



SOLUTIONS FOR OVERWHELMING DEBT

When people are looking for a solution for overwhelming debt, they often start with an internet search and come up with debt counsellors, payday loans or consolidation loans as an answer. Unfortunately, they're most often not the right answer.





The Drawback to Debt Counsellors

The biggest issue with debt counsellors is that they often don't have the legal authority or education to help you out of your debt crisis because they're not licensed to help with insolvency, and worse, often they don't even have the right training necessary to properly help you to solve your financial issues. They could make your situation worse.

On top of that, you may have to pay for debt counselling and they'll charge you, to refer you to a Licensed Insolvency Trustee, who can actually give you the help you need. You don't need a referral.

But why pay for something when you don't have to?

Naturally, that isn't something debt counsellors advertise, and when you have overwhelming debt, every penny you can save matters.



The Problem with Payday Loans

Payday loans seem like a good thing when you're in a bind and you need cash fast, but they're really not. They just help you dig a bigger financial hole because of the outrageous interest rates they charge (usually from 15%-22%), and most people really don't understand how they work.

These short term loans seem like a pretty good deal. \$20 dollars doesn't seem like a large amount to pay when you get \$100 dollars in your hand, but when that has to be paid back with your next pay cheque, it can add up fast and make your debt load a lot worse!

If you borrow \$100.00 from a payday loan company, it will cost you about \$21.00 in interest if you don't pay it back within 14 days. That is equivalent to an annual interest rate of 546%. No one can afford that. If you continue to borrow every payday, you will never get out of the cycle and the interest and fees will continue to grow. There are much better options.

Our best advice is to stay away from these short term loans and instead see if you qualify for a consumer proposal, which has no interest rate attached to it. That's right, 0%! (More on that below, but let's tackle consolidation loans first.)



The Complication with Consolidation Loans

If you can qualify for a consolidation loan, you may be able to pay off your debt with a single loan, at a lower interest rate than you would pay on your credit cards or your creditors. The thing that most people don't know is that your bank will usually give you a loan for only the debt that's held with their institution. So while it can help to alleviate some of your stress, it most likely won't take care of everything for you, which still leaves you struggling to make ends meet. They may also ask for a co-signer or collateral, both of which open up a new can of worms. They may be putting a lien on your home and you may be jeopardizing a secured asset with unsecured debts.



The Real Solutions for Overwhelming Debt

The bottom line is that you need to talk to someone who has been trained and is licensed to help you find the solution that's right for you. A great Licensed Insolvency Trustee will educate you about the option that will work best for your particular situation. And they can legally help you to put together a consumer proposal or, if necessary, file a personal bankruptcy on your behalf.

In both cases, they will take care of everything for you, so you can immediately get relief from the stress that has been weighing on you because of your financial situation.

So what are your best options?



The Consumer Proposal

The beauty of this option is that you get to make one payment, with 0% interest, 0 additional fees, and the average amount that our clients have to pay back is typically only 37% of the original debt amount! That is definitely an attractive option.

Additionally, you can include your tax debt to Canada Revenue Agency, we give you financial counselling and you don't pay any additional fees to us, as your Trustee.



The Consumer Proposal

You do have to be aware that a consumer proposal can only be administered by a Licensed Insolvency Trustee, and there are criteria that need to be met in order to qualify:

1. There must be an advantage to your creditors to accept the terms, which means they need to recover more than they would if you filed for bankruptcy or they will turn down the proposal or try to negotiate a different term.
2. You must have enough income to pay for your cost of living each month and have enough left over to put toward your proposal payment.

The downside to a consumer proposal is that it will cost slightly more than a bankruptcy, your secured loans cannot be included, (you can include shortfalls and relinquish assets) and it will normally take longer than a bankruptcy to complete.



Personal Bankruptcy

Filing for personal bankruptcy may be the best step if your debt is overwhelming, and you simply don't have the ability to pay it back, even at greatly reduced amounts. Because it is a legal process, it does have to be administered by a Licensed Insolvency Trustee, and it will relieve you of most of your debts.

With a bankruptcy, **YOU DON'T LOSE EVERYTHING, AND NOT EVERYONE NEEDS TO KNOW** which are big misconceptions that most people have.

You will, however, have to give up all of your credit cards and it will affect your credit report for at least 6 years. As well, once the papers are signed you can't change your mind, but usually when a person is at that point, they don't want to. The relief of getting out from under the weight of so much debt is freeing.

When you file for bankruptcy, at the end of the bankruptcy your creditors write off the debt that's owed to them, so no one is paying those debts for you. The creditors cover their losses through the high interest rates they charge to consumers for unsecured lines of credit and credit cards.

The great thing about filing for bankruptcy is that you get immediate relief from your creditors, your utilities can be restored if they've been disconnected, and you'll be able to surrender a leased or purchased vehicle, without having to pay out the balance of the contract.

You can see why filing for personal bankruptcy can be the right thing, but in order to make the perfect choice for your situation, it's best to have a chat with us.

Our consultations are free of charge and completely confidential. We also promise to give you the education you need to make the decision that's right for you, no strings attached.

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**Deal with your debt today!
Set a time for your free
consultation by calling:**

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