

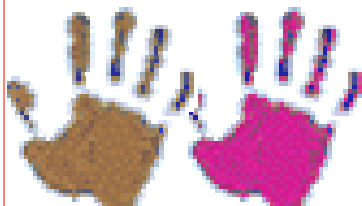
APRIL 2010

Staying Connected

For the Alumni of the ECCB's Savings and Investments Course

YOUR FINANCESYOUR FUTURE

YOUR FINANCIAL NEWS



One hand can't clap.

It was not the reason why you said 'I do' but no love is lost in enjoying the financial benefits.



Broke
The Financial Implications of Divorce.



\$\$\$ GET FINANCIALLY FIT \$\$\$
Spend Wisely, Save Regularly

Building Wealth

“Money will command your attention. Allow it a proper place in your life, but deny it a throne. Money means many things, but nothing so much as a yardstick by which our measure will be taken. The need of it, the use of it, the power of it, the love of it will be used by others to define who you are and who you are not. Even you may use it to determine how you should perceive yourself. Be careful: Money is also known to be a relentless slave master. If I have learned anything from this balancing act it is the importance of defining your worth in your own terms.”

-Sidney Poitier in *Life Beyond Measure: Letters to My Great-Granddaughter*



"One han' caan clap

say you hav' fe hav' two

*One han' fe me an' anoder one
fe yu*

*Tell it to the world and that it
is a fact*

that one han' alone can't clap"

Try clapping with one hand and see what sound you get.... One hand can wave, slap and do many other things but it is a fact that **"one hand can't clap"**. The benefits of uniting are expressed in many other sayings:

1. "Many hands make light work."
2. "In unity there is strength"
3. "Two heads are better than one."
4. "Unity gives power and leads to achievements".

Marriage is one form of unity. And,

while marriage counselors advise against getting married for financial gains, there certainly may be financial gains to be had. Here are just a few:

- A marriage allows for pooling of income and hence the pool of funds available to the married couple is usually enlarged. More money provides the possibility of achieving more goals. Also, a combined income means that the couple may be able to secure access to more credit. This access provides great financial flexibility.
- Marriage can allow for shared expenses; one electricity bill, one rent/mortgage payment, one internet bill. Shared expenses can translate into less expenses which can in turn translate into greater financial stability.
- Marriage can facilitate access to health-insurance coverage provided by the partner's employer. Many companies allow for the spouse of employees to obtain coverage under the company's health insurance plan. The coverage is either free or costs considerably less than if the spouse were to source individual health coverage elsewhere.

- Marriage can facilitate access to social security benefits and the partner's pension.
- Marriage can buffer the impact of a job loss suffered by one partner and reduce the impact of the financial set-backs that arise as a consequence of being out of a job.
- Married persons have access to several legal benefits and protection:
 - Obtaining immigration and residency benefits for non-citizen spouse.
 - Receiving spousal support in the event of a divorce.

Remember, as one internet blogger puts it *"you should get married for the right reasons – because you love somebody and want to spend your life with them-. Not for the many benefits. But if you want benefits, marriage offers many."*

For single persons out there don't despair, there are many financial benefits to being single including financial independence and not being liable for or exposed to a partner's liabilities. So go ahead and sing it out loud; *"I'm single and proud."* :) SLW



“Everything that we own, we own jointly. It is a true partnership. I own 50% and my wife owns the other 50%. The problem is that I know not which half is mine nor where is the dividing line.” jokes Lee.

The joke ends however when things fall apart and the word divorce creeps into the conversation. Then it is no joking matter.

To try and put together a general idea as to the financial implications of divorce, **Your Financial News (YFN)** spoke with Saint Lucian lawyer, Veronica Barnard.

Lawyer Barnard was quick to point out that her discussion would only be based on the laws applicable to Saint Lucia. In Saint Lucia the applicable laws regarding divorce are the Divorce Act and the Civil Code.

BROKE



The Financial Implications of Divorce

YFN: Divorce...How complex is the process?

Lawyer Barnard: The level of complexity of a divorce is based on whether the divorce is defended (*there are cross-petitions*) or undefended. Other impacting factors would include whether or not marital property is involved as well as the behavior of the parties.

YFN: What would you estimate as a basic cost of a divorce?

Lawyer Barnard: The cost varies according to the lawyer(s) involved, as well as what is entailed in the divorce. If it has to go to trial then research, trial and other fees would be incurred. On average the cost could be anywhere from about EC\$1,500 in the case where the divorce is undefended to \$5,000 - \$10,000 and upwards in cases where a trial is involved.

YFN: What considerations are given by the court in determining the division of marital assets?

Lawyer Barnard: The court looks at the income of the parties, the property involved and the contribution made by each of the

parties to the welfare of the family including looking after the home or caring for the family. The court can even look to see if one of the parties is entitled to a lump sum payment arising from a pension. The court would also look at the conduct of the parties.

YFN: So basically when it comes to the separation of marital assets the court considers a wide range of issues including who is at fault?

