



## Case Study: One Divorce, Two Solutions

### Meet Patty and Al

Patty and Al were managing to maintain an amicable divorce but they needed to deal with their joint debts.

**Location:** London Ontario

Maternity leaves and job layoffs led to debt. Debt led to marital stress and ultimately, for Patty and Al, separation.

Dividing the few assets they had between them was the easy part. But with both Al and Patty now divorced, the time had come to deal with the debt. They shared debts neither could repay, but their individual circumstances meant they needed separate solutions.

### The Challenge

The challenge for Patty and Al was each had their own debts, their own expenses and budget. We needed to tailor solutions that met both their needs but didn't force them to be in a joint solution that neither wanted.

#### THEIR DEBTS

Patty	\$25,000
Al	\$10,000
Joint Debts	\$30,000
<b>Total Unsecured Debts</b>	<b>\$65,000</b>

#### THEIR ASSETS

House, Joint	no equity
Patty's Car	\$7,000
Al's Car	\$5,200
Patty's Pension Savings	\$4,500
<b>Value For Creditors (Patty's)</b>	<b>\$5,000</b>

## The Solution

Patty earned a higher income than Al, shared custody of their two children, but neither paid support. Patty also had more assets of value than Al. That meant Patty had more to lose by filing bankruptcy. For her, the better solution was to file a consumer proposal.

Al would be better served by filing bankruptcy. Since this was his first bankruptcy, and he had no surplus income, his bankruptcy would be over in 9 months.

Patty was able to make a compromise with her creditors to avoid surplus income payments and keep her assets. She agreed to pay \$225 a month for 60 months for a total of \$13,500, saving her \$26,500 in debt payments.

Al, with a lower income, filed a bankruptcy and was discharged in 9 months, with no impact on their house or his car.

While Patty and Al came to see us together about their joint debt problems, they were each happy to have a separate solution. If they had filed one solution together, Patty would have had to rely on Al keeping up with his share of any proposal payments and Al would not have been discharged so soon. They were so happy with the outcome, Al and Patty referred their friends Liam and Hannah to us -- also divorced and dealing with joint debts.

### Every Solution Is Custom Tailored To Meet Your Needs.

Whether dealing with something as complicated as joint debts in a divorce, or just struggling to keep up with your debt payments, we provide personalized advice tailored to meet your needs. Call us at 1-866-747-0660 or contact us through email by clicking on the contact us button on our website.

### We're Here to Help.

Contact one of our trustees at any of our offices across Ontario by calling **1-866-747-0660** or visit **hoyes.com**

**Hoyes, Michalos & Associates**

1-866-747-0660

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\*names and some details changed for privacy

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