Your Employee and Family Assistance Program is a support service that can help you take the first step toward change.

# Considerations when facing bankruptcy

Fluctuating financial markets, concerns about global recession and lay-offs can result in sudden income loss for many. When income loss combines with accumulated debt from years of credit card use, mortgages and car loans etc., debt can quickly become overwhelming. As a result, thousands of Canadians declare personal bankruptcy each and every month.



If this is a consideration for you right now, it's important to understand that bankruptcy isn't the end of the world and can instead mark a fresh start for well-intentioned people who are drowning in debt.

**Tips and Tools You Can Use**

If you believe that bankruptcy may be the only option for you, it is essential to know all the ramifications and clearly understand each step you take. Key to this will be finding a Trustee in Bankruptcy who you trust to advise you and handle your property. Here are some tips to help you through the process:

**A Trustee in Bankruptcy**

- Bankruptcy is administered by Bankruptcy Trustees.
- Talk to more than one trustee before you appoint one.
- A good trustee will assess your situation and may advise that bankruptcy is not the best option.
- Costs average $1,600 to $1,800. The charge usually works out to $200 per month.

**Questions to Ask**

- What will I lose? Money? Car? House? Furniture? Tools? Anything else?
- Will this affect my secured creditors?
- How much money will I have left to live on?
- How long will my bankruptcy last?
- What will happen to any extra money I receive during this time?
- Will my wages or bank account be garnished?
- Will I be able to get credit? A bank account? A mortgage?
- Will my spouse's debts be included?
- What costs are involved? Court fees? GST? Counselling sessions? Trustee fees? How will I pay for this? Who will be paid first?
- What happens when my bankruptcy is discharged?

- What other options do I have?

**A Typical Bankruptcy**

- Lasts nine months or up to just over a year.
- Discharge is granted after the nine month period.
- Client must attend two budgeting workshops.
- Trustee must complete your taxes to date. This determines if a client will be receiving a tax refund.
- Client's credit rating goes to an R9.

Having a clear understanding of bankruptcy and how it works can help you to successfully overcome your debt. Remember, you don’t have to go it alone. Contact a professional who can assist you with your financial and/or bankruptcy concerns. They can help to eliminate the debt that is currently consuming your life and get you back on the right track.

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