Lawyer Barnard: Yes. That is why lawyers always advocate for the parties to sit down and discuss and see how they themselves can resolve the situation without involving the courts in the separation of assets.

YFN: We spoke about the division of marital assets, but how do liabilities play out in this context? Are they seen as joint?

Lawyer Barnard: The legislation does not speak to joint liabilities but I would imagine if a court is looking at sharing property A with the wife, and this property is in the husband's name I would want to think that the court would take into account the liabilities attached to the property and focus on the

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net value as opposed to the gross value of the property.

YFN: What would be the consideration of the court if one of the parties to a divorce had assumed during the marriage the obligation of a business loan (*automatic loan deduction from the salary*) where that business is exclusively owned by the other party. Would the party who is the signatory to the loan still be liable for the payments after the marriage has been dissolved? And would the courts consider this debt obligation when considering the division of marital assets?

Lawyer Barnard: In Saint Lucia the court would take this into consideration and the fact that the party who is paying the loan is receiving no benefit, especially if the business is ongoing. If there are assets that have to be shared, and the party in question has to continue paying the loan, the court in sharing the property would take that into consideration. The court, would work out some sort of equitable distribution by incorporating the liability.

YFN: Would the same apply if there was a legal separation?

Lawyer Barnard: Legal separation is governed by the Civil Code. I am assuming that the court would deal with the separation of assets and

liabilities in the same way it is dealt with in a divorce.

YFN: In what circumstances is alimony paid and not paid?

Lawyer Barnard: Generally we follow the English system which states that there should be a clean break. Meaning that each party should be made to stand on his or her own two feet as much as he or she can. Say one party was not able to look after him/herself, for example, consider the following scenario: Husband has the means and wife does not have the means. Let us say she does not work and has never worked, and the husband has a business. The wife would be an ideal candidate for alimony.

YFN: Assume the woman works but her salary is very modest while the man though not rich earns significantly more than her. While they were together their joint income enabled the family to live a middle income lifestyle. However now they are separated the woman is not able to maintain her previous lifestyle. Would the woman be entitled to alimony in that case?

Lawyer Barnard: The court looks at the standard of living enjoyed by the family before the break-down and tries to leave the

parties at that same standard of living as much as possible. So the fact that she earns only a modest income and the man earns significantly more, the court would in these circumstances order that some sort of alimony be given.

YFN: What happens when the party who is paying alimony becomes strained by alimony and child support, having also moved on and re-married and so has two families to maintain as well as other personal financial obligations?

Lawyer Barnard: The court would look at all these circumstances. The court would not want to touch the child support because children grow and the expenses grow with them. No matter what, children have to be clothed and fed and attend school. But where the alimony is concerned, I think that unless it would cause extreme hardship to the receiving party, the court would consider reducing the alimony to take account of the set of new circumstances of the party paying the alimony.

YFN: Can an ex-spouse petition the court to stop paying alimony if the recipient party becomes intimately involved with another?

Lawyer Barnard: The court would not stop the alimony purely based on the fact that the party who is receiving alimony has begun dating.

BROKE ↴

The court would look at other things like - Does the individual require that money to maintain him or herself in a reasonable manner, because remember the individual in question was accustomed to a certain standard of living before....Let us say the person is continuing that standard of living and is not living extravagantly.

YFN: So unless the person gets married or permanently co-habits, the other party may not have grounds for the alimony payments to be stopped?.

Lawyer Barnard: I would want to think that would be the case.

YFN: Can a party who is receiving alimony petition the courts for an increase in alimony payments if his or her circumstances worsen due to for example becoming incapacitated and therefore unable to work?

Lawyer Barnard: Yes. Once the person who is providing the alimony can afford it, the court would look at that provided that it is considered reasonable in the circumstance.

YFN: Is alimony paid by either party, male or female, depending on who is the higher income earner.

Lawyer Barnard: yes

YFN: What about common law. Is it acknowledged by the court in Saint Lucia?.

Lawyer Barnard: Yes. There is something called constructive trusteeship. The court recognises the common law under that legal heading.

YFN: How many years do the parties have to be together to be recognised under that legal heading?.

Lawyer Barnard: It does not have a stipulated length of time. What it looks for is the common intention that the parties should have ABC property.

YFN: So, if two people are living together and they break up, can the court consider the circumstances of the parties, if they are deemed applicable, and accord similar rights afforded to married couples?

Lawyer Barnard: No. Common law rights in Saint Lucia only relate to the acquisition of property. There is no spousal support if there is a break up.

Saint Lucia still has the distinction between lawful and unlawful children especially when it comes to

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maintenance. In the case of unlawful children there is a ceiling of \$200 per month. When it comes to lawful children there is no ceiling. The court considers the means of the persons and what is required to maintain the child.

YFN: What about pre-nuptial agreements. Are they honored by the court?.

Lawyer Barnard: Well we do have pre-nuptial agreements, but Section 24 of the Divorce Act states that the court can interfere in a pre-nuptial agreement.

