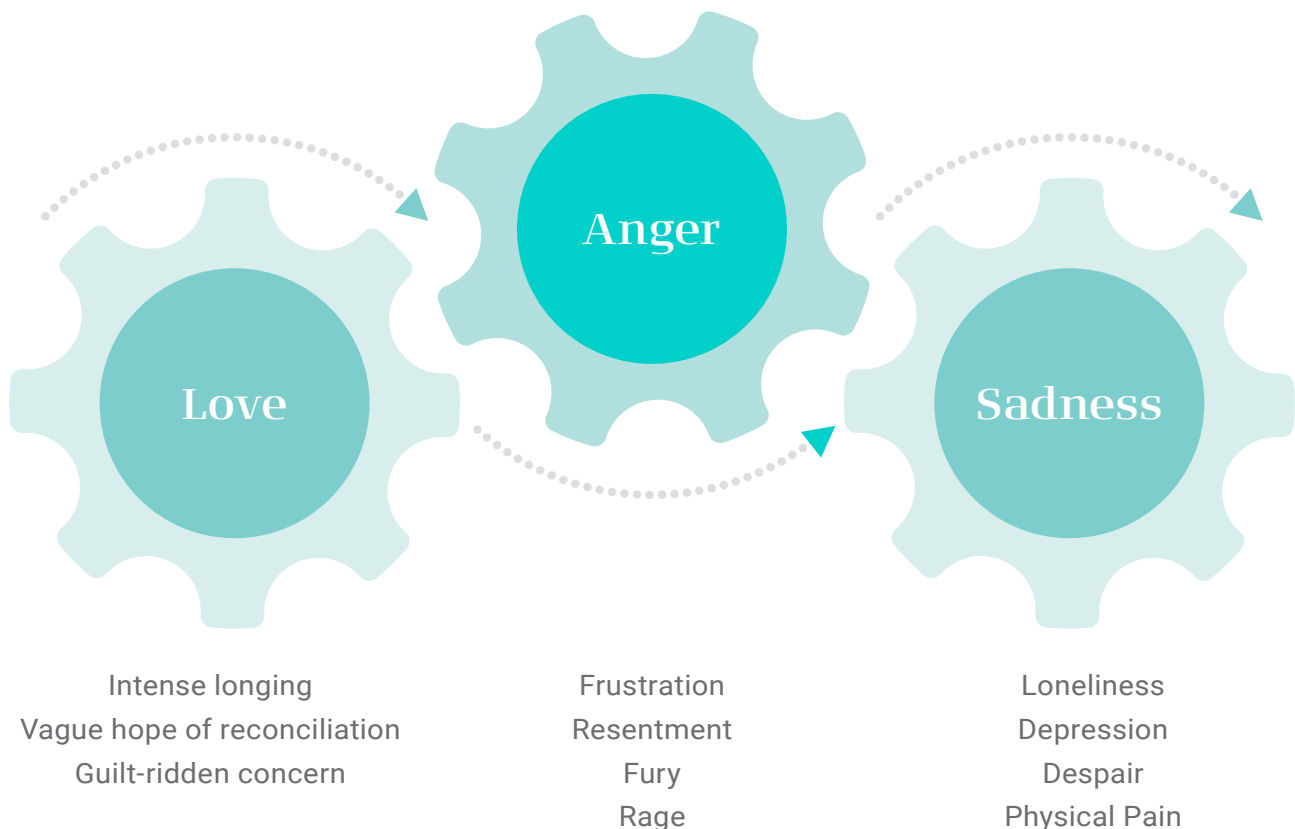
Findings of the Australian Psychological Society suggest, "Divorcing individuals are thought to cycle repeatedly through intense, but diminishing cycles of these three emotions, and in the initial period, predominantly experience only one core emotion at any one time."

Whether the split is welcome or not, people can also experience additional predicaments including a sense of social abandonment and loss of identity.

In the context of divorce, many people view their new life as a "plan B" rather than their ideal scenario. They didn't plan to be independent in this way, and while some may re-partner, they often keep their finances separate to maintain control. It's important to acknowledge that no one plans for divorce and thus, the transition can be complex and challenging.

However, people can gain a lot of confidence from this new life, perhaps more than they had before. It's a renewed, different path from what they were expecting. Our encouragement is to make it your own. It wasn't what you planned, but let's make it flourish for you and be as enjoyable and fulfilling as possible under the circumstances you may have been thrown into. This new journey can still be a positive and empowering experience, even if it wasn't part of your original plan.

### Emery's Cyclical Model of Divorce





## Children

Providing a secure emotional and financial environment for their children is a priority for most mums, especially during a breakup. The impact on children can be significant. Common concerns divorcing women include:

- Ability to provide basic needs like housing and school fees;
- How the relationship with their children will be affected;
- Long-term financial security; and
- Possible long-term effects of divorce on children's own relationships.

These fears, combined with concerns for their own financial stability, are well-founded. Women generally face more hardship than men in divorce. The Australian Psychological Society reports that women experience significant economic disadvantages due to decreases in income and living standards caused by divorce. Women and children are more likely than men to experience financial hardship after a divorce.

A common challenge for mums is prioritising their children's needs over their own financial security. Many defer their own stability to assist their children, which can become a roadblock. It's important to balance their needs with their children's. By securing their own income and accommodation first, they can better support their children in the long run. This approach prevents them from becoming a financial burden on their children, especially in their older years. This balance is a common but significant challenge that needs careful navigation.

Mums also often worry about getting their fair share in a divorce to ensure they can control the wealth and pass it along to their children. This concern stems from a fear that their ex-spouse might allocate money to a new partner or new children, potentially disadvantaging the children from the first marriage. This worry is particularly pronounced in high net worth divorces, where significant assets are at stake. Ensuring a fair distribution of assets is crucial for mums who want to secure their children's financial future and maintain control over their portion of the wealth.

Making children pawns in a divorce dispute is common. When the children have a wealthy father, the stakes are high. Trying to gain influence with expensive gifts makes life particularly difficult for the mother who may not have a similar disposable income. A father wooing children with large sums of cash, property, or cars makes it nearly impossible for the mother to compete. "My greatest fear at the moment is, he's buying them," said one mother in this all-too-common situation.



*By securing their own income and accommodation first, mums can better support their children in the long run.*

## Change of Lifestyle

Divorce and separation often trigger profound lifestyle changes, particularly for women. Beyond the emotional toll, this transition reshapes daily routines, responsibilities, and personal identity.

Daily life can shift dramatically. Tasks once shared—like household logistics, parenting, and decision-making—often become solo responsibilities. Women may find themselves adjusting to new living arrangements, rebalancing work and home life, or re-entering the workforce after time away. Even small routines, like mealtimes, weekends, or school drop-offs, can take on new emotional weight. These changes can feel disorienting at first, but they also offer space to rebuild structure and autonomy on one's own terms.

