

Taking control of your finances after a divorce



Change is inevitable, and certain life situations present challenges. A divorce can be an emotionally difficult time, especially when it involves splitting assets, paying debts and creating a new financial plan. Franklin Templeton Investments' Own Your Future program is designed to help you and your family prepare to take control of your financial well-being.

What are my immediate financial needs following a divorce?

Short-Term cash flow

In some cases, your joint assets will remain frozen until the separation agreement is finalized, so you need to make a plan to continue paying your bills in the meantime. If you remain in the family home, you may be responsible for keeping up the monthly mortgage payments. If you have children, you may still have to pay school fees and fees for after-school activities and child care. All of these payments must be paid from one income until the joint assets are split. You need to determine the best source of cash flow to manage these immediate issues.

Accumulated debt

Beyond your mortgage, you and your ex-spouse need to pay off any open lines of credit, credit cards and any other regular monthly payments, such as those associated with financed vehicles.

Budgeting

Making the transition from a dual-income family to a single income can present challenges. It is important to create a realistic budget that accurately reflects your new income and expenses. Create a plan, track your expenses, and stick to it.

Saving and investing for the future

You may have support from your ex-spouse on investments for your children, but every situation is unique. You need to develop a savings and investment plan for the future, which may include investing for your children's education and your own retirement. To prepare effectively, it is important to find a financial advisor who can help with your situation.



How do I create a new financial plan?

After taking control of your immediate financial needs following a divorce, you can begin creating a long-term financial plan that will take care of you and your family's needs in the future.

STEP 1

Consult an advisor

Set up a meeting with a financial advisor as soon as possible to see where you stand financially. If you don't feel comfortable meeting with the advisor alone, ask another family member or trusted friend to join you.

STEP 2

Take care of immediate cash needs

Meet with your advisor to determine immediate cash-flow requirements. An advisor can help evaluate whether you will need to sell off or refinance assets brought into the marriage to manage ongoing expenses or service debts.

STEP 3

Take Stock

Work with your advisor to prepare a detailed picture of all your assets and liabilities, expenses, insurance policies and investment portfolio. Compile important information for use by your lawyer as well as your financial advisor. Such information can include assets that are often overlooked (art collections, loyalty points, furniture etc.) but could be of significant value in a time of financial need.

STEP 4

Develop a long term financial plan

Once your current financial needs are being met, you can begin looking ahead to a calm and more financially stable future. Areas to develop could include:

- A new budget that helps you manage expenses
- Debt repayment
- RESPs for children
- RRSPs and other personal long-term savings
- Insurance
- Will and estate planning



Own Your Future Today

Whatever your life situation, now is the time to take control of your financial future. For help in taking control of your financial future during pivotal life moments, access the additional resources available at www.franklintempleton.ca/ownyourfuture