

Financial STDs

We sometimes meet people who bring emotional baggage into a new relationship, but what about financial baggage? When a casual fling turns serious, you may end up sharing the chores, along with the debt, with your other half. Luckily, there are ways to deal with 'sexually transmitted debt' if your relationship goes pear shaped, writes Seanna Cronin

FROM detestable in-laws to jealous exes to debt – partners can take on many challenges in the name of love.

Although unlike a tyrannical mother-in-law or ex-girlfriend, sexually transmitted debt can be conquered with a bit of planning and self-control, according to Gold Coast mortgage planner Mark Edwards.

"Communication, above all, should be the number one priority," says Mark, who has seen his share of financial heartbreak.

"I'm not trying to be Dr Phil, but couples need to talk openly and honestly about debt and where they

want to be, financially, down the track."

Mark says there's nothing wrong with wanting to help your partner get rid of his or her debt.

Couples often help each other through rough times – one bringing home the bacon while the other is at university, between jobs or staying home to raise the kids.

"For instance, when my wife and I bought our first house, she paid for the deposit," he says.

"Luckily we're still together after 17 years and it's never been an issue, but things like that do become issues during a split or divorce."

▼ Where it all starts

MARK Edwards says problems tend to arise when couples have borrowed or invested money together, perhaps for a house or car, and then break up.

He says the breakdown of a serious relationship can be traumatic at the best of times and having to talk about what to do with shared assets, especially meaningful things like the family home, can rub salt in old wounds.

"Some people stick their heads in the sand and don't deal with it," says Mark.

"It's understandable since the financial burden can hang around long after the emotional pain has gone."

It's no secret that money is a sticking point for partners trying to go their separate ways.

High-profile celebrity court battles over money, Heather Mills and Sir Paul McCartney the most recent in a long list of examples, show just how hard it can be to agree on who is entitled to what and how much.

"You've got to take the emotion out of money," recommends Mark.

"People get angry and bitter, so when it comes to finances they need to bring things back to the rational plane of thinking."

The situation becomes tricky when a couple splits, but both want to hold onto their investment.

It can be done, but having one loan will affect others in the future.

▼ Working through it

MARK Edwards says that banks don't mind if two people equally share mortgage payments with both responsible for the overall amount.

So, if a couple splits up but retains their mortgage together, it will impact on any money either person tries to borrow in the future.

It's the same with a default on a loan – if the couple signs together then both parties will end up with the bad credit rating.

"It has a snowball affect because each person takes the financial headache on to their next relationship," says Mark.

There are options out there to make a split as smooth as possible.

One partner can often buy out the other person's share of a mortgage, or if both sides agree, they can simply sell the house and divide any profits.

Fixing interest on part of a mortgage, or entering into a shared equity arrangement with another lender, are a few options to make buying out your other half feasible.

Mark says one of the most important things to consider after a buy out is what to do with the money.

"It might be tempting to splurge on something self-indulgent, but where possible we recommend using that money as a deposit for another property or use it to build another asset," he says.

"The sooner you sort things out financially, the sooner you can move on."

We accept our partners for better or for worse, but it doesn't mean our wallets have to suffer for it.



Heather Mills and Sir Paul McCartney are renowned for their public brawl over assets

▼ Tips for dealing with debt as a couple

■ Pay off smaller loans first before taking on big ones like house loans, even if the interest is higher on the larger loan. It disciplines spending and gives you more confidence to take on the larger loan.

■ Take a weekend to talk honestly about your finances and where you want to be money-wise in 10 years time. Set goals and discuss 'what if' scenarios such as who would buy out the other person's share of assets like the home if you split up.

■ Aim to get rid of bad debt over good debt. Bad debt is money you borrow against something which decreases in value, like a car loan or a credit card.

▼ Tips for handling a relationship breakdown

■ Establish separate bank accounts and immediately arrange for wages and other payments to go to the new account.

■ Close joint bank accounts and split the funds or agree to use the money to retire joint debts such as personal loans.

■ Cancel joint credit cards.

For more information or a free spending planner go to www.mymortgageplanner.com.au

▼ Celebrity couple

■ Heather Mills met Sir Paul McCartney at the Pride of Britain charity event in 1999, where she was presenting an award and appealing on behalf of the Heather Mills Trust. Sparks flew when McCartney met with Mills to discuss donating to her charity.

■ In July, 2001, McCartney proposed and the couple were married on June 11 the following year in Glasslough. Both had married before; McCartney's first wife Linda died of breast cancer in 1998 and Mills divorced her first husband Alfie Karmal in 1991. Mills gave birth to their daughter Beatrice Milly McCartney on October 23, 2003.

■ The couple announced their separation in 2006, followed by an acrimonious divorce battle which was played out in the media, especially the British tabloids. After two years of legal manoeuvring, Mills was awarded £24.3 million earlier this month, plus £35,000 per year and their daughter's nanny and school costs.

■ The separation and lengthy divorce battle, which media often portrayed to centre around money, has generated mostly negative media attention for Mills. She claims to have received death threats and criticised the tabloids for ruining her reputation.



Mark Edwards and Jessica Soles offer financial advice
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