



CASE FACTS

Client: Cynthia, 44

Circumstance: Going through separation

Goal: Take control of her finances

Monthly net income:

Monthly expenses:

Assets: (joint)

Liabilities: (joint)

Case Study: Cynthia—separation anxiety

*When it comes to saving and investing, women face specific challenges. Franklin Templeton Investments' **Own Your Future** program has been created by women for women to help you take charge of your financial well-being.*

Going through a divorce is a life-altering experience

PROPER PLANNING KEEPS YOUR FINANCES ON TRACK

No couple plans for their marriage to end in divorce. While your life circumstances may differ from those of Cynthia, the steps required to take charge of her financial situation may apply to you.

Cynthia's story

Since separating from husband Ken, a hard-driving mergers and acquisitions lawyer, four months earlier, 44-year-old Cynthia is apprehensively entering a new chapter of her life as a single mother. The split has been bitter. No longer on speaking terms, they are being represented in mediation by their respective lawyers who are attempting to divide the couple's assets as part of a separation agreement. It is not going well.

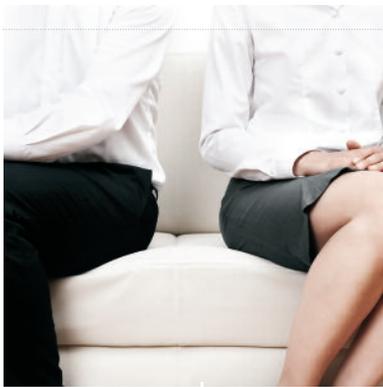
With two sons in grade school, a Labrador retriever and an executive-level career, Cynthia leads a hectic life. On weekdays, she helps her boys prepare for school and then rushes downtown to her job as a marketing director for a high-tech firm. At the end of the workday, the second shift begins: Cynthia picks the kids up from school, chauffeurs them to after-school activities, walks the dog, starts dinner, brings the boys back home, helps them with homework, gets them ready for bed, tidies up and prepares for the next day. Late at night, when she is finally able to sit down and rest for a few moments, she worries—usually about money.

Cynthia's challenges

Cynthia has three pressing concerns:

- **Short-term cash flow:** Most of the couple's joint assets remain frozen until the separation agreement is finalized, but Cynthia's need to pay the bills continues—and they are considerable. Since she and the boys remain in the family home, she is responsible for keeping up their substantial monthly mortgage payments. Private school fees, after-school activities for the boys and now legal fees; everything must be paid from one income until she has access to their joint assets. Susan needs to determine the best source of cash flow to manage these immediate issues.
- **Accumulated debt:** Beyond their mortgage, Cynthia and Ken share a \$50,000 line of credit that still needs to be paid off, plus a \$400-a-month sailboat payment.
- **Saving and investing for the future:** While Ken will likely help out with the boys' education, she must plan for her own retirement.

Cynthia would love to sit down with a financial advisor for advice and guidance, but she doesn't want to use the same advisor as her ex-husband.



Cynthia's strategy to gain control

To meet her obligations and maintain a stable environment for her children during this trying time, Cynthia may need to draw on emergency funds. Once the separation agreement is finalized, she can begin to plan for the long term.

STEP 1: Find a financial advisor.

Cynthia needs to find a financial advisor of her own to help her as she transitions to this next stage in her life. (refer to *Working with Your Advisor*).

STEP 2: Provide for immediate cash needs.

Cynthia and her advisor need to determine her immediate cash flow requirements and find the resources to deal with them. The advisor can help her evaluate whether she needs to sell off assets she brought into the marriage to manage ongoing expenses or service debts.

STEP 3: Take stock.

Cynthia and her advisor need a detailed picture of all her assets and liabilities, expenses, insurance policies and investment portfolio. Using the checklists provided, she can compile important information for use by her lawyer as well as her financial advisor. Her list should include assets that are often overlooked (art collections, loyalty points, furniture, etc.) but could be of significant value in a time of financial need. Cynthia can use *Your Financial Checklist* to help her marshal accessible funds and look further out for sources of education and retirement funding.

STEP 4: Develop a long-term financial plan.

Once Cynthia's current financial needs are being met, she can begin looking ahead to a calmer and financially stable future. Areas to develop could include:

- A new budget that helps her manage expenses going forward
- Debt repayment
- RESPs for her sons
- RRSPs and other personal long-term savings
- Insurance
- Will and estate planning

Own your future today.

Divorce can be a long and frustrating process, but professional advice can help reduce financial stresses. Whatever your life circumstances, now is the time to take control of your finances. An important first step is to find the right financial advisor (please refer to *Working with Your Advisor*). Get organized; it's easier to manage your financial affairs with documents and information at your fingertips (refer to *Your Financial Checklist*).



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