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Protecting your wealth in
changing relationships:
a guide to safeguarding
your assets

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Protecting what matters most – you, your family, your wealth and your future.

This guide offers practical steps to protect your wealth during relationship changes, including marriage, divorce and other life transitions.

Inside, you'll find insights on what you need to consider at different life stages and at key points of change in your family, like when you start a new relationship, have children or perhaps relocate for work or family reasons.

Being on the front foot and planning ahead can help to protect your wealth, assets and legacy as well as avoiding conflict and creating certainty should your relationship or situation change in the future.



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Relationships



Relationships can bring joy and fulfilment, but they also come with challenges, especially for high-net-worth individuals. Whether you're dating, cohabiting, married or separated, it's crucial to take steps to protect yourself and your wealth.

Unmarried and living together

There is no such thing as a 'common law spouse'. This means if you live together, but don't marry or enter into a civil partnership, you don't have the same legal rights.

Cohabitation without the legal structure of marriage requires additional planning to ensure both partners' interests are protected, especially when significant assets or children are involved.

How to protect yourself

Clarify ownership of assets:

- Clearly document the ownership of assets acquired before and during the relationship to ensure each party's contributions and assets are acknowledged.

- When making joint purchases, ensure you document whether both parties will have equal ownership or if one partner will retain a larger share. For example, if you purchase a property unequally, ensure you have a declaration of trust that records your unequal ownership.
- Ownership is important, so consider carefully before you draw funds from an existing trust, set up a company in joint names, buy a house or car outright and put it into another person's name, or jointly with a partner, as they will have a right to a share in the value.

Establish a cohabitation agreement:

- A cohabitation or living together agreement outlines the rights and responsibilities of each partner whilst living together. These agreements can clarify property ownership, how costs and expenses will be managed and how assets will be divided in the event of a relationship breakdown. You can also add confidentiality clauses to further protect your privacy.





Marriage and civil partnerships

When married or in a civil partnership, you and your spouse will acquire legal rights and obligations towards one another. In the event of separation or divorce, all income and assets accumulated during the marriage or partnership, including those acquired beforehand, will be subject to disclosure and review.

How to protect yourself

It's important to carefully consider how you structure any wealth or assets built up prior to your marriage, as the way you hold funds or assets could be crucial should you part ways. Consider what financial matters you want to keep in the relationship and what to keep separate and be clear with your partner about this from the outset.

For example:

- Using your early career savings for a family home.
- Purchasing investment properties registered in joint names.
- Solely registering assets in your spouse's name could have unintended consequences if you separate in the future.

All of the above could have unintended consequences if you separate in the future.

“Consider what financial matters you want to keep in the relationship and what you want to keep separate ...”





Pre-nuptial and post-nuptial agreements

A nuptial agreement is a contract between both parties that sets out how you would manage your assets and wealth, whether held jointly or separately, should a relationship end. These agreements can be particularly important if one or both parties have substantial wealth acquired before the relationship began or if they have a significant windfall during the marriage.

If you're planning to get married you may be considering entering into a pre-nuptial agreement.

Post-nuptial agreements are entered into after marriage, but carry the same weight as a pre-nuptial. These may be relevant if you had received an asset or inheritance during the marriage, or if you were unable to complete a pre-nup agreement before getting married.

If the relationship does at any point end, the reason for a divorce doesn't generally have any impact on how finances are decided. Pre or post nups are therefore a good way to seek to protect one or both parties in the relationship.

What are the benefits of pre-nuptial and post-nuptial agreements?

Both pre and post-nup agreements can help protect you by:

- Providing clarity on how your finances would be dealt with if you separate.
- Helping you to ringfence certain assets.
- Setting expectations about the marriage.
- Removing difficult financial discussions in the future.
- Ensuring your spouse and any children have provision.
- Protecting children from a previous relationship.
- Setting out negotiation arrangements to ensure this is in a private forum.
- Ensuring confidentiality or non-disclosure provisions to stop the disclosure of information about your relationship, finances, career, business interests, family affairs or settlement.



Children



If you're already a parent, or are expecting a child, there are a number of complexities that might arise whatever the nature of your relationship with the other parent.

Protecting parental rights and financial responsibilities is crucial for high-net-worth parents, whether married or unmarried. When children are involved it's critical to take steps to ensure your rights are safeguarded and your children's future is secure.

How to protect your family

Clarify parental rights and responsibilities:

- If you're unmarried, ensure that both parents' names are listed on the birth certificate. This is important as the formal recognition ensures you have certain parental rights and responsibilities and can prevent legal disputes over parental rights.
- If you're not registered on the birth certificate, you will need a parental responsibility agreement if your child has already been born, or a court order if this cannot be agreed.

