

MID MEDIATION & COUNSELLING LTD

FAMILY MEDIATION SERVICE

**FINANCIAL
MEDIATION PACK**



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Your Memorandum of Understanding & Summary of Financial Information



At the end of mediation, 2 documents will be prepared for you. These are:

1. Memorandum of Understanding
2. Open Statement of Financial Information

1. **Memorandum of Understanding.** This is a summary of the proposals reached during mediation. It is legally privileged and is intended to help you to obtain legal advice on your proposals. It does not create or record a legally binding agreement between you. A typical Memorandum of Understanding will include the following information.

- ◆ **Background:** setting out the date of your marriage, or relationship; details about you and your children; the date of your separation and whether you are seeking a divorce settlement or separation agreement.
- ◆ **Your Aims:** explaining what particular aims, for yourselves and your children, have influenced your proposals; what you have taken into account in arriving at your own definition of a balanced and fair settlement.
- ◆ **Arrangements for the Children:** including details of the children's living arrangements; the time they will be spending with each parent; your proposals concerning future decision making and consultation about the children; if you are unmarried, whether you will share parental responsibility; how the children will spend time with other important relatives.
- ◆ **Child Support:** setting out the amounts agreed; the date and the method of payment; arrangements for periodic review; events that would trigger an exceptional review, i.e. cohabitation, remarriage, change in financial fortunes. Where you have agreed a figure for Child Support payments, the Memorandum will state that you have been informed that the Child Support Agency have the power to override this aspect of your agreement, were they to become involved.
- ◆ **Your Incomes:** details of your present gross and net incomes, e.g. earning and other sources of income, interest, benefits, dividends etc; your projected future incomes; your estimated future financial needs and outgoings; your proposals for achieving financial independence.
- ◆ **Your Assets:** details of the value of all your joint and individually owned assets e.g. your house, the surrender value of insurance policies, savings accounts, shares, cars, valuables, inheritances, what you brought into your marriage and what has been accumulated during it. All these and other assets must be disclosed.
- ◆ **Pensions:** details of the transfer values of any present pension funds; the relative proportion of pension contributions made before and during your marriage; the value of any death-in-service benefits.
- ◆ **Debts:** the amount of any major joint or individual debts, e.g. loans, credit cards, etc.
- ◆ **Financial Plans on Separation:** how, and in what proportions, your assets and debts are to be divided; the reasons that have influenced your decisions; whether you are seeking a "clean break" settlement or ongoing maintenance from/for your ex-partner; how the divisions are to be put in place, particularly with regard to any mortgage, endowments or pension provision.

Your Memorandum of Understanding & Summary of Financial Information



- ◆ **Wills and Nominations:** your intentions concerning drawing up of wills in the event of divorce; your plans regarding any nominations to be made to pensions schemes' death-in-service provision.
 - ◆ **Implementation Plan:** when you wish your agreement to be applied; what action you propose regarding any joint bank or savings accounts, standing orders, direct debits etc.
 - ◆ **Future Disagreements:** how you propose dealing with any future disagreements concerning, e.g. arrangements for the children, amount of child support. These might include the further use of mediation for instance.
 - ◆ **A Summary of your proposals.**
2. **Open Statement of Financial Information.** This records all the details of your income assets and debts that you will have shared in mediation and accepted as accurate. These will have formed the basis of your discussions and any proposals you are making. You will have been told about the importance of full disclosure and asked to sign to confirm that this disclosure has been completed. This summary is not a legally privileged document and the details in it are regarded as open information which may be used in court.

Financial Information Sheets

Introduction

Working out your financial futures requires a sound estimate of what you will need and detailed reckoning of what your income and assets are or could be. With this information in front of you, you can then look together at possible options and choose the solutions that will best suit all the members of your family.

The mediator helps you to do this by using three forms which enable you to gather the financial information needed for the mediation process.

- A. Your **income** - worked out on a monthly basis
- B. Your **estimated future expenditure** - on a monthly basis.

