

## Glossary

### Handout 8-10

**Assets:** Things you own that have value, such as art, jewellery, antiques, a car, or a house.

**Bankruptcy:** A legal process where you declare that you cannot pay back your debts.

**Collections agency:** An agency that has been hired to recover debts from people who have not paid them. They try to get the money back for the lender.

**Consolidation loan:** A loan that combines all of your debts, at a lower rate of interest. You use the loan to pay off all of the high-interest debt. You make regular payments on the lower-interest consolidation loan.

**Consumer proposal:** A legal process where you work with a bankruptcy trustee to make an offer to pay your creditors less than you owe them. If they approve the offer, and the Court approves the plan, you must pay your creditors within five years or less.

**Debt repayment plan:** A realistic plan for getting your debt under control.

**Discharge:** Being relieved of your debts through bankruptcy.

**Harassment:** Using fear and pressure to make you pay your debt. Creditors are not allowed to harass you.

**Insolvent:** Unable to pay your debts.

**Leverage:** Using other people's money to build your own financial health in the long term.

**Renegotiate:** Work with a creditor to change the terms of a debt so that it is easier for you to repay.

**Wage garnishment:** Taking money from your wages. Some loans have terms that allow the creditor to garnishee or take money directly out of your paycheque if you have failed to pay a debt.