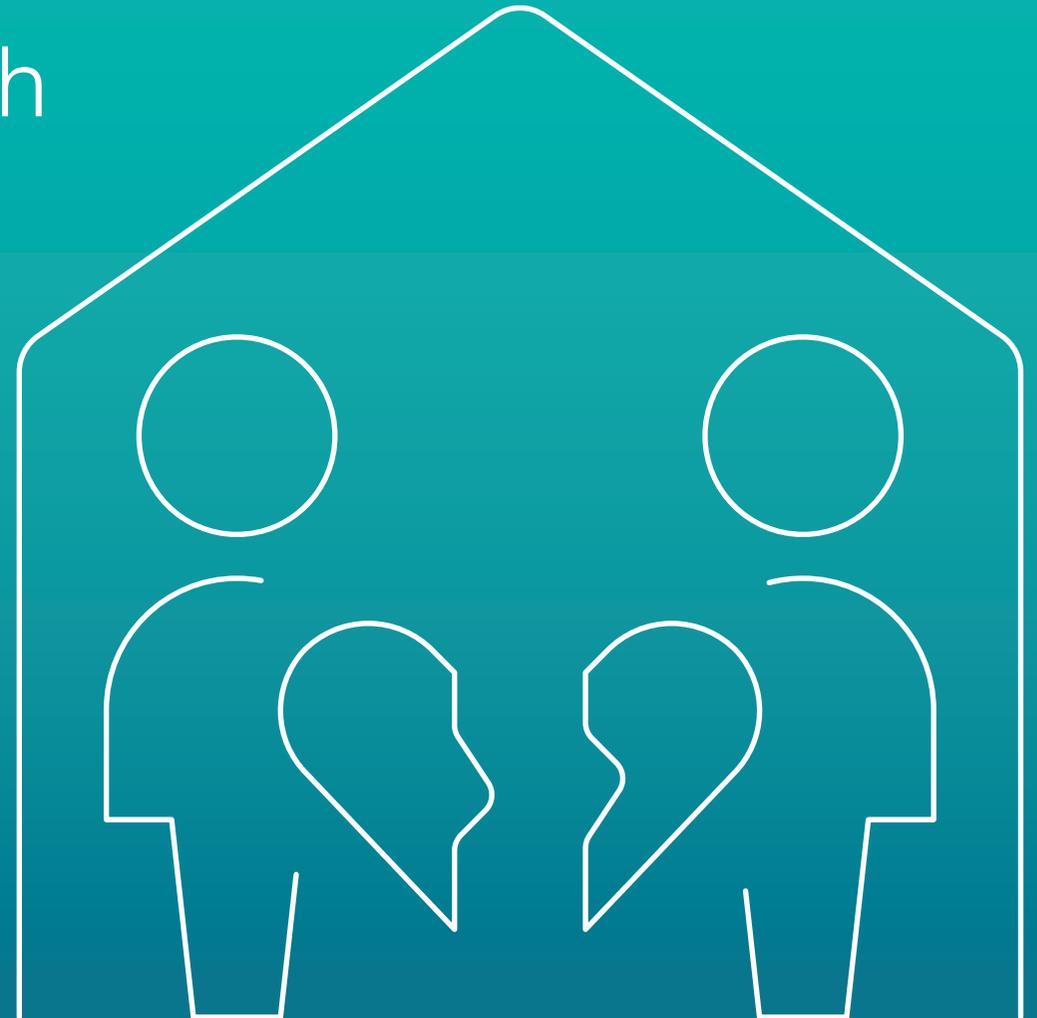


# Help your clients through separation and divorce

Start the conversation now with this guide



According to ONS statistics, 25% of marriages end in divorce, within the first 10 years.

There's a growing trend towards older couples divorcing. So it's likely these divorces will have a greater impact on assets such as property and pensions, than among younger couples who have had less time to acquire significant wealth and are likely to have a more equal financial relationship in terms of assets, expertise and decision-making.

At the same time, as it's likely that you advised your client as part of a couple, you'll almost certainly have to 'take sides' at some point. This can lead to some awkward conversations.

Source: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/divorce/bulletins/divorcesinenglandandwales/2018>

# The five levers of emotional intelligence

Given that divorce can be an emotional minefield, it takes a very emotionally intelligent approach to navigating it with a client. There are five key techniques that emotionally intelligent people use, and you're probably already using them. When using the techniques, focus is on:

- Building trust and empathy
- Inspiring interest and engagement
- Simplifying complex issues and information
- Encouraging confidence and optimism
- Motivating others and prompting decisive action

You may well already use these techniques in your day-to-day role. But it's important to remember that every skill takes practice, and the more you use them, the better you become. With that in mind, using these techniques often should allow you to nurture lasting relationships with your clients.

Select a technique to find out more.



# Turn insecurity into empathy

When you're starting on a journey with a divorcing client, the first hurdle to overcome is one of trust, even if you have known them for many years. But this isn't about you – it's about your client. If their partner has left them, they might find it difficult to have faith in anyone. If they've left their partner, they may be feeling shame and guilt that they've neglected their responsibilities. And they may feel people around them see them as dishonest and distrustful.

At the same time, they may be worried that their ex-partner will try to appropriate an unfair share of the assets, perhaps by hiding or undervaluing assets, or fear that you're going to disclose sensitive personal financial information to their partner's advisers.

At this stage, what your client needs most of all is a 'work friend' who'll help them keep a clear, calm head and be warm and approachable whilst maintaining some professional boundaries.