A *checklist* of all the things families usually spend their money on is included to help you work out your future expenses. It is very detailed and is simply a guide to you as you work out some broad totals for your future needs.

- C. Your **assets and liabilities**

NB) Details of your Income, Assets and Liabilities are regarded as open information and may be used by each of you in court.

The mediator helps you find ways together of bridging the gap between what you think you will have and what you think you will need. That is the essence of using mediation to settle finance and property issues.

How to complete the forms

- ◆ You must each fill in a separate form in your own right.
- ◆ As far as possible round up or down to the nearest pound
- ◆ Once the forms are completed, please obtain **two** photocopies and bring these to the session.
- ◆ One copy should be given to your partner/ex-partner; the other is for the mediator(s).

During the session the mediator(s) will display all your figures for everyone in the room to see so that you can work on them together.

Also included to help you with this is:

A list of the documents you may need to support the statements you make about income, assets and liabilities. Your solicitors will eventually also wish to see these documents which you can attach to your Memorandum of Understanding.

Income Sheet



Name: _____

You will need to provide the following information as fully as possible. This is the kind of information courts require as well as being necessary to your mediation. If you are unable to reach agreements, this information will still be needed.

You need to base the income on what you received over the last twelve months (weekly can be multiplied by 4.3 to convert to monthly). You can discuss with the mediator if you would both prefer to use all weekly figures.

A1 MONTHLY INCOME FROM EMPLOYMENT & SELF EMPLOYMENT

Salary/Wages (gross) (attach pay slips and most recent P60) £ _____

Part time earnings £ _____

Overtime/Bonus/commission (not included in above) £ _____

LESS

National Insurance £ _____

Income Tax £ _____

Pension Contributions/Private Plan £ _____

Other - please specify (e.g. Union Sub.) £ _____

TOTAL DEDUCTIONS:

Net income from employment £ _____

OR If SELF EMPLOYED - drawings (provide latest accounts): £ _____

A2 OTHER INCOME

Child Benefit £ _____

Working Tax Credit (if not paid with wages) £ _____

Child Tax Credit £ _____

Child Support from any previous partner £ _____

Dividends or Interest Received £ _____

Income from Property £ _____

Income from Trusts & Shares and any Pension £ _____

Other income from any source, e.g. fees, casual payments £ _____

TOTAL £ _____

LESS likely tax liability £ _____

TOTAL NET MONTHLY INCOME £ _____

MONTHLY EXPENDITURE

Name: _____

Each of you will need to fill in a separate sheet for your expenditure needs in your own right. If you are not yet separated, fill in the sheet as if you were. The aim is to arrive at a reliable picture of how you could each manage once you are apart.

Try to be realistic, by not over or under estimating your expenses. Most people have to make adjustments to their standard of living when they separate but it is better to make those adjustments when you have all the financial details in front of you.

Any estimates that you make now may well be amended in the course of mediation. Entering figures now does not commit you to that amount; they are starting figures.

To assist you there is a detailed list of the whole range of items most families spend money on. This can guide you to arrive at the broad figures listed under the headings 1-8, that will be the ones eventually used in the mediation process.

The broad totals you need are as follows:

1. Accommodation £ _____
2. Financial Commitments £ _____
3. Utilities £ _____
4. Transport £ _____
5. Households expenses £ _____
6. Personal expenses £ _____
7. Recreational expenses £ _____
8. Children's expenses £ _____

You will find a schedule below setting out all the things you might need to consider when working out these totals.

