

# Welcome!

Thank you for joining the webinar on **Debt management solutions** hosted by Prosper Canada.

The presentation will begin shortly. (Audio will begin when the presentation starts)

## Technology Details:

- For technical assistance, please call GoToWebinar support line **1-855-352-9002**.
- Participants should connect using VOIP. Please check that the volume is turned up on your computer.
- If dial in option is required, please dial in as follows:
  - Tel (Canada): **+1 (647) 497-9389**
  - Access Code: **492-265-624**
  - Toll free option not available

## Webinar logistics

- **Audience members have all been put on “mute”** for this webinar
- Please **share any questions you have using the “Question box”** (located in the control panel at the right side of your screen).
- **We will share webinar slides with all participants and post a recording** of the session within a few days.
- **Tweet with us** at **#prosperwebinar @prospercan**

# Prosper Canada – Who we are

Founded in 1986, Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation.

We help service systems and organizations in all sectors to build proven financial empowerment approaches into their businesses in ways that:

- Are **sustainable**
- Help them **achieve their goals**
- Tangibly **increase the financial well-being of the low-income people** they serve.

Prosper Canada's programming in financial literacy and financial coaching is part of the work of the **Prosper Canada Centre for Financial Literacy**, co-founded and supported by **TD Bank Group**.



# Today's presentation (1:00-2:00)

- 1. Welcome and introduction**
- 2. Debt in Canada**
- 3. Our speakers**
  - Anne Arbour, Credit Counselling Society
  - Gillian Goldblatt, msi Spergel, Inc
- 4. Q&A**

# 1. Introductions: Our panel



Anne Arbour  
Financial Educator  
Credit Counselling Society  
[anne.arbour@nomoredebts.org](mailto:anne.arbour@nomoredebts.org)



Gillian Goldblatt  
Licensed Insolvency  
Trustee  
msi Spergel Inc  
[GGoldblatt@spergel.ca](mailto:GGoldblatt@spergel.ca)



Glenna Harris  
Manager, Learning &  
Training  
Prosper Canada  
[gharris@prosperscanada.org](mailto:gharris@prosperscanada.org)

## We'd love to hear more about you!

- How does your organization/agency currently offer support to people with debt?
  - Providing financial education about debt or money management
  - 1:1 financial coaching or counselling
  - Specialized debt or credit counselling
  - Referring clients to specialized solutions
  - We don't offer this type of support
- What are you most interested to learn more about in today's presentation?
  - Debt management plans
  - Consumer proposal
  - Bankruptcy filing
  - Other (please tell us in the question box)

## Debt in Canada

- Canadian household level of debt continues to rise
  - 2018 debt-to-income ratio was **178.5%**
  - Increase in non-mortgage debt especially high in **large cities** (Toronto, Vancouver, Edmonton)
  - Finances are the #1 cause of stress in Canadians' lives
- **Reducing debt** and not relying on credit to cover daily expenses are associated with **better financial well-being**
  - Reducing debt leads to **reduced stress**
  - Improving financial resilience reduces the need to borrow
  - Canadians living on low income face barriers accessing safe solutions, may feel unwelcome in mainstream financial institutions

## Options when the debt is significant

- **When the debt is significant**
  - Meet with a **credit counsellor** to make a debt management plan
  - Meet with a **licensed insolvency trustee** if a consumer proposal or bankruptcy would be a good solution
- **Credit Counselling Canada**
  - <http://creditcounsellingcanada.ca/locate-a-counsellor/>
  - Free, unbiased credit counselling services through different agencies: Credit Canada, Credit Counselling Society, Money Mentors, and others
- **Office of the Superintendent of Bankruptcy Canada**
  - <https://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/home>
  - Find a licensed insolvency trustee
  - Learn about steps you can take to manage your debts





We Help. We Educate. We Give Hope.



# Office Locations



- **BC:** Vancouver, VJAC, Burnaby, Surrey, New Westminister, Abbotsford, Nanaimo, Victoria, & Kelowna
- **AB:** Edmonton (2) and Calgary
- **SK:** Regina, Saskatoon
- **MB:** Winnipeg
- **ON:** Ottawa, London, Toronto, Mississauga, Hamilton, Scarborough

# Accreditations, Awards



- **Council on Accreditation (COA)** certified
- Accredited member of **Credit Counselling Canada**
- Accredited Charity with **Better Business Bureau**
- Credit Counsellors have their **Accredited Financial Counsellor Canada** designation (or are in progress)
- Multi-year winner of **Consumer Choice Awards, Best Workplaces in Canada, EIFLE Awards**



# Top Reasons We See for Financial Trouble

1. Excessive use of Credit or Using Credit for Living Expenses
2. Unemployment / Underemployment
3. No Budget / Lack of Financial Education
4. Injury / Illness
5. Separation / Divorce and Family Expenses
6. High Student Loan Debt / Education Expenses
7. High Housing Costs

