

Divorce myth: The full value of the divorce settlement needs to be paid immediately



Much is often stated about the crippling impact of a divorce on one or both parties and while there can be no doubt that a divorce can be financially painful, there are ways that the financial impact can be limited or reduced. A divorcing couple is often of the mistaken view that the full value of a divorce settlement needs to be paid immediately, leading to fears of bankruptcy and financial ruin. This is a myth and not true.

How to pay for a divorce

When a settlement is reached in relation to the financial aspect of a divorce there are a number of ways that the settlement can be structured so that full payment does not need to be made immediately. Each divorce is different and how any payment is made is usually specific to the needs of those involved.

For example, it may be agreed or ordered that any sum of money to be paid to your spouse is contingent on an asset being sold (such as the family home) or is to be paid in instalments of varying amounts. If payment is to be made in instalments, then these can be secured, to avoid the paying party stopping paying these part way through.

Do you need to sell your family home in a divorce?

For most divorcing couples how to deal with the family home is an important issue. It is quite usual for the property to be sold so that the proceeds may be shared between the divorcing couple as agreed or ordered by the court, or one party may buy the other's interest in the home. However, sometimes it is not always



appropriate or practical for the family home to be sold immediately. This may be the case where there are children involved and a house move would be hugely detrimental to them because they are taking important school exams for example, or where there is not currently enough equity to make two family homes from one.

In these circumstances, a settlement may be structured so that one party's interest in the family home is realised at a later date and so that the other party can continue to live in the home for a specified period of time. During this time, payment of the outgoings on the property is either ordered or agreed and then on a specified date the property is sold and the proceeds are shared between the divorcing couple.

A number of 'events' are set out in the settlement, which effectively determine the date that the property should be sold. These often include the remarriage of the party remaining in the property or the children reaching 18 or completing full-time education. The priority is the welfare of the children in this situation, hence waiting until they are finished school for the house to be sold.

Financial settlements are unique in each situation

The ability to structure settlements in such a way should help to lessen the financial burden on one or both parties. Financial settlements on divorce are bespoke – what works for your family may be unique to you. The important point to bear in mind is that whatever you agree should ensure your children are provided for and it is fair to you both.

How we can help

Our expert family team are here to help you and advise whatever your situation may be. Find out more about our [family law](#) areas of expertise or [contact us](#) when you are ready.



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