Socially, divorce can alter support networks. Some relationships may fade, while others—especially those offering empathy and understanding—become more central. Rebuilding a sense of community is essential for emotional resilience.

Health and wellbeing also come into focus. The stress of separation can impact physical and mental health, but many women use this period to prioritise self-care, exercise, and mindfulness. Parenting roles may shift as well, requiring new co-parenting strategies and emotional adaptability.

Ultimately, while the journey is challenging, it can also be empowering. With the right support and resources, women often emerge from divorce with a stronger sense of autonomy, clarity, and purpose. This period of change, though difficult, can become a catalyst for personal growth and long-term wellbeing.

## A New Way of Life

Thinking about budgeting and living within a budget is confronting. For women who have never had to worry about money, the immediate need to grasp all the complexities of financial management can be daunting. One woman describes it this way,

*“You have had this artificial sense that there’s this never-ending pit. That sounds superficial and it’s not that I was stupid. I think my husband never wanted me to worry about finances.”*

Starting from scratch, and in the driver's seat, can be a bit terrifying but with the help of an experienced financial adviser, it can be very liberating. Taking control and looking to the future with real goals, solid plans and sensible decisions can pave the way for a very comfortable and secure future, entirely driven by you.

Conversely, for women who have been in control of their finances, the loss of autonomy during a divorce is infuriating. “For the first time in my life, every single thing I spent or went to spend or wanted to spend was subject to scrutiny,” says a successful businesswoman about her divorce.

Financial advice in this situation is also critical. Longevity of one's stable financial position is often the hardest to maintain, whether you are the primary breadwinner or not. There will generally always be someone, be it male or female, who has the capacity to move forward and continue earning a greater salary and not experience the same hardship as the other spouse who must forge a financial future at the point of settlement.

Whatever your situation, it's never too late to take control and create a stronger, more resilient financial future.







# Mastering the tools

## Budgeting and saving

Good financial habits are the foundation of financial success. Applied consistently, they can help you take control of your financial future – no matter where you are right now.

A household budget provides an honest picture of your money coming in, and more importantly, your money going out. A budget should keep you financially accountable, but also financially empowered! They aim to help you understand your money movements to avoid getting into debt while also working toward achieving your lifestyle goals.

To build a budget, you need to identify the income you are receiving, and then your essential fixed costs. Once you are clear on what must be paid for, you can start to factor in discretionary spending, such as entertainment expenses. Your budget should also allow you to save a fixed amount of your income regularly. Even if you're financially comfortable now, regular savings can help you achieve future goals and create a buffer in case life takes an unexpected turn. The most effective budgets will require you to be honest with yourself. Knowing exactly what you are spending, and where, will lead you to a much more empowered outcome where you are actively in control of your money.

Start by reviewing your bank statements over a three to six-month period to assess your spending habits and determine where you can save the most. Your bank may already categorise your transactions for you. If not, you can keep track of them yourself. One way to do this is to create a spreadsheet of transactions. Next, give each transaction a category, such as insurance, groceries, dining out, entertainment, car expenses, household expenses etc. By doing this, you can identify exactly what you spent in the year and where you spent it.

The difference between your income and your spending will be what you can save. Understanding this figure will be key in knowing how you can achieve your goals, and what realistic timelines would look like. It is important to outline your savings goals as part of your budgeting so you can properly allocate funds to each of them.

There is no right or wrong when it comes to budgeting. It is about understanding your financial movements and goals and creating a plan to get you there. Budgeting is all about discipline. As the dollars begin to increase, your goals and sense of security inch closer to reality.

*A budget should keep you financially accountable, but also financially empowered.*



## Debt management

Debt is a very interesting financial tool. It can be useful for buying expensive but necessary assets like a home or car. It can even help you build wealth over the long term by enabling you to pay for further study, invest in a business, or buy assets that could increase in value. However, it is important to remember that debt has another side to consider, as with many things in life. Debt is a loan, and it needs to be repaid. It is important to understand the terms that have been agreed for your debt and how you intend to pay it back. A home loan may be one of your first experiences with debt.

A bank could be willing to lend you a certain figure, but it is crucial you understand if you can actually make the payments required to service the loan.

Debt becomes a problem when you use it to cover ordinary expenses or discretionary items like holidays and luxuries, that you might not be able to afford. This kind of debt is problematic because it's unsecured, which means you don't provide an asset of value (collateral) to the lender that can be sold if you can't repay the debt. And because unsecured debt is riskier for the lender than secured debt, it usually means



Good debt	Debt to avoid
Helps you buy something that <b>increases</b> in value	Used to purchase something that <b>decreases</b> in value
House (mortgage)	Credit cards
University and additional education	Car loans

you pay a higher interest rate on the debt until you have paid it off. Avoiding bad debt is a key goal of a strong budgeting framework.

Being in debt can be challenging, regardless of whether your income is modest or generous. If your lifestyle exceeds your means, it can get you into financial difficulty – especially if you lose all or part of your income after a personal crisis.

That's why it's good to avoid debt (such as credit card debt) where you can or pay it off as quickly as possible. In a situation where you have multiple debts, it might also be worthwhile consolidating your loans into one as a way to help you save money and pay down the debts faster. Furthermore, if you have any extra cash that you're planning to invest, it may be wiser to pay off your debts first, as they could be attracting a higher interest rate than your investment will earn.

Where you do have debt, a good practice is to regularly review the interest rate you are being charged to ensure that it remains competitive and in line with general market conditions – successfully negotiating even a small rate reduction can lead to big long-term savings.

Debt can play an important role in your financial situation. When to use it, and when to avoid debt, will be key in empowering yourself to be in the most effective financial position for your long-term security and prosperity.

*When to use debt, and when to avoid it, will be key in empowering yourself for long-term financial security.*

## Building your wealth

Building your personal wealth and creating a financial environment that supports you in enjoying your life right now, as well as fostering for the future can be one of the most significant accomplishments a person can achieve. Investing is one of the most common approaches to building wealth. Typical investments include shares, bonds, managed funds, exchange-traded funds (ETFs), and real estate.

There are several factors that should be considered when choosing the right investment options for your situation.

Depending on your answers to the below, your strategy could look very different to someone else's:

- How much money do you have to invest?
- How long will you keep your money invested?
- What are your short, medium, and long-term financial and life goals?
- What level of risk are you comfortable with?

Building your portfolio of investments can be a very exciting adventure. However, if it is not managed with a clear head, and goals in mind, it can become derailed very quickly.

One of the most important factors to consider when you begin investing is to ensure your portfolio is diversified. Diversifying your portfolio effectively means 'not putting all your eggs in one basket'. It means investing broadly in a variety of companies, industries, and assets, and it is a risk management strategy to help deal with market volatility.