Check List of Expenditure Items

Check List of Expenditure Items			
1. Accommodation	Costs	3. Utilities	Costs
Mortgage/rent/service charge		Council Tax	
Pension/pep/endowment premiums (linked to mortgage)		Water/sewerage rates	
Building & contents insurance		Gas/oil/Solid fuel	
Repairs/decorating/maintenance		Electricity	
Other (please specify)		Telephone	
		Mobile Phone	
		TV licence	
Total		Total	
2. Financial Commitments (list)		4. Transport	
Bank & other loan repayments		Vehicle repayments	
HP & Finance Houses		Insurance/ road tax	
Clubs/ mail order catalogues		Servicing/ repairs & MOT	
Credit & Store cards		AA/RAC/ breakdown	
Pension Contributions (not included on income sheet)		Petrol/Parking	
Other insurance, premiums (e.g. medical, life – specify)		Public Transport	
Any investments or regular savings (e.g. share save)			
Maintenance to previous partner			
Total		Total	

MONTHLY EXPENDITURE (page 2)

Name:



5. Household Expenses	Costs	8. Children's Expenses	Costs
Food/milk/general house		Child care	
Vet bills etc		Babysitting	
Domestic/window cleaning/ gardening		Nursery/playgroup	
Dry cleaning/laundry /shoe repairs		Childminder/nanny	
TV/video recorder rental		Other (please specify)	
Satellite/Cable/internet subscriptions			
Other (please specify)		Total	
Total		Recreation	
		Clothes/shoe	
		Clubs/groups	
6. Personal Expenses		Equipment / lessons (eg sport, music)	
		Pocket money/allowance	
Clothes (for self)		Other (please specify)	
Hair/toiletries/cosmetics			
Newspaper/magazine		Total	
Dental/optician			
Other health expenses		Education	
Tobacco/alcohol		Travel to school	
Meals at work		School meals	
Presents (Christmas/birthdays)		School trips	
Charitable giving		School Uniform/ sports gear	
Stationery/postage		School & college fees	
Other (please specify)		Extra tuition	
		Support to students in Further and/or Higher Education	
Total			
		Total	
7. Recreation			
Holidays/outings		Personal Care	
Sports/hobbies		Nappies	
Cinema/theatre/concerts/video		Toiletries/hairdresser	
Meals out/entertaining			
Other (please specify)		Total	
Total		Total Children's Expenses	

C. Assets and Liabilities



Names:

1. The Family Home (2.1)

Address:

Date of Purchase:

Joint/sole ownership

Deposit: £ _____

Freehold/Leasehold

Purchase price: £ _____

Date of valuation: 1. Current Value: £ _____

2. Less mortgage 1: £ _____

3. Less mortgage 2: £ _____

4. Less penalties under mortgage if sold now £ _____

5. Estimated Sales Costs £ _____

NET EQUITY: £ _____

Type of mortgage 1:

2:

Name and address of mortgage company/ies

1.

2.

2. Other properties - land or buildings (2.2)

Address:

Date of purchase:

Joint/sole ownership

Deposit: £ _____

Freehold/Leasehold

Purchase price: £ _____

Date of valuation: 1. Current Value: £ _____

2. Less mortgage 1: £ _____

3. Less mortgage 2: £ _____

4. Less penalties under mortgage if sold now £ _____

5. Estimated Sales Costs £ _____

NET EQUITY: £ _____

Type of mortgage 1:

2:

Names and address of mortgage company

1.

C. Assets and Liabilities



Names:

3. Savings schemes linked to mortgage (endowments/pension/PEP/ISA) (2.5)

Company	Type of Scheme	Joint/sole	Date taken out	Maturity date	Estimated maturity value	Sum assured	Current surrender/transfer/fund value

4. Bank, Building Society, National Savings accounts (2.3) (If the account is overdrawn include the figures in section 11 below) (2.13)

Name of Bank, Building Society, Other	Last four figures in a/c no.	Current/deposit	Joint/Sole	Balance	Date

5. Stocks, shares & quoted securities (2.4)

Name of holding	Type of holding	Number/size	Joint/Sole	Value	Date

C. Assets and Liabilities



Names:

5. Cont'd... National Savings certificates (2.4)

Name of Issue	Joint/sole	Nominal amount	Current value

5. Cont'd...National Savings Bonds, including premium bonds (2.4)

Type of Bond	Bondholder's no.	Joint/sole	Current value

6. Insurance policies, including those with no surrender value (2.5)

Name of Company	Policy number	Policy Type	Life assured	Estimated maturity value	Maturity date	Surrender value

