

Legalquotes News

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CHILD SUPPORT – WHAT ARE YOUR OPTIONS?

After a relationship breaks down the ongoing financial support of children is an important consideration. The majority of parents genuinely want to ensure that they are meeting their obligations but many are uncertain about the options that are available.

There are three (3) main ways parents can provide for the ongoing financial support of their children after they have separated:

Administrative Assessment

This is the most common method used by parents and involves one or both parents applying to the Child Support Agency for an assessment of the amount of child support that is payable. The Child Support Agency uses a specific formula to calculate the amount of child support. This formula takes into account a number of factors, including:

1. The income of each parent. The Child Support Agency can take into account each parent's taxable income, any deductions claimed for investment or rental property losses and some salary sacrifice payments, such as additional superannuation contributions.
2. The number of children and the ages of those children.
3. The amount of time each child spends with each parent.

Once the amount of child support has been assessed, payments can be made directly to the other parent or paid through the Child Support Agency.

If a parent's income or the time the children spend with each parent changes then the assessed amount of child support can be varied to reflect this change.

There is some scope for the assessed amount of child support to be varied if there are special circumstances relating to the children or one or both of the parents.

Private Agreement

Parents are able to discuss and agree about the financial support of their children after separation. This agreement can be put into effect without any formal documents or contact with the Child Support Agency. This type of arrangement is particularly flexible and can continue for as long as parents remain in agreement. Difficulties can occur if there is a dispute about the private agreement or the payments to be made as there is no ability to enforce this type of arrangement.

Child Support Agreement

Child Support Agreements provide the same flexibility as private agreements but they can also be enforced if one parent does not abide by the agreement. For some parents the flexibility of being able to provide financial assistance through the transfer of property and payment of school fees or other non-periodic expenses, rather than simply ongoing weekly payments, is better suited to their circumstances.

There are currently two (2) types of child support agreements:

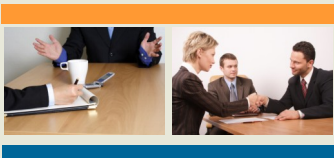
- Limited Child Support Agreement- These agreements must be written, signed by both parents and accepted by the Child Support Agency. There must already be a child support assessment in place and the amounts payable under the agreement need to be at least equal to the assessed amount. Some lump sum payments



are not able to be incorporated into this type of Child Support Agreement.

- Binding Child Support Agreement – These agreements must also be written and signed by both parents; however, each parent must also receive independent legal advice about the agreement before they sign. The agreement can then be accepted by the Child Support Agency. This type of agreement provides the most flexibility in terms of the content of the agreement and the types of payments that can be made.

The ongoing financial support of children after relationship breakdown is an important issue and different options will be better suited to different situations. For advice about child support and to discuss the options that best suit your circumstances contact our Family Law Team on (02) 4929 9333.



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