# Seeing a Credit Counsellor



- Appointments can be done in person or by telephone
- Online chat (general information only)
- Various languages available
- A full financial analysis
  - Income, assets, liabilities, monthly expenses and debts
- Counsellor will review options

# Debt Management Program



**A voluntary repayment agreement between the consumer and their creditors.**

- Creditors reduce or eliminate interest
- Unsecured debts are consolidated in a single monthly payment
- Learn essential budgeting skills
- Debt free within 5 years



# Case Study

**Sandra is in her mid-40's with 2 children.** When she lost her job, Sandra relied heavily on credit to supplement her living expenses. Sandra was eventually able to find **part-time employment**, but her new income was not enough to cover all her monthly obligations including debt repayment, and she was going further into debt each week.

Sandra reached out to CCS and met with a Counsellor to review her options. It was clear that she needed to take immediate action. By setting up a **Debt Management Program**, and **eliminating the interest portion of Sandra's credit card debt**, the Counsellor was able to help Sandra come up with a budget that allows her to meet her monthly expenses while paying down her debt within 5 years, and **also saving for future expenses** and emergencies.

With a lot of guidance and support from her Counsellor and her Client Services Representative, Sandra is now well on her way to becoming debt free. She is also learning how to budget her money, develop new spending habits, and to plan for the future for herself and her children.

# Finding the Right Advice



- Not all help is in your client's best interest
- Watch for predatory practices
  - Debt settlement companies
  - Debt brokers
- Not all help is free
- Look for an accredited member of Credit Counselling Canada



# Learn More



- Sign up for our monthly newsletter
- Check out our social media for daily tips and articles

 **Facebook** - @MyMoneyCoach.ca

 **Twitter** - @MyMoneyCoach\_ca

 **Instagram** - @MyMoneyCoach

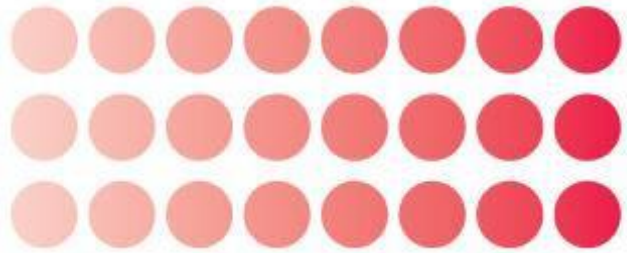
# How We Help



- Confidential, *no-cost* credit and budget counselling
- Debt repayment programs and alternatives
- Consumer workshops on credit and money issues
- Helpful money management tips online:

NoMoreDebts.org [myMoneyCoach.ca](http://myMoneyCoach.ca)

**1-888-527-8999**



**SPERGEL**

# Trustee Debt Solutions 101

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[www.spergel.ca](http://www.spergel.ca)

# Who Are We?

Licensed Insolvency Trustees – licensed and regulated by the Superintendent of Bankruptcy (“OSB”), federal government agency

All of our debt solutions are legally binding on all unsecured creditors and approved by the creditors, court and OSB

We are officers of the court and do not work for either the debtor or creditor, we compile and verify information and assist the debtor in organizing their financial affairs into a debt solution that is best for them

Our fees are based on tariff set by the Bankruptcy and Insolvency Act

# When to send a client to us

- We offer free consultations, if you don't need our services, we'll connect you with the appropriate resources
- We have 29 offices and have been helping people become debt free for over 30 years
- Insolvent Definition:
  - Can't pay debts as become due
  - Liabilities greater than assets



# Debt Solutions – Consumer Proposal

- Offer to creditors to repay less than the full balance owing
- Monthly payment plan that fits into your budget
- Offer more than they would get in a bankruptcy
- Only need 50% of voting creditors to pass
- Legal proceeding - binding on all unsecured creditors if passed, no individual negotiations
- Includes all unsecured debts (including CRA and student loans) except those from fraud, support payments, student loans less than 7 years since ceased to be a student, or court fines
- Can setup repayment plan for up to 5 years of monthly payments
- Immediately freezes all interest and penalties
- All creditors rights stayed, can't contact you
- Can pay off earlier with no penalty
- Trustee fees set by tariff under the Bankruptcy and Insolvency Act
- Fees come out of monthly payments, no additional charges