## Top tips:



### Share your own experiences

If you're divorced yourself, or you have clients in a similar position, don't be afraid to share your experiences. But stick to the financials, rather than feelings, to keep things on a more practical level.

### Meet somewhere neutral

It's best to suggest meeting at your office or a neutral location, rather than their home, which may be a little too personal for them.

### Focus on teamwork

It might be tempting to reassure a client that you'll take care of everything for them and they don't need to do anything. But that can actually have the opposite effect and leave them feeling vulnerable and helpless. Use phrases that suggest you're a team, such as 'together, we can' or 'between us, we will' as this creates the sense that you're on their side and they are not alone.



# Create adviser-client teamwork

Devising – and agreeing – a financial settlement is an essential element of the divorce process. At the same time, it's perfectly normal for separated couples to maintain joint finances for a time, especially if they have children or other shared responsibilities.

However, it can be tempting for couples to let finances drift in order to put off dealing with the matter at hand, especially if their situation is complex or they are hoping to get back together.

Whilst you don't want to seem like you're champing at the bit to help sort out the finances, it might come as something as a relief to a client if you can create a sense of order and clarity as you start the process together.

## Top tips:

### Introduce some curiosity

A sense of curiosity is known to trigger the part of our brain associated with learning, so if you can share new information with your client, they are more likely to want to know more. For example, most people think prenuptial agreements aren't legally binding in the UK, but this has changed recently. So if your client has one and doesn't believe it carries any legal weight, you can clarify this for them.

### Encourage clarity

Another encouraging emotion is certainty – the clearer your client can feel about their financial situation, the more likely they are to want to get any planning and negotiations started. So, the more you can do to encourage and help your client, the more willing they'll be to engage.

### Collaborate and conquer

Fairness is another emotional trigger to collaboration. By making it clear that you will try to create a plan that is fair to their ex, as the courts will expect, they are more likely to believe you are being similarly fair to them and they can trust you.



# Simplify complex issues and information

Only a few business moguls and celebrities are experienced veterans when it comes to divorce. Most people won't experience it at all and the rest just once, or at the most, twice, in a lifetime.

So whilst as an Adviser, you'll probably deal with divorcing clients on a regular basis, and perhaps more often in recent years given the trend towards later divorces, your clients are likely to be unfamiliar with the systems and processes involved in a financial settlement. In fact, some clients may not be very financially experienced at all, having left the major decisions to their partner. What's more, changes such as the pension freedoms, create new options and opportunities to divide and allocate assets, which a client may not be aware of.

Given that a client probably has a lot on their plate at this time, such as legal and family issues, they're probably feeling overwhelmed.

At this stage, it's a case of making all the information and processes as simple (and visual) as possible.



## Top tips:



### Give everything context

Create some simple explanations or analogies for unfamiliar concepts that might arise in a divorce negotiation, such as the difference between pension offsetting, earmarking and sharing.

### Use techniques at your disposal

Visualisation is another proven technique to help us process information more easily. When it comes to discussing the different settlement options available to a client, draw them graphically. Try using Lifetime cashflow modelling tools to show your client various scenarios of what their financial future might look like and help them digest and compare their options.



# Turn decisions into action

The final stages of deciding and agreeing a couple's financial arrangements on divorce can often bring some last-minute stresses. They may feel panicked into decisions that would be very unwise in another context, maybe out of guilt or a desire to bring closure at any cost. Or they might be worried that they are making decisions in the heat of the moment that can have an impact on the family for generations to come. Similarly, they may be having second thoughts about the divorce or be hoping for a reconciliation and may want to buy some time.

The key at this stage is to reduce what's known as 'cognitive load' by making the last few steps as quick and simple as possible. You can also emphasise to the client that they don't need to rush to separate their finances from their ex. It's perfectly normal for separated couples to maintain joint finances for a period, usually several months but sometimes a year or so, while the dust settles and decisions can be made with a clearer head.



## Top tips:



### Take action now

There are some simple actions they need to take now, regardless of the eventual settlement, which can create an immediate sense of order and control. For example, you can help them prepare the paperwork to change the named beneficiary on insurance policies and pensions.

### Put together a simple plan

You could also create a one-page financial plan, in plain language, with clear bullet points for the key points and highlights, that the client can keep and refer back to. Even if your clients are financially sophisticated, a one pager like this can have a powerfully calming and reassuring effect.

The five levers of emotional intelligence



# Create confidence and motivation

When a client is in the process of divorce, no matter how financially astute they are, it's common for them to suffer a crisis of confidence. They may feel let down by their partner, embattled by the legal process or feel guilty about the impact on their children.

Your client should discuss their fears out loud at this point, giving you an opportunity to reassure them that what they're feeling is completely normal. It's also worth reminding them that reaching a financial settlement can come as a relief to divorcing couples as it draws a line under the past and enables both parties to find closure and move on with their lives.

If they were unhappy before, a divorce can represent a new beginning, more certainty for the children, the chance to find new happiness and an end to the 'What ifs' that might be keeping them awake at night now. This can also help the client to understand that it's about more than money, but the bigger picture, in terms of their family and lifestyle.



## Top tips:



### Rewind your plans

You might find it helpful for the client to plan backwards rather than forwards. Starting with the end goal, in terms of a positive future scenario and working back from that, in terms of the financial vehicles and assets that together you can put in place, up to the present day can be a more positive experience than looking forward into the unknown.

### See things from both sides

Another way to help the client feel more positive and confident about coming to a settlement with their ex is the time-honoured negotiating technique of first setting out what both parties agree on. These don't all have to be purely financial. This can often come as a pleasant surprise to a client and helps pave the way for further progress.