For example, if you had invested exclusively in Qantas shares during the 2020 COVID-19 pandemic, you would have seen the value of your shares significantly decrease and, 18 months later, only partially recovered. However, if you had a diverse portfolio across numerous companies within different industries during that same period, your overall collective losses may have been smaller and is likely to have returned to a stronger position faster than the single investment in Qantas alone.

Another key factor is understanding and applying your risk tolerance to your portfolio. Your risk tolerance is the level of comfort you have with investments and the risk associated with them. Different asset types come with different levels of risk, simply due to what they are.

Your risk tolerance can often be linked to your age, or more likely, your life stage. Those with a long career still ahead of them may be more willing to take on additional risks to target longer-term rewards. For those nearing, or in retirement, the potential for higher gains can't be justified as readily, as preserving capital usually becomes a key consideration.

Building wealth is a long-term financial strategy - 'playing' or 'timing' the market is a fickle challenge that rarely pays off. Building your long-term wealth should be a key focus once your financial house is in order and you have clarity on your goals. Watching your nest egg grow over time will give you a sense of pride in what you can achieve.



*Building your wealth can be one of the most significant accomplishments of your life.*

# A client story

## Anne separated from her husband.

During financial settlement negotiations, it was proposed that Anne would retain:

- The home (worth \$1 million, with no debt);
- \$500,000 – and she had a choice whether she would receive this from their cash savings or from their superannuation.

Anne felt that this was a fair proposal and chose to retain the \$500,000 in cash.

The cash would help fund her expenses and supplement any employment income she would receive for the rest of her life. Overall, her husband would retain more in his superannuation.

Anne was earning an employment income of \$50,000 per year. This meant that for every extra dollar of income her cash earned for her, she would pay tax of 32%. Within superannuation, this tax would only be 15%.

Now, Anne needs to decide how best to use the \$500,000.



Most people would consider investing the cash in their own name, however superannuation should not be overlooked as a smart investment move. Below is a comparison of how Anne would fare if she invested \$500,000 in her name compared to accepting \$500,000 in superannuation investments (assuming both investments give her the same return).

\$500,000 cash and shares	\$500,000 superannuation
After-tax income in year 1	After-tax income in year 1
\$10,200	\$12,750
Pros	Pros
Immediate access; the money can be used at any given time	Tax-effective investment growth
Cons	Cons
Not tax effective Worse off over time because more of Anne's money goes to tax	Anne can't access money now and needs income to fund her life-style today
Tax paid 32% tax	Tax paid 15% tax

## Neither of the options are perfect for Anne...

A financial planner can provide a strategic plan for Anne that will enable her to continue funding her expenses and best invest her money to optimise her financial position for the future.



The home worth \$1 million with no debt



Cash \$500,000



Employment income \$50,000 but only \$43,500 after tax\*



Expenses \$60,000

Anne earns \$50,000 per annum in employment income (which equates to approximately \$43,500 after tax has been deducted). Her annual expenses are \$60,000. Therefore, on top of her employment income she needs to find another \$16,500 per year.

This means that Anne needs to keep some cash and shares invested outside of superannuation to help fund her lifestyle. A financial planner can balance investing enough in superannuation to ensure meaningful growth in a tax-effective environment. They can also advise how to invest cash and shares smartly outside superannuation to fund her expenses until she reaches retirement age to access her super.

### Anne's unique plan

After careful planning, Anne's financial adviser identified that she needed \$150,000 of the cash to remain in her name and be smartly invested outside superannuation. This would provide her with growth and income that could supplement her employment income and pay for her everyday lifestyle expenditure.

The remaining balance of \$350,000 could safely be invested within superannuation to grow for her future. Over 10 years, this gave her tax savings of more than \$20,000.

\$150,000 outside of superannuation	\$350,000 invested within superannuation
Immediate access; the money can be used at any given time	Tax-effective investment growth
<b>Pros</b>	<b>Pros</b>
Immediate access to fund her lifestyle A comfortable level of investment given the higher tax rate compared to superannuation	Tax savings of more than \$20,000 After she turns 65 her superannuation will be tax free

When the asset pool is much larger, or your tax rate is higher (up to the 47% maximum marginal tax rate), and the effect of this strategy will be much more pronounced. Many people have saved tens of thousands of dollars through careful consideration of superannuation.

	Personal	Superannuation
<b>Amount invested</b>	\$1,900,000	\$1,900,000
<b>Tax rate</b>	47%	15%
<b>Income (3%)</b>	\$57,000	\$57,000
<b>Tax</b>	\$26,790	\$8,550
<b>After tax income</b>	\$30,210	\$48,450

Then, there is the added bonus that after Anne turns 65, the earnings in her superannuation fund will become tax-free. She can even keep working at that time and her investments within superannuation still won't be taxed- unless she has amassed more than \$1.9 million in her superannuation account.

\* Based on 2024/2025 Australian tax rates including the Medicare levy.



## Insurances

One of your most valuable assets is your ability to earn an income. If you could no longer earn that, where would you get money from? Personal insurance can help you protect this asset in case you suffer a health event, and you can no longer work. The right cover can also help your loved ones maintain their lifestyle if they no longer have your income to rely on.

Types of personal insurance include:

- **Life insurance:** which pays a lump sum to your dependents (people in your life who are financially dependent on your income, like your children) if you die (or potentially to you if you have a terminal illness).
- **Total and permanent disability (TPD) insurance:** which pays you a lump sum if an illness or injury leaves you unable to ever work again.
- **Income protection:** which provides regular payments to replace your salary if you can't work for an extended period due to illness or injury.
- **Trauma insurance:** which provides a lump sum if you're diagnosed with a critical illness such as cancer, stroke or heart disease.

There are reasons for and against all types of insurance. It is important that you understand what the options are, and how they apply to your situation. Insurances are designed to protect you from what we cannot see coming. For so many of us, a sense of security is truly invaluable. However, there is often a price tag that we can define to achieve this.

*Do you know what would make you comfortable and would keep you living the lifestyle you have built for yourself?*

Asking the hard questions early on will help you to understand how to best protect yourself and those you care about most so that you can continue living the lives you have built for yourself and focus your attention where it really belongs.

## Preparing for retirement

Living out your 'golden years' has changed so much over the last few decades. The original concept of retirement was very simple - you stop working, and you live off your pension. The world today, and the expectations and desires of pre-retirees are very different. Working by choice may very well stay part of your plan, or you may uncover a whole new set of aspirations you want to explore. The retirement phase of your life is now a renaissance. It does, however, need to be appropriately funded.

Australia's superannuation system is designed to help people save money throughout their working lives. Your superannuation fund essentially locks away this money until you retire, while investing it in the meantime so it can grow. When you reach retirement age, you can start accessing your superannuation – and the more you've contributed, the less you'll need to rely on the Age Pension.

Given Australian women live longer on average than men do, it's important for women to focus on building their superannuation as much as possible while they can. Having enough superannuation could mean the difference between a comfortable retirement and a financially challenging one.