# Debt Solutions – Bankruptcy

- Last resort
- Forfeit non-exempt assets to creditors in exchange for debt relief
- Exempt assets:
  - Household goods, clothing - to a certain amount
  - Tools of the trade
  - One car up to a certain value
  - First \$10,000 of equity in a house
  - RRSP, excluding contributions in the year before
- Must report income on a monthly basis to trustee to determine if surplus income is payable to creditors
- Surplus income = 50% of amount above prescribed by Superintendent of Bankruptcy's Standards
- Length of bankruptcy – generally depends on whether surplus income is owing:
  - 9 months - first time bankrupt, no surplus income owing
  - 21 months - first time bankrupt with surplus income owing
  - 24 months - second time bankrupt, no surplus
  - 36 months - second time bankrupt with surplus



# Debt Solutions Myths

**I can't afford  
bankruptcy**



Standard cost for a first time no surplus bankrupt is \$1,800 (9 months at \$200/month), however Spergel will reduce our fees to allow low income individuals to access the system

**My proposal  
might fail**



Even if your proposal fails you are not bankrupt

**My client needs to  
speak English in  
order to file**



We have staff that speak over 10 languages, including Tamil, Hindi, Urdu, Punjabi, Russian, Spanish, and Mandarin

**The consultation  
will cost too  
much**



You can speak to us for free even if don't need our services



# Contact Information

Gillian Goldblatt, Licensed  
Insolvency Trustee

[ggoldblatt@spergel.ca](mailto:ggoldblatt@spergel.ca)

416-498-4315

[www.spergel.ca](http://www.spergel.ca)



Questions?



## Questions answered offline, unable to be answered during the session

Relating to debt management plans/credit counselling:

*Can the creditor negotiate the commission rate with the credit counselling?*

- If you are referring to the interest rate, yes, it is the creditor who ultimately decides to what rate they are willing to reduce. After 23 years of service, however, we have well established relationships with many creditors across the country, and the Counsellors can speak knowledgeably about what that rate will most likely be. As mentioned, in the case of many of the major financial institutions, that rate is often zero.

*Does debt management program always involve debt repayment without interest payments?*

- No. There are many cases where the applicable interest rate will be reduced to zero, but in some cases, it will be reduced to a lower level, but that can still provide a lot of relief for the client and their monthly obligations.

*Please contact Anne Arbour if you would like to find out more*

## Questions answered offline, unable to be answered during the session

### Relating to consumer proposal/bankruptcy:

Is there eligibility for a creditor to accept the proposal? for instance if someone is in default are they more likely to accept an offer vs someone who's debt is in good standing?

- In our experience, creditors generally look at the return to them versus a bankruptcy in their decision-making process.

Are CRA requirements to pay cleared through a Consumer Proposal?

- Yes, most CRA debts, such as personal taxes and HST are discharged through a proposal.

What happens when a person signs onto a consumer proposal and then defaults on the payments to the trustee?

- A proposal only defaults when a total of 3 payments are missed. The rights of their creditors are revived, the interest and penalties start ticking, and any payments to the proposal are distributed to the trustee for fees and creditors. There is an option to revive a proposal within 30 days of default of 3 payments.

*Please contact Gillian Goldblatt if you would like to find out more*

## Questions answered offline, unable to be answered during the session

Where should a client be referred to when they are on social assistance and have a government social assistance overpayment which will be sent to collections if the debt is not paid?

- If it is determined to be as a result of fraud, then it can still be included but it is not dischargeable through a consumer proposal or bankruptcy.

if the loans can not be repaid within 5 years would they not be eligible?

- No, but this is generally not an issue as we divide the amount being offered by 60 months to ensure it will be completed within 5 years. If they cannot afford the monthly payment that we budget with them, then bankruptcy may be the best option.

*Please contact Gillian Goldblatt if you would like to find out more*

## Thank you for joining us!

- **We will be sending you an email soon with:**
  - Slides from today's webinar
  - Link to webinar recording
  - Link to post webinar survey
- **We will also post the recorded webinar on our Learning Hub:**
- <https://learninghub.prospercanada.org/webinars/>

# New resource: Dealing with debt



- Set of seven worksheets to help coaches and counsellors have debt management conversations
- Available as free PDF download or hard copy booklets (at cost)

<https://learninghub.prospercanada.org/knowledge/dealing-with-debt/>

# Prosper Canada

60 St. Clair Avenue East, Suite 700

Toronto, ON M4T 1N5

(416) 665-2828

[www.prospercanada.org](http://www.prospercanada.org)

[info@prospercanada.org](mailto:info@prospercanada.org)

<http://prospercanada.org/newsletter>



Anne Arbour  
Financial Educator  
Credit Counselling Society  
[anne.arbour@nomoredebts.org](mailto:anne.arbour@nomoredebts.org)

Gillian Goldblatt  
Licensed Insolvency  
Trustee  
msi Spergel Inc  
[GGoldblatt@spergel.ca](mailto:GGoldblatt@spergel.ca)

Glenna Harris  
Manager, Learning &  
Training  
Prosper Canada  
[gharris@prospercanada.org](mailto:gharris@prospercanada.org)