

THE REAL FACTS ABOUT DEBT

If you're struggling with debt, you're definitely not alone. The statistics on debt in Canada are quite staggering.

According to Statistics Canada, Canadians on average owe \$1.70 for every dollar of disposable income they have. That number increases dramatically in lower income families, where the debt ratio is \$3.33 for every dollar they earn!





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All in all, Canadian households owe \$1.8 trillion dollars combined, and Alberta is leading the way with a debt-to-asset ratio of 20.4 per cent.

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Albertans averaged the highest debt load among Canadians at just over \$28,000, excluding mortgage loans. The rate is higher in the province because of the slowdown in the economy, specifically from the oil and gas sector. With that in mind, it's not surprising to see that Fort McMurray led all Alberta cities with an average of \$38,359 of debt per person. Calgary comes in next with an average of \$29,478, and then Edmonton at \$27,241 per person.

People often turn to credit cards to bridge the payday gap. According to creditcards.com Canadian adults owned an average of 2.2 credit cards. (At BNA Debt Solutions, we've seen clients with as many as 28!)

Who has the most debt?

Canadians between the ages 35 to 54 are struggling the most financially because they have high consumer debt, hefty mortgages, car loans and student loans, and the added financial responsibility of raising children and caring for their aging parents.

Many Canadian retirees are also struggling with heavy debt burdens. According to a national survey conducted by Toronto-based Sun Life Financial Inc., 25% of retirees were experiencing difficulty getting rid of their debts, which included mortgage debts. Additionally:

- 66% of retirees had unpaid credit card;
- 26% were still making payments on auto loans; and
- 7% were carrying unpaid medical expenses.

Sometime debt isn't your fault.

Unforeseen circumstances can send your finances into a fast downward spiral. Illness, losing a job, and divorce are just a few of the common ones that have a big financial impact.

Often, because it is such a difficult problem, people tend to ignore it rather than seek professional help for a solution. And that just opens the door to more issues and stress - financially, mentally and physically - which directly affects their closest relationships and dramatically lowers their satisfaction in almost all areas of their lives.

We are a Licensed Insolvency Trustee, which means we are professionally licensed by the government to help people solve their debt situations. By the time they come to see us, they've typically been struggling from paycheque to paycheque for months, or often, years. Usually it's gotten to the point where they feel like they're being circled by sharks and are refusing to open bills or answer their phone because they're afraid it's yet another collection agency on the other end of the line. When they hit the point where they just can't take the stress anymore, they give us a call. It's unfortunate they don't do it sooner because we could have saved them so much grief and money.

So what do you do when your debt is more than you can handle?

For more than 20 years, our team has been helping thousands of people to weigh the pros and cons of debt options, but specifically consumer proposals or filing personal bankruptcy. We help each person understand any potential consequences, and show them which steps they need to take to get out of overwhelming financial debt.

As a Licensed Insolvency Trustee, unlike your bank, lawyer or credit counsellor, we're professionally licensed by the federal government to solve your debt problems. Our entire focus is on you, and giving you the best option for your specific situation.

On top of that, when you work with us, we make all the calls to your creditors, negotiate on your behalf, and work out all the details.

What are your options when you can't afford to pay back your debt?

Realistically, when your debt is completely out of control and when you don't qualify for a consolidation loan, or don't want another payment with interest, you have two options: a consumer proposal or filing for personal bankruptcy.

Consumer Proposal

A consumer proposal is an extremely attractive option when you have enough money to put toward paying back your unsecured debt (secured loans, like mortgages, are not eligible but you can include the shortfall on a foreclosure). A Proposal can only be administered by a Licensed Insolvency Trustee, who will do all the negotiating with your creditors (including Canada Revenue Agency) on your behalf.

On average, our clients only pay back about 1/3 of their current debt load and they get to do that at 0% interest.

In order to use this option, your creditors must accept the terms of the proposal, and they will only do that when they can get back more of the money owed to them than they would if you filed for bankruptcy. That's why you need to have enough income to put toward paying your debt, along with your other financial responsibilities.

A Licensed Insolvency Trustee can walk you through the specific pros and cons regarding a consumer proposal in your particular debt situation.

Filing Personal Bankruptcy

Filing for Personal Bankruptcy is usually used as a last resort. This is the best option to consider when you simply can't pay back the amount of debt you owe.

There is a big misconception that you lose everything when you file for bankruptcy, and that's simply not true. You will have to give up all of your credit cards though.

Filing personal bankruptcy is a legal process, administered by a Licensed Insolvency Trustee, that will relieve you of most of your debts. It takes a minimum of nine months, and longer in certain situations.

Once the papers are signed you can't change your mind, but most people who file for bankruptcy feel an immediate sense of relief instead of regret.



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**We want you to be educated
about all your options
and debt solutions. We
promise to take the time
to fully explain each one in
a FREE consultation that's
completely confidential.**

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Call us today to book yours!

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