7. Money owed to you (2.6)

Description of all sums owed to you e.g. in company/business accounts, by family members etc	Joint/sole	Amount

C. Assets and Liabilities



Names:

8. Cash over £500 not included anywhere above (2.7)

Where it is held	Joint/sole	Currency	Amount

9. Cars, boats, caravans and other vehicles worth more than £500 (2.8)

Description	Joint/sole	Market Value

10. Valuables including furniture, antiques, jewellery, pictures, house contents worth more than £500 (2.8)

Description	Joint/sole	Market Value

C. Assets and Liabilities



Names:

11. Other realisable assets not listed above, eg Unit trusts, business expansion schemes, inheritance in the foreseeable future. (2.14)

Give details of any other assets not listed above.

INCLUDE (the following list is not exhaustive):

- Any personal or business assets not yet disclosed
- Unrealisable assets
- Share options schemes, stating the estimated net sale proceeds of the shares if the options were capable of exercise now, and whether Capital Gains Tax or Income Tax would be payable
- Business expansion schemes
- Futures
- Commodities
- Trust interests (including interests under a discretionary trust), stating your estimate of the value of the interest and when it is likely to become realisable. If you say it will never be realisable, or has no value, give reasons
- Any asset that is likely to be received in the foreseeable future
- Any asset held on your behalf by a third party
- Any asset not disclosed elsewhere on this form even if held outside England & Wales

Type of asset	Value
TOTAL	

C. Assets and Liabilities



Names:

12. Business interests (2.11)

Name and Nature of Business	Basis of Valuation	Your estimate of current value	Total amount of any sums owed to you by way of a directors loan account, partnership capital or current account

Complete one page for each business

13. Any liabilities (apart from mortgages) - including credit and store cards; bank overdrafts; loans; tax liabilities, unpaid legal fees, hire purchase etc (2.9)

Nature of debts and to whom owed	Outstanding amount

14. Capital Gains Tax liability - if any of your assets would attract capital gains tax if they were sold or transferred (2.10)

Asset	Estimated Capital Gains Tax

C. Assets and Liabilities



Names:

15. Pensions

EXCLUDE:

- Basic State Pension

INCLUDE (complete a separate page for each one):

- Additional State Pension (SERPS and State Second Pension (S2P))
- Free Standing Additional Voluntary Contribution Schemes (FSAVC) separate from the scheme of your employer
- Membership of ALL pension plans or schemes

Documentation required for attachment to this section:

- A recent statement showing the cash equivalent transfer value (CETV) provided by the trustees or managers of each pension arrangement (or, in the case of the additional state pension, a valuation of these rights)
- If any valuation is not available, give the estimated date when it will be available and attach a copy of your letter to the pension company or administrators from whom the information was sought and/or state the date on which an application for a valuation of a State Earnings Related Pension Scheme was submitted to the Department of Work and Pensions

Name & address of pension arrangement

Your National Insurance Number

Number of pension arrangement or reference number

Type of scheme

Eg occupational or personal, final salary, money purchase, additional state pension or other (if other, please give details)

Date the CETV was calculated

Is the pension in payment or drawdown or deferment?
(Please say which, if any)

State the cash equivalent transfer value (CETV) or, if in payment the cash equivalent benefit (CEB), quotation and/or in the case of additional state pension, the valuation of those rights

If the arrangement is an occupational pension arrangement that has reduced CETVs, please quote what the CETV would have been if not reduced. If this is not possible, please indicate if the CETV quoted is a reduced CETV

Total value of ALL your pension assets: TOTAL

C. Assets and Liabilities



Names:

16. If you have subsequently married or formed a civil partnership (or intend to) or are living with another person (or intend to), give brief details, so far as they are known to you, of his or her income, assets and liabilities (4.6)

Annual Income		Assets and Liabilities	
Nature of Income	Value (if known, state whether gross or net)	Item	Value (if known)
Total Income	£	Total Assets/liabilities	£

FINANCIAL INFORMATION SHEETS

Documents Required to Verify Statements of Income, Assets & Liabilities

Please provide a copy for each of you and one for the mediator(s)

You may need to request some of these details specifically

Income

- ◆ Last three pay slips, or more if irregular income
- ◆ Form P60 (issued to employees giving details of annual gross pay & deductions).
- ◆ If self employed: accounts, tax return and computation and tax assessments for previous 2 years.
- ◆ Income from investments over past 2 or 3 years, e.g. dividends, interest.