You can help your superannuation grow faster through salary sacrificing, which involves asking your employer to make extra contributions to your superannuation account from your pre-tax salary. If you have any extra cash on hand, you can also make personal pre-tax and/or after-tax superannuation contributions – for instance, if you receive a bonus, tax refund, inheritance, or divorce settlement. It's important to be aware that there are rules around how much you can put into superannuation in any given year, and these rules change as you approach and enter retirement. Superannuation is an important tool in building your future wealth into retirement as, more often than not, it represents the most tax-effective savings environment in which your money can grow.

*A sense of security is truly  
invaluable — but there's often  
a price tag we can define to  
achieve it.*



Retirement planning is very much about securing your financial future and isn't a task that should be brushed over or taken lightly. However, there is so much more to consider to ensure that you will live the life you want and deserve.

Establishing your financial and life goals early on will give you a marker to be progressing towards. Your finances will simply be the lever to help you live out your retirement. Consider what a life post-full-time work might look like. Are there other endeavours you want to explore? What are your aspirations? Who do you want to spend your time with? It is only when we know where we want to go, that we can really create the map to get there.

## Wills and estates

It might be easy to get caught up in thinking that taking care of your financial house begins and ends with money. Part of becoming financially secure is to prepare for the needs of your future and the futures of those you care for. It is key to have an up-to-date estate plan in place so you can provide for your loved ones and leave behind a healthy legacy, not a mess.

When going through a divorce, it's crucial to consider estate planning. Divorce can significantly impact your existing estate plan, and failing to update it can lead to unintended consequences.

If you have a will in place before you get married, unless it clearly states within the document that it was made in contemplation of the marriage, it will be invalidated after marriage; and similarly, a will is invalidated upon divorce unless it says that it is made in contemplation of divorce. So, someone might have written a will when they separate from their spouse but not realise that when their divorce is finalised, it is no longer valid if it didn't specifically state that it was executed in contemplation of the divorce.



Estate planning is about setting those you care about the most up for success and happiness after you are gone. While planning for our own passing isn't likely at the top of everyone's to-do list, when done well, it can create a much more positive experience for those you leave behind. Estate planning is designed to protect you, your wishes, your family, and your wealth. It can include any of the following:

- Writing or updating your will;
- Establishing a testamentary trust (manages the assets of the deceased on behalf of the beneficiaries).
- Reviewing your personal insurance arrangements;
- Granting powers of attorney or guardianship;
- Signing an advance healthcare directive stating your wishes for end-of-life care; and
- Creating a plan for philanthropic or charitable giving.

The biggest key to a successful estate plan is that not only have you clearly documented your wishes for when you are gone, but it is communicated to those involved. So many conversations go un-had due to them being 'uncomfortable' or 'too hard to think about'. Open and honest conversations around your plans will be the foundation for setting those involved up for success. Having the support of a professional to help navigate these complex and intimate moments can be invaluable.

*You don't have to go through the motions by yourself.*

*Don't just plan for what happens while you're here — plan for the legacy you leave behind.*



## A client story

*It's very common for parents to want to help their children financially, particularly with housing deposits.*

However, when a parent has already been through their own divorce, they have a heightened concern for their children's relationships, and what might happen to them financially in the event of a relationship breakdown.

### *Example:*

Belinda, decided to help her children buy their first homes. She gifted both her son and daughter \$500,000 each. At the time, both her children were in their late 20s in good jobs and stable relationships. However, within a few years, her son Ben's marriage broke down.

The asset pool of Ben's relationship was not much more than \$500,000, and his ex-wife wanted 50% of the assets because she felt that Belinda had gifted them the money jointly.

There was no paperwork regarding the money that was gifted. Belinda had simply transferred the money to their joint account and did not specify whether it was a loan or a gift.

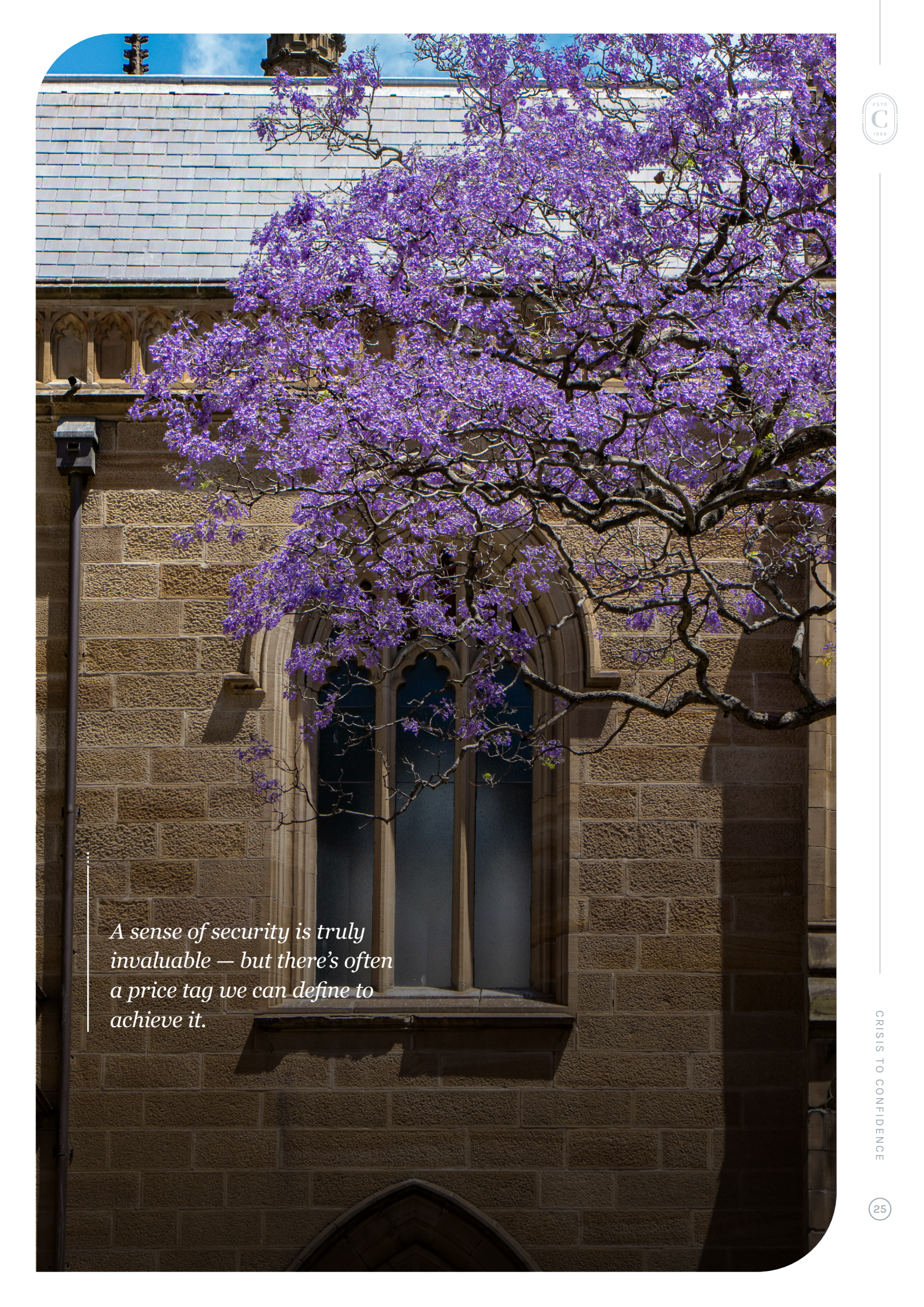
When giving large sums of money to your children, it's important to consider measures to safeguard your intentions. One option is to create a loan agreement instead of gifting the money. This can include taking a caveat over your child's property to protect the loan. A loan agreement sets the expectation that the money will be repaid in the event of a relationship breakdown.

