



# Overwhelmed by debt?

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If your money worries are out of control, consider the tips in this Legal Health Check.

Your best choice will depend on the number of creditors you have, your income, and if you owe taxes. Options include:

- Negotiating payment plans with creditors
- Reducing interest with a consolidation loan
- Making a consumer proposal
- Declaring bankruptcy
- Applying for a 'consolidation order' (BC, AB, SK, MB, NS and PEI only)

## Get help:

- **Licensed insolvency trustees** are a good place to start. They are licenced by the federal government and many offer free consultations. They help with bankruptcy or consumer proposals (offering legal protection from creditors), if right for you. Remember that they must also act in the best interests of your creditors.
- **Insolvency lawyers** are recommended if your situation is complicated and involves other legal problems, or you disagree with a trustee's decision.
- **Debt poolers and credit counsellors** offer help with payment plans, but not bankruptcy or consumer proposals. Some offer free consultations. Not all are licensed and fees vary, so do your research before deciding.

## Remember:

- If you negotiate a settlement for less than what you owe, get in writing that the partial payment satisfies the full debt.
- Don't transfer assets to friends or family for below market value, or put some creditors before others.
- If activities like gambling are involved, you may face penalties when seeking a discharge from bankruptcy.
- If your problem is tax debt and you missed filing, Canada Revenue Agency can insist you file before getting a discharge from bankruptcy.
- Bankruptcy won't address negotiating payment plans with creditors, liability for bodily harm from intentional or sexual assault, child or spousal support obligations, or debt from fraud or breach of fiduciary duty.

Acting carefully and with professional advice can reduce stress and save money.

For links and resources, visit [cba.org/healthcheck](http://cba.org/healthcheck)



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Contact or referral info here.