Your home(s) and any other properties

- ◆ Valuation of house (estimates can be obtained from 2 or 3 local estate agents).
- ◆ Mortgage: name, address and acc/ref number of building society or other lender.
- ◆ Details of endowment/pension/pep mortgage: date of maturity, value on maturity, current surrender/fund/transfer value of scheme.
- ◆ If rented, tenancy agreement or rent book.

Savings and Assets

- ◆ Bank, building society, savings accounts: provide name, a/c no., and copies of recent statements and pass books showing balances.
- ◆ Certificates of ownership of stock, shares, unit and investment trusts with current valuations.
- ◆ Details, including valuations, of any valuables (e.g. jewellery, antiques) and how they were acquired.
- ◆ Copy of any trusts of which you or your children are beneficiaries.

Pensions and Life Insurance Policies

- ◆ Details of occupational and personal pensions, superannuation schemes, SERPS and AVCs:
Copy of rules of Scheme, and statement showing transfer value of pension, widow(er)s' and death on service benefits and projected value on retirement.
- ◆ Copies of any other life policies: sum assured, date of maturity, current surrender values, and names of beneficiaries.

Maintenance

- ◆ Copies of all court orders, maintenance agreements, or CSA assessment.
- ◆ Details of any regular provision to or from someone else (e.g. deeds of covenant from grandparents).

Debts

- ◆ Credit agreements and loan documents giving details of all money owed either individually or jointly.

**Documents Produced in Mediation
Names:**



The following list shows the documents you must attach to your Open Financial Statement if applicable. You may attach other documents where it is necessary to explain or clarify any of the information that you provide.

Client 1		Document	Client 2	
Rec'd	Date		Rec'd	Date
		Matrimonial home valuation: a copy of any recent (within past 6 months) valuation relating to the matrimonial home		
		Matrimonial home mortgage(s): a recent (within past 6 months) mortgage statement in respect of each mortgage on the matrimonial home confirming the amount outstanding.		
		Any other property: a copy of any recent (within past 6 months) valuation relating to each other property disclosed		
		Any other property mortgage: a recent (within past 6 months) mortgage statement in respect of each mortgage on each property disclosed confirming the amount outstanding		
		Personal bank, building society and National Savings accounts: copies of statements for the last 6 months for each account that has been held in the last twelve months, either in your own name or in which you have or have had any interest		
		Other investments: the latest statement or dividend counterfoil relating to each investment disclosed		
		Life insurance (including endowment) policies: a surrender valuation for each policy that has a surrender value		
		Business interests: a copy of the business accounts for the last two financial years for each business interest disclosed		
		Business interests: any documentation that is available to confirm the estimate of the current value of the business, for example, a letter from an accountant or formal valuation if that has been obtained		
		Pension rights: a recent (within past 6 months) statement showing the cash equivalent transfer value (CETV) from each pension provider you have disclosed (or, in the case of the additional state pension, a valuation of these rights). If not yet available, attach a copy of the letter requesting the information		
		Employment income: your P60 for the last financial year in respect of each employment that you have		
		Employment income: your last three payslips in respect of each employment that you have		
		Employment income: your last form P11D (work related expenses) if you have been issued with one		
		Self-employment or partnership income: a copy of your last tax assessment or if that is not available, a letter from your accountant confirming your tax liability		
		Self-employment or partnership income: if net income from the last financial year and the estimated income for the next twelve months is significantly different, a copy of the management accounts for the period since your last accounts		
		Description of other documents attached:		
		Application to vary an order: if applicable, attach a copy of the relevant order		