While this isn't a foolproof measure, it's crucial to document your intentions clearly when gifting or loaning money. Appropriate documentation provides some protection in unforeseen circumstances, such as a relationship breakdown.

*This approach helps ensure your wishes are respected and your financial support is safeguarded.*





A photograph of a stone building with a large, flowering tree in the foreground. The tree has dense purple blossoms and dark, gnarled branches. The building is made of light-colored stone blocks and features a large, arched window with a decorative frame. The sky is blue with some clouds. The overall scene is bright and sunny.

*A sense of security is truly  
invaluable — but there's often  
a price tag we can define to  
achieve it.*



# Finding your pathway

## Meet Kathryn Creasy

*Kathryn's career began like many others in finance – focused on the numbers. Growing up and studying in Western Australia, she initially pursued a marketing degree at the University of Western Australia.*

Her first foray into finance came through a marketing role at a credit society, which eventually led her to a stockbroking firm through a family friend. Although she enjoyed the fast-paced environment of stockbroking, Kathryn realised that picking individual stocks for clients wasn't the best fit for her, especially after witnessing the wealth destruction during the global financial crisis. A friend introduced her to Capital Partners, and she decided to give it a try. What truly drew her to the profession was the profound impact she could make on people's lives. She found joy in helping others navigate complex financial situations and distilling intricate concepts into understandable advice tailored to each client's unique circumstances and future goals.

Now, Kathryn works extensively with single women who have experienced significant life changes, particularly divorce and separation, but also bereavement or inheriting substantial wealth. She didn't initially seek out this type of client, but her empathetic approach and the scarcity of female financial advisers in Australia naturally attracted them.

Kathryn believes that women as advisers often possess soft skills that are invaluable in guiding clients through challenging times, making her work incredibly rewarding.

From her experience dealing with women going through divorce, Kathryn also recognised that women are generally very good at seeking and acting on financial advice. Typically, when they receive good advice, they tend to follow it and stick to their plans, making them successful in managing money. Even if they haven't been involved in managing the finances, they've often handled budgeting and shopping, effectively managing a small economy. These skills translate well to sticking to larger financial plans.

Additionally, we find that women tend to have traits that make them great investors. Women are not risk-averse but rather risk-aware when it comes to investments. They are comfortable with taking on risk but generally prefer not to take undue risks for potentially high rewards. They focus on appropriate levels of risk for consistent returns rather than aiming for quick, high gains.

When a woman is faced with some of the hardest decisions in life, Kathryn is there to listen, guide decision-making, and work with other professional advisers to set things straight. Her passion for financial literacy enables her to uncomplicate the most complex issues, taking women on a journey of education and empowerment that builds financial confidence.





Kathryn is widely respected in the financial planning and wealth management profession. She is a Principal, Wealth Adviser, and a leading figure in the Capital Partners Private Wealth Advisers team. In 2021, she was announced as the winner of the coveted FAAA Certified Financial Planner® Professional of the Year Award.

Motivated to continue her support for women facing life changes, this guide was created to support and empower women on their financial journey. Sharing that they are far from alone in what they are working through.

Many of Kathryn's clients have faced similar life challenges and found themselves needing to pick up the financial obligations, some for the first time. They have not only survived but continue to thrive as empowered and incredible women.

*"What truly drew me to this profession was the profound impact I could make on people's lives".*

# Capital Partners Private Wealth Advisers

*Be confident with your choices.  
Wealth with purpose.*

Since 1999, we have had thousands of conversations with affluent, successful families. We understand the complexities of wealth and how it impacts family life. We are independent financial advisers, meaning we are objective, impartial, and on your side.

Our firm is owned and led by the people who work here, meaning we are accountable to you for everything that happens. Our Principals are a talented group of professionals who lead with compassion.

Creating wealth is important, but unless it's managed with purpose, all the money in the world won't lead to a richer, happier life. Ask yourself – Are you on the right path? Are you making the best decisions about your money, and therefore, your future? How nice would it feel to be on a certain pathway, not just for yourself but also for the people you love?

That's what sets us apart from other financial advisers and wealth management firms. Instead of just focusing on the numbers, we focus on you, your family, your values, your life. It's not just return on investment that matters, we also focus on return on life!

We will help you discover wealth mastery, wealth security, and wealth enjoyment, the key outcomes you will need to enjoy true prosperity.

*All the money in the world  
won't lead to a richer,  
happier life — unless it's  
managed with purpose.*







# Your Workbook





## Pulling it all together

When experiencing a relationship breakdown, many women may find themselves needing to take charge of their finances for the first time. For some women facing a major change in their life, the emotional change can already feel like enough to bear without this new pressure.

This kind of personal crisis will be a distinct tipping point in your life. It is also a tipping point that does not have to create a traumatic environment or be faced alone. This can be a time to rediscover yourself and your own power. Even if you're confident with money, learning new skills and making life-changing decisions while dealing with grief or loss can be extremely stressful. Arming yourself with the right knowledge can go a long way towards making things easier.

Reclaiming control of your financial future is empowering. It can bring the personal fulfilment of being able to meet your goals and enjoy a secure, comfortable lifestyle. It can be the moment in your life when you move from the passenger seat to the driver. You can define the journey you want to go on, and more importantly, the destination you want to reach.

*So where will your future take you?*

*This can be the moment in your life when you move from the passenger seat to the driver.*

## Is your financial house in order?

Where to start? It can be hard to know which way to go first when we don't know where things currently sit in our financial affairs. You can check your current position using our Financial House questionnaire. The questionnaire will help you understand where you need to focus a little more attention and what your current gaps may be.

As you complete the questionnaire, you may find some areas that aren't relevant to you. An example might be that if you are 60 years of age and in a strong financial position, you probably do not need life insurance (in which case you should score that question with a '3').