YFN: Rather than go through an expensive divorce can two parties just come to a mutual agreement among themselves that one party would buy out the other's interest in their joint property?

Lawyer Barnard: No. Under the community of property regime, one cannot break up the community property outside death or divorce.

YFN. Whew! This divorce issue is really complicated. It just might be cheaper to stay together or stay single.

Veronica Bernard is a lawyer practicing in Saint Lucia for 23 years. She practices in the areas of family, corporate, conveyancing and land law.

Get Financially Fit: Start Your Financial Fitness Programme Today



\$\$\$ GET FINANCIALLY FIT \$\$\$ Spend Wisely, Save Regularly

Physical Fitness is about improving physical endurance, flexibility, and strength through regular physical activity. Financial fitness is not much different. It is about improving financial endurance, flexibility, and strength through regular financial activity which includes strengthening one's financial knowledge (*accessing information on financial services and products, taking financial classes*) and increasing one's savings and investments so that one is better able to face life's financial demands; today and tomorrow.

The challenge is to get finances under control by paying bills on time, reducing debt (*including credit card, hire purchase and pay day loans*), and increasing savings and investments.

It's never too early or too late to start your financial fitness programme. Every change in the right direction, no matter how small, helps. Just start slowly and build gradually. You'll start to notice the difference right away – not only financially but also mentally. Think about the stress, worries and financial frustration that will disappear when you get financially fit.

Yes, the time to begin is right now. So take the challenge to become financially fit. **On your mark, get set, go...**



THE WARM UP

1. **Change your attitude towards money.** Just like physical fitness, financial fitness requires a change of attitude and the discipline to stick to a plan to get and stay financially fit. Your attitude has to move from *'I must buy everything I want'* to *'I will focus my spending on those items that my family and I really need'*.

2. If your mantra is *'I make money to spend it'* change it to *"I need to save for my future"* and *"If I manage my money I can live my dreams"*. Commit to making savings a regular as opposed to a rare event. Money does not come into your possession for the sole purpose of consumption.

3. **Create a written budget.** It's important to get expenses on paper so that you can see exactly how much you are spending. Once you have determined the amount of money that is going out and coming in then you are better able to address the areas in your expenditure that need to be reduced or eliminated.

4. **Set SMART short, medium and long term financial goals for yourself and your family.** SMART is the acronym for (S=specific, M-measurable,

A- attainable R- realistic T- time-based.) See a few examples below:

- I will own my home in five years by saving \$200 per month towards the down-payment.
- I will contribute 10% of my monthly income towards my retirement fund.
- I will go to college in four years by saving 15% of my monthly salary for four years.

MONEYGYM THE WORK OUT

1. **Become more disciplined about your finances.** Stop spending like there is no tomorrow. End carefree spending. You probably can do without a lot of the things you splurge on – meals out (*walk with your lunch to work*); lawn maintenance (*try cutting the lawn yourself and place the money you would have paid to maintain the lawn into a retirement fund*); expensive outings to restaurants during holiday week-ends (*you can still have a fun time by inviting friends over for a game of cards, scrabble etc and have everyone walk with a dish*).
2. **Adjust expenses to reflect new financial goals.** Consider that by foregoing three years of eating out for lunch and opting to walk with your

lunch instead you could save enough for that down-payment to your own home.

- 3. Increase savings.** Consider the state of the economy and your responsibilities to self, family and future. Are you on a solid financial foundation? It is advisable to have at least six months in savings as an emergency fund. What about retirement? What about investments? Don't look at building your savings and investments as onerous tasks. Get creative in amassing savings and have fun doing it. Can you turn a hobby into a part-time job?
- 4. Purchase insurance (health, property, car).** Insurance can provide assistance in the event of a catastrophe.



THE WEIGH IN

It is always good to periodically assess how far you have reached as you aspire to attain your financial goals. Consider a

monthly weigh in. What have you accomplished since you began your financial fitness programme?

1. Did your expenses get skinny? And did your wallet (savings) get fatter?
2. Were you able to save the monthly amount that you established? If no, why? What are you doing or not doing? Don't beat yourself up if you get off track temporarily. Just try to understand what behaviour

you need to correct, forgive yourself and re-commit to your goals. Get back on track with your financial fitness programme. Sometimes you need to seek assistance to stay on track. Don't be afraid to ask for help from someone who is financially fit.

3. Getting financially fit is not a fad. It's a lifestyle makeover. The results - Your long term success, wealth and happiness. So what are you waiting for? Start your financial fitness programme today. **SLW**

On 24th April, the ECCB in collaboration with local financial institutions organised a Financial Fitness Walk-A-Thon in St. Kitts to raise awareness among the public around concepts like spending wisely and saving regularly. The goal is to organise similar events in other ECCB member states.



PHOTO GALLERY – FINANCIAL FITNESS WALK-A-THON



\$\$\$Get Financially Fit \$\$\$