



**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

# 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 relief from debts
- 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
  - RESP, 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**

You can afford to go bankrupt - 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



## **What if My Proposal Fails**

Even if your proposal fails you are not bankrupt



## **My Client Speaks Another Language**

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

# 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



# Contact Information

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