Once complete, add up your score and begin exploring what your next steps may look like.

## Discover your score

	Disagree   Unsure   Agree				
My values are documented, and they guide my financial decisions.	1	2	3	4	5
I have documented goals with realistic timeframes for achievement.	1	2	3	4	5
I know exactly how much is needed to fund my goals.	1	2	3	4	5
I keep regular track of my progress and I am saving enough to meet my goals.	1	2	3	4	5
I have control over my cash flow, and I live within my means.	1	2	3	4	5
I have funds available if an emergency arises.	1	2	3	4	5
I have a documented plan to repay borrowings in a timely manner.	1	2	3	4	5
I have the best deal available on my borrowings.	1	2	3	4	5
I have my borrowings structured as effectively as possible.	1	2	3	4	5
I maximise all tax benefits available to me.	1	2	3	4	5
My tax is up to date and returns are submitted on time.	1	2	3	4	5
My asset ownership is structured optimally for tax and protection.	1	2	3	4	5
I have structured my affairs to protect against litigation.	1	2	3	4	5
I have a clearly defined investment strategy and I stick to it.	1	2	3	4	5
I invest rather than speculate.	1	2	3	4	5
My investment strategy is well diversified to minimise risk.	1	2	3	4	5
My portfolio rewards me for the risks I am taking.	1	2	3	4	5
I have an up-to-date will and estate plan.	1	2	3	4	5
My enduring powers of attorney and guardianship are up-to-date.	1	2	3	4	5
My family is protected with the right level of life and disablement cover.	1	2	3	4	5
My income is adequately protected against illness and injury.	1	2	3	4	5
I have protection for a severe health event.	1	2	3	4	5
I have private hospital and ancillary insurance cover.	1	2	3	4	5
My property assets are adequately insured.	1	2	3	4	5
My affairs are as organised as they can possibly be.	1	2	3	4	5
<b>Total</b>					

## Your Score

0 - 50	50 - 100	100+
You do have some work in front of you, but it doesn't mean your circumstances are dire. It may indicate you haven't invested much time in understanding your financial affairs. Your ideal future is still very much within reach, you just need to understand what you are reaching for.	You have made a great start, and now have a world of opportunities ahead of you. There is more to be explored to be as organised and effective as possible with your money. Depending on where you did and didn't score, you will find different areas needing more of your attention as your first step forward.	Being above a score of 100 says that you are likely well organised and have the right focus directed to the right areas. You should be well on the way to financial success. But how quickly do you think you could get there?

*You deserve to have confidence in your financial future. We are here to help you find it.*



## Divorce Management Checklist

- ☐ It is important to have access to funds, a credit card in your name, or a bank account.
- ☐ Know what your assets are - find out what names they're held in and what their value is.
- ☐ Understand your financial structure – where is your superannuation, what bank accounts do you have, is there a family trust, and if so, who is the Appointor and Trustee/s? This information can be found in the trust deed.
- ☐ If you are working, have your salary paid into a separate bank account, not a joint one.
- ☐ If you are receiving any benefits from Centrelink, inform them of your changed situation and income.
- ☐ Gather important documents. This might include passports, birth and marriage certificates, property information, and financial documents.
- ☐ Update your will, insurance and superannuation beneficiaries.





## Budgeting and Saving Checklist

- ☐ Get three months' worth of bank statements and outline fixed costs like rent, water, electricity, and school fees, as well as discretionary spending such as Netflix, memberships, and dining out.

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- ☐ Plot when you receive income and when your fixed costs are due. So many apps and spreadsheet templates are now available to help you do this. You could also consider splitting your expenses into different "buckets" – one for bills, one for discretionary spending, and one for travel to give you confidence that you have provisioned for all outgoings.

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- ☐ If you are spending more than you are earning, it is time to look at what your costs are and where you can reduce expenses. It doesn't necessarily mean no fun; it just means adjusting the timing and frequency of your discretionary spending. Again, aim to be specific when reviewing your spending – determining a dollar figure by which you need to reduce your spending will make the overall process easier.

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- ☐ If you are saving more than you are spending, you can now factor in how you plan to support your goals through savings! Outline how much you would like to save each week, fortnight, or month. You may use several different savings accounts for different goals.

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- ☐ Set your goals and write them down. Aim for them to be specific, for example, a dollar amount that you would like to spend on lifestyle each month, and/or a timeframe by which you would like to achieve your goal. Think about your short-, medium-, and long-term goals, which might include things such as holidays, renovations, a new house, a new car, or even retirement.

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- ☐ It is important to review your budget once you have built it and are starting to use it so you can know if you are on track or need to do a little more finessing.

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## Debt Management Checklist

- ☐ First, you need to understand what debts you have. List out your loans, including home loan, car, Afterpay, and credit cards, their associated interest rate, repayment requirements, and any annual fees.
- ☐ Create a strategy to pay off debts like credit cards or personal loans first due to their higher interest rates – and monitor this regularly.
- ☐ Plan to pay off more than the minimum amount – this can become part of your budget.
- ☐ Consider consolidating all your debts into a single personal loan with a lower interest rate or lower annual fee, if applicable.
- ☐ Cancel any unnecessary credit cards to reduce the risk of additional debt.
- ☐ Shop around for a better home loan interest rate – an independent broker could help you do this.
- ☐ Understand if you have any variable interest rate loans and what the repayments would be if this

## Building Wealth Checklist

- ☐ Understand the different types of investments available.
- ☐ Explore the ASX website to understand the terminology and process.
- ☐ Understand what your goals are when it comes to investing.
- ☐ Understand your risk tolerance – there are risk profile questionnaires that can help you understand what kind of investment portfolio suits you.
- ☐ Have enough of the essential investments to meet your goals and then consider investing in less predictable options like cryptocurrencies or gold.
- ☐ Don't act too quickly on any hot investment topics or fads - get your house in order first, and be secure.
- ☐ Consider working with a professional adviser to create a personalised investment strategy.

## Insurances Checklist

- ☐ Review your personal insurance and consider which types and you need or want.
- ☐ Do you need life insurance?
- ☐ Do you need income protection insurance?
- ☐ What lifestyle insurances do you need (health/home and contents)?
- ☐ Review your insurance choices for the right level of cover, factoring in the associated costs.
- ☐ See what cover you have included in your superannuation.
- ☐ If you haven't reviewed your policies in some time, you can contact the provider to see if they are providing the best offer for you?





## Future-proofing Checklist

- ☐ Consider retirement planning sooner rather than later, and don't leave it until the last few years of your working life. What do you want your retirement to look like, what does work look like? What does leisure look like? What activities give you joy, and can these be incorporated into your retirement plan? Retirement is defined by living your best life, not by stopping work.

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- ☐ Write a 'retirement budget' to help you determine how much you are likely to spend in retirement, accounting for your changes in income. Include the costs of the lifestyle you plan to have, including travel, remembering to factor in potential future expenses such as support for children and grandchildren, as well as aged care and medical costs, house modifications, legal advice and financial advice.

