

Financial agreements

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What are financial agreements for?

Financial agreements set out what is to happen if you separate.



What can a financial agreement cover?

Financial agreements can cover:

- who gets what property
- financial support
- who pays certain debts
- who has to contribute financially during the relationship
- what is to happen to different pieces of property (e.g. whether a person will retain one asset with the rest of the assets divided equally, etc.)
- whether certain property should be sold and how

Value of financial agreements?

It's cheaper to agree on what will happen in the unlikely event of separation than trying to reach agreement about property division and financial support during the emotion of separation.

When can you enter into a financial agreement?

At any point before, during or after your relationship.

Although, there are better times than others to enter into financial agreements.

Why would you want to have a financial agreement?

Financial agreements are used:

- when one person has significantly more property than the other person
- when a person is to receive an inheritance or financial support from family
- when a couple are separating and they want to define what they may each receive from each other in financial support (spousal maintenance) or property



How long can a financial agreement take to prepare and sign?

This depends. However, generally it can take a few weeks to a number of months.

Are there formal rules about financial agreements?

Yes. You need to speak to an experienced family lawyer about drafting a financial agreement as there are set rules about what must be included in the financial agreement and what legal advice is required to be given before signing the agreement.

Do you both need lawyers?

Yes. This is because you both must have independent legal advice.

Are financial agreements used with other types of agreements or orders?

Sometimes. For instance, where money is being lent it may pay for there to be loan documentation, etc.

Do financial agreements need to be reviewed?

Only if you have entered a financial agreement prior to separation.

When should financial agreements be reviewed?

Financial agreements should be reviewed:

- when something significant happens (birth of a child, illness, purchase or sale of property)
- every five (5) years

I heard that financial agreement can be challenged, is that true?

Yes, for a number of reasons. But if you both have experienced family lawyers then the chances of the financial agreement being successfully challenged is minimal.

Need more information?

If you are:

- **Lending, gifting or providing financial support or property to a family member**
- **entering a relationship with significant property**
- **entering into another committed relationship**
- **separating**

contact us on 0405 305 500 or at info@jbflma.com.au to see what options will best suit your needs.

Separations and the difference between consent orders and financial agreements

Consent orders can deal with division of property after separation just like financial agreements. Consent orders can only be made if you are separated.

Consent orders are less likely to be successfully challenged compared with financial agreements as consent orders are approved by the court when they are made.

However, one clear benefit of financial agreements is that they can prevent further claims for financial support by a partner or spouse unlike consent orders which cannot.

It is possible to enter into both consent orders dealing with property and a financial agreement dealing with financial support.