Family home considerations:

- When purchasing a property, consider if the property will be owned jointly or by one parent alone and ensure you have this documented.
- If one parent owns the property, it's important to have a written agreement about contributions to the mortgage and maintenance to protect against future claims, should the relationship end.
- It's important to include provisions that ensure housing stability for children. Consider drafting an agreement, either cohabitation, pre-nup or post-nup, which outlines how the family home or future living arrangements will be handled in case of separation or divorce.
- If unmarried, there is a chance that one parent could pursue claims on behalf of the children, including the right to remain in the house, or for you to buy them another home to be returned to you when the children reach 18 if your financial circumstances allow.





School fees and educational expenses:

- If your financial position enables your children to be privately educated, think about how school fees will be funded in the future before committing to these.
- Consider setting up a dedicated education trust to ensure funds are available in the future to cover school fees and educational expenses.
- Include education expenses as part of your prenuptial, postnuptial, cohabitation or separation agreements to outline who will be responsible for ongoing educational costs and prevent disagreements in the future.

Child maintenance and financial support:

- Both married and unmarried parents are typically obligated to support their children financially. There are certain claims that can be made on behalf of children, not only child maintenance, but also costs for the other parent to provide a home to the child should your relationship break down, or lump sums for things such as school fees or necessary expenditure.

These obligations can even survive divorce, so it's important to be clear on what your exposure could be, particularly as a high net worth individual.

“Consider drafting an agreement, which outlines how the family home or future living arrangements will be handled in case of separation or divorce.”



Relocation



Relocating can offer opportunities for lifestyle improvements, tax benefits and business and career growth. However, for high-net-worth individuals, it also comes with complex legal, financial and personal considerations that require careful planning.

If your career or wealth is taking you abroad, it's important you seek advice from your lawyer as well as your tax or financial adviser about the legal, commercial and practical implications for you and your family.

How to protect yourself

- It's important to take proactive advice from a family lawyer about what this may mean in terms of your relationship and any children, should your circumstances change.
- Consider how relocation might impact on child arrangements if your relationship ends.
- Dealing with family issues or disputes when you live or work in a different country can complicate legal matters. A move abroad may open up the ability for divorce to take place in

another country, and decisions about children are often made in the country where they reside.

- It's important to seek the consent of the other people with parental responsibility for the move and careful planning will need to be given to why the move is in the best interests of the child, with a clear plan around schooling, housing, lifestyle, extracurricular activities and importantly the legal regime in the proposed country you will be moving to.
- Different countries have varying legal regimes when it comes to dividing assets on divorce, so it's important to both understand the legal regime you will be leaving or entering and that any nuptial agreement you have is mirrored in the other country.



Wills and succession planning



Whether you're married or not, if you pass away without a will, then you will pass away **'intestate'**. This means that assets would be divided in a certain order. Set rules kick in to govern who inherits your estate, which may not be in accordance with your wishes and unmarried partners have no automatic rights to inherit.

Creating a will to manage how your assets will be distributed when you die is essential for high-net-worth individuals. It ensures that your wealth is distributed according to your wishes, minimises disputes and allows you to shape your legacy for future generations.

“Separating from a spouse doesn't alter or invalidate a will.”

How to protect yourself

A will and strategic succession planning also allow you to:

- Choose who will administer your estate.
- Clarify asset distribution and specify how property, investments and personal belongings will be distributed amongst beneficiaries.
- Appoint guardians for your children.
- Create trusts or family investment companies to protect wealth for future generations.
- Benefit good causes by setting up charitable trusts or making planned donations.
- Plan for tax.





There are many advantages to making a will rather than leaving matters to be dealt with under the intestacy rules, but it's important to remember:

- A cohabiting partner currently doesn't have any automatic legal rights of inheritance.
- Separating from a spouse doesn't alter or invalidate a will.
- A divorce doesn't automatically revoke a will (although a marriage does), but for inheritance purposes your ex-partner will be treated as if they have passed away so this could have serious tax consequences.
- If you have an interest in a foreign property, or have an existing foreign will, special care will be necessary to deal with the issues of revocation, succession and foreign taxes.
- You should regularly review and update your will whenever major life events occur such as marriage, divorce, the birth of a child or the acquisition of significant assets.

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About the team



We provide specialist family law and private wealth support for high net worth clients.

For a confidential discussion on any of the above issues, please get in contact with our team.

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