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- ☐ Consider if you want to make any changes to the assets you have that will impact your retirement finances.

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- ☐ Do you want to downsize or move? If so, when would you like this to happen? What factors will influence your decision? Are you going to follow your children/grandchildren or will you want to be closer to your friends? Are you going to be closer to amenities?

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- ☐ Do you want to draw down on investments or pass them on as an inheritance?

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- ☐ When will you be able to access your superannuation and the aged pension? The minimum age to access your super is age 60, subject to you meeting additional conditions of release criteria.

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- ☐ Determine how long you need your money to last. This can be hard to answer, but women will often live for 20-30 years or more after they retire.

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- ☐ Explore salary-sacrificing options with your employer to boost your superannuation savings.

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- ☐ Use the MoneySmart Retirement Planner to estimate how much superannuation you're likely to have in retirement, and how much you could have if you make extra contributions.

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- ☐ Check your eligibility for the Age Pension and other government entitlements.

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## Wills and Estates Checklist

- ☐ Understand the assets that you have, singularly or in partnership with someone else.
- ☐ Understand your financial structure and where your money is being held.
- ☐ If you have a will in place, review it and make sure it is current and reflective of your wishes.
- ☐ If you don't yet have a will, contact a supportive professional who can help you create one that supports your goals and wishes.
- ☐ Have copies of all relevant key documents (insurances, accounts, legal paperwork). A professional financial planner can help you understand what information and access you may need in the event of a deceased estate.
- ☐ Assign the appropriate powers of attorney and guardianship.
- ☐ Have a conversation with your family, and the relevant stakeholders of your estate, to be clear on your decisions and wishes, so everyone can be on the same page.
- ☐ Finally, ensure that all of your important estate planning documents are stored in a safe place, and that the people you have nominated within the documents, for example, Executors and Attorneys, know where the originals are stored and provide them with copies for their records.



## Review and refresh

### Trust yourself.

Although you might need to get help or build some skills, know that you can manage your money and your situation. Remember, it's never too late to build your financial independence.

### Start small.

Tackle the manageable and important tasks first and celebrate small victories. You don't need to do everything overnight, just have a clear plan in place.

### Get advice.

You might want to speak with a trusted friend or family member. It can also help to get independent and specialist advice. If necessary, speak to a financial counsellor or get legal advice. You don't have to do any of this alone.

## Who can help

The right guidance and support can be invaluable in challenging times, or in times where we simply don't have all the right information or knowledge. Here are some of the professionals who have specialist capabilities that can help you navigate forward.

### Financial advisers

Financial advisers can help you make smart financial decisions that reflect your personal circumstance. An adviser can design a personalised financial plan for you, tailored to your specific needs and lifestyle goals.

Financial advisers provide guidance on budgeting, saving, managing debt, personal insurance, investing, superannuation and retirement planning. They can also help you deal with the financial aspects of aged care for you or a loved one.

You can engage an adviser to provide one-off advice – for instance, to help you update your life insurance or invest an inheritance. They can also create a holistic financial plan and

monitor it over the long term while checking in with you at least annually to see if your situation has changed.

### Accountants

Accountants can help you prepare and lodge tax returns and give you strategic tax advice. They can also assist you with your business finances – from preparing profit and loss statements and financial reporting to business planning and growth strategies.

If you have a self-managed superannuation fund (SMSF) or want to set one up, an SMSF accountant can help with the fund's administration tasks. However, they can't provide personal financial advice unless they have the necessary licence and qualifications.

### Lawyers

A lawyer who specialises in estate planning can help prepare your will and arrange your powers of guardianship and powers of attorney. They can also help you administer a loved one's will and distribute their assets, which may include obtaining valuations or arranging family mediations if the will is contested.

A family lawyer can help you with all the legal aspects of a divorce. They can explain your rights and responsibilities, and how the law applies to your case. They can also help you with your asset and property settlement, which may include splitting your superannuation or your spouse's.

### Psychologists and counsellors

Psychologists assess, treat, and help prevent mental health issues and behavioural disorders so people can live happier, more meaningful lives. Counsellors help people work through emotional and personal challenges, as well as develop strategies so people can manage these issues themselves.

Many psychologists and counsellors specialise in particular fields, such as grief and loss, relationships or anxiety and depression.



*Trust yourself. You can  
manage your money and  
your situation.*



# Glossary

Term	Definition
<b>Advanced Health Directive (AHD)</b>	A voluntary, person-led legal document completed by an adult with full legal capacity that focuses on an individual's values and preferences for future care decisions, including their preferred outcomes and care.
<b>Age pension</b>	A regular, fortnightly payment from the government when you reach pension age. You must meet certain criteria to get the pension. See age pension and government benefits for more information.
<b>Asset</b>	Something you own. It may be a financial item like money, bonds, shares or a bank account or physical item like a house, land, or a car.
<b>Asset allocation</b>	The way in which your investment is divided across different assets like shares, property, fixed interest, or cash.
<b>Asset class</b>	A category of investments with similar characteristics and market behaviours. Examples include cash, fixed interest, property, and shares.
<b>Australian Securities Ex-change (ASX)</b>	Australian Securities Exchange is an Australian public company that operates Australia's primary securities exchange offering listings, trading, clearing, settlement, technical and information services, technology, data and other post-trade services.
<b>Beneficiary</b>	Someone who will receive a benefit or asset in the event of the owner's death. Beneficiaries of a super fund are the members, and their dependants (if the member dies).
<b>Bonds</b>	A medium to long-term investment issued by governments and companies which pays a regular, fixed interest amount for the term of the investment. The invested funds (the principal) are repaid at the end of the term (maturity).
<b>Broker</b>	A person who arranges a contract between you and, for example, an insurance or mortgage service provider. Brokers usually receive a commission or fee for arranging a contract.
<b>Capital gain</b>	The difference between what you paid for an asset (including buying costs) and what you got when you sold it (less selling costs).
<b>Co-borrower</b>	A person who borrows money jointly with you. Each person is responsible for the loan, so if one of you does not pay, the other person must pay the full amount.
<b>Compound interest</b>	Interest paid on the initial principal and the accumulated interest on money borrowed or invested.
<b>Comprehensive insurance</b>	Cover that provides the policyholder with broad protection. For example, comprehensive car insurance will cover loss or damage to your car and any damage you may accidentally cause to other people's property.
<b>Consumer debt</b>	Consumer debt consists of personal debts that are owed as a result of purchasing goods that are used for individual or household consumption.
<b>Credit limit</b>	The maximum amount a bank will lend you under a loan or a credit contract.
<b>Death benefit</b>	A payment made from a super fund to a beneficiary when you die. For example, from a super fund or insurance policy.

Term	Definition
<b>Debt consolidation</b>	When several loans are combined into one, with the aim of reducing repayments. Also known as loan consolidation.
<b>Discretionary spending</b>	Non-essential spending that isn't mandatory for your basic needs like shelter, food, healthcare, work and personal care.
<b>Diversification</b>	Spreading investments across a variety of different asset classes or within an asset class to reduce risk.
<b>Dividend</b>	A payment made by a company to its shareholders. The payment is a share of the profits of the company and is based on the number of shares a person holds. A franked dividend consists of profits the company has already paid tax on.
<b>Enduring power of attorney</b>	Like an ordinary Power of Attorney (PoA), an enduring power of attorney authorises your nominated representative to make property and financial decisions for you. Unlike an ordinary PoA, an enduring PoA continues to have effect if you become mentally incapacitated at a later date.
<b>Enduring power of guardianship</b>	An enduring power of guardianship (PoG) is a legal document that authorises a person of your choice to make important personal, lifestyle and treatment decisions on your behalf, should you ever become incapable of making such decisions yourself.
<b>Equities</b>	An equity is part ownership of a company. Equities are also known as shares or stocks. Shareholders are entitled to dividends which represent their portion of the company's profits.
<b>Estate</b>	All of a person's assets, whether real property or personal property, and their liabilities or debts.
<b>Exchange traded funds</b>	An exchange traded fund (ETF) is the same as a managed fund, however the fund is listed somewhere like the ASX (Australian Securities Exchange), where anyone can buy or sell shares. As an investor, you can then use an online share trading account to buy and sell units in the ETF on any day that the ASX is trading (in Australia, the ASX generally trades on any day that is a regular business day for New South Wales).
<b>Executor</b>	A person specified in a will, or appointed, to administer the will.
<b>Financial adviser</b>	A person or authorised representative of an organisation licensed by ASIC to provide advice on some or all of these areas: investing, superannuation, retirement planning, estate planning, risk management, insurance and taxation. May also call themselves a financial planner.
<b>Financial counsellor</b>	A person who gives free, confidential and independent assistance to people with financial problems. Financial counselling services are usually provided by community or welfare organisations.
<b>Financial literacy</b>	The possession of skills, knowledge and behaviors that allow an individual to make informed decisions regarding money.
<b>Fixed costs</b>	The costs that you can forecast with confidence because they don't change from month to month or period to period. They tend to take up the largest percentage of your budget because they are things like rent or mortgage payments, car payments and insurance premiums.

# Glossary

Term	Definition
<b>Income protection insurance</b>	Pays part of your lost income if you can't work because of illness or injury. Most policies offer cover based on your annual earnings in the 12 months prior to your illness or injury. Most income protection policies offer two or five years, or up to a specific age (such as 65).
<b>Inflation</b>	The increase in the cost of goods and services over time.
<b>Interest</b>	Payment for the use of money over time. You earn interest by lending your money. If you borrow money, interest is the amount you pay to borrow the money. The rate of interest can be fixed or variable. It is usually calculated as a percentage of the amount lent or borrowed. For example on a \$10,000 car loan that has an interest rate of 10%, you would pay \$1000 interest in the first year.
<b>Managed funds</b>	A pool of investments in many different companies that is managed by an expert fund manager. The fund usually focuses on a specific part of the market, for example, it will invest only in Australian shares. The fund manager chooses which companies the fund will invest in, and then manages the day to day buying and selling of shares. As an investor, you can buy a unit in the managed fund and then you have a small portion of ownership of all the investments in the fund.
<b>Net worth</b>	The difference between the total value of everything you own (assets), and the total value of all of your debts (liabilities).
<b>Non-concessional (after-tax) contribution</b>	Money deposited into a super fund after you have paid any tax on it. Different from pre-tax contributions (salary sacrificing), which are contributions made before income tax or where a tax deduction is claimed.
<b>Offset account</b>	A transaction account that is linked to a mortgage account. It reduces your interest payable as interest is only charged on the net balance, i.e. your mortgage balance less your offset account balance.
<b>Personal loan</b>	A low-value loan for personal use such as to buy a car or take a holiday. These loans are usually not secured by an asset and are usually payable over 2-7 years.
<b>Portfolio</b>	A portfolio is a collection of financial investments like shares, bonds, cash, and cash equivalents.
<b>Power of attorney</b>	A document that appoints someone to act on your behalf in a legal or business matter. A Power of Attorney (PoA) may be general or specific and may be unlimited or limited to a specific act. It is different to an enduring power of attorney.
<b>Preservation age</b>	The age at which you can access your super. This is between 55 and 60, depending on when you were born. You must also meet a condition of release.
<b>Principal</b>	The original sum of money invested, or the amount borrowed or still owing on a loan.

Term	Definition
<b>Probate</b>	A document issued by a court certifying the validity of a will and authorising the executor to administer the estate in accordance with the provisions of the will.
<b>Real estate</b>	A piece of land that generally has a building on it. Real estate can be residential (like your family home) or commercial (like an office building).
<b>Refinance</b>	When you replace or extend an existing loan with funds from either the same or a different bank or financial institution.
<b>Risk tolerance</b>	The degree of uncertainty you are prepared to accept in relation to investment returns, in particular the extent to which you are prepared to experience a negative investment return while trying to achieve positive investment returns.
<b>Salary sacrificing</b>	When you and your employer agree to pay a portion of your pre-tax salary as an additional contribution to your superannuation. This can be a tax-effective strategy and usually suits middle to higher income earners.
<b>Self-managed super fund (SMSF)</b>	A private super fund you can manage yourself. SMSFs are regulated by the Australian Taxation Office and can have up to six members. All members must be trustees to ensure they are fully involved in the decision-making of the fund.
<b>Shares</b>	A share is a single unit of ownership in a company. For example, you can buy a share in Telstra. This entitles you to receive a share of their profits each year, and these are paid out to you, the share-holder, as dividends. The value of a share can go up or down, depending on the prospects of the company, economic conditions, and what people are willing to pay for it on any given day. This increase and decrease in price is known as 'volatility'.
<b>Superannuation</b>	Money that you and your employers put into a special fund during your working life to provide you with money to live on when you retire.
<b>Total and permanent disability (TPD) insurance</b>	A type of life insurance that helps cover the cost of rehabilitation, debt repayments and the future cost of living if you are totally and permanently disabled. Each insurer has different definitions of what is and isn't considered to be permanently disabled, so always read the fine print so you know how the policy defines the cover.
<b>Trustee</b>	A person or company that holds or administers assets for the benefit of someone else.
<b>Unconscious gender bias</b>	Gender stereotyping starts from an early age and is especially prevalent in households where men and women follow traditional gender roles.
<b>Wage gap</b>	An undesirable or unfair difference between the average amounts that two sectors of a population are paid.
<b>Will</b>	A legal document that sets out how you want your assets and other belongings to be distributed when you die.







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