



SECOND COUNSELLING SESSION

To be held 5½ months after bankruptcy • Date to be set at the sign-in

Determine budgetary and/or non-budgetary causes:

- Review of bankrupt's status
- Review cause of bankruptcy – budgetary and non-budgetary
- Questions to ask before buying on credit
- Use of credit in the future
- Assist the bankrupt to understand strength/weaknesses in financial management and consumption
- Credit Bureaus and how to obtain credit report
- Give information on existence of related referral services
- Review the file and advise the bankrupt where he/she stands re probable discharge and 170 report

COMMON CAUSES OF FINANCIAL DIFFICULTIES

A -- PROBLEMS FROM EXTERNAL EVENTS

1. Change in income level due to job loss, lower paying job or lower investment returns.
2. Change in employment status; demoted or transferred.
3. Victim of unscrupulous or fraudulent advice, practice or scheme.
4. Continuing unemployment.
5. Need to support parent or other persons.
6. Elderly or younger relative(s) moving into the home or their prolonged dependency.
7. Premature death of a spouse.
8. Birth of a child.
9. Handicapped child.
10. Illness or disability.
11. Accident.
12. Divorce, family or marital difficulties.
13. Major or unexpected house or car repair.
14. Lawsuit.
15. Purchase of a house.
16. Events or celebrations of friends/relatives/children with unusual expenses.
17. Leaky Condo

B -- PROBLEMS RESULTING FROM POOR MANAGEMENT

1. Underestimating expenses because of inexperience, few or no records, forgetting incidental costs, or purposely minimizing costs to justify expenditures.
2. Overestimating income by not considering paycheck deductions and taxes.
3. Being overwhelmed with bills and expenses to the point of being afraid/depressed, yet doing nothing.
4. Lack of financial planning or staying within an unrealistic plan.
5. Not properly establishing responsibility to control money flow, keep records, meet financial obligations and communicate financial position to others.
6. Calculating just the monthly payment and no total cost over a period of time.
7. Buying and then trying to plan how to pay, rather than vice-versa.
8. Lack of a system for paying bills or lack of business organization.
9. Forgetting to get promises in writing.
10. Promising to pay more than income and expenses allow in repayment.
11. Poor handling of money, such as mathematical errors or not keeping a cheque book up to date.
12. Using ineffective consumer complaint procedures and lack of knowledge of consumer or legal rights.

THE PROPER USE OF PLASTIC

You are pre-approved for a brand new gold card that offers a low introductory interest rate! Your limit will be double that which you have on your classic card, and with the new card you also get bonus features – points, miles, groceries, you name it. So fine, get it – you’re good with money and you can handle it. But even people who faithfully pay their card bills on time can benefit from tips credit counselors offer. These suggestions come from *The Complete Idiot’s Guide to Beating Debt for Canadians*:

- ❖ Read the fine print on your credit card contract – make sure you know if the interest rate is an introductory rate that will double in three months and how much you’ll be charged in annual fees.
- ❖ Read your bills carefully – credit card companies can make mistakes.
- ❖ Try not to use cards for cash advances. Most charge a transaction fee of about three per cent per advance, and interest begins accumulating the minute money spits out of the machine.
- ❖ Call your card issuers and ask for a lower interest rate. Suggest a rate that falls between their introductory rate and your current one. They may agree if you suggest they increase your credit limit and transfer your balances from other cards onto theirs.
- ❖ There is a grace period on credit cards that can be used to your advantage if you maintain a zero balance. Figure out when you are billed and when your payment is due. Charge larger purchases in the days after you are billed and the large amount will only appear on the next bill, effectively giving you just under two months to pay off before interest kicks in.
- ❖ Throw away all credit card come-ons unopened.

HOW TO GET OUT OF DEBT

MacLean's Article
by Amy Cameron

The mountain of bills piling up on your desk can seem insurmountable – mortgage, hydro, student loans, roof repairs, long distance calls to Mom – not to mention that specter known as the Visa of Christmas Just Past. As more Canadians slip into indebtedness, MacLean's has compiled tips from credit counselors across the country on how to get out from under:

- 1 KEEP TRACK.** In order to figure out how much money you can put towards debt, you need to know how much money you have. For a month, write down everything you spend – from gas and water bills to that 3 p.m. weekday snack. At the end of the month, categorize your spending and see where you might be able to save. You may be surprised. You could find, for example, that you're paying \$15 a month on rental video late fees, or that you could save around \$60 a month if you packed a bagged lunch twice a week.
- 2 PAY CASH.** Generally, if you have the money on hand, you can afford the purchase – especially since most people avoid carrying a large amount of money with them. Not only does handing over cold cash force you to keep track of how much you're spending, it reduces impulse buying.
- 3 CONSOLIDATE YOUR CREDIT CARDS.** In an ideal world, everyone would pay off their card balances every month. If you can't, at least you can bring down the enormous interest charges. If you have more than one card, pick the one with the lowest interest rate and move all of your balances from other cards onto this one. Then, cut up your other cards. Even better, take out a bank line of credit at a much lower interest rate and pay off all your plastic. If this isn't an option, try to pay more than the minimum required every month. Otherwise, it will take years to clear your card and you'll pay almost as much in interest as you did on the original purchases.
- 4 THINK TWICE ABOUT DEBT.** It's plastic, it has the same seductive shape of a credit card and hundreds of thousands of Canadians use their debit cards as though they were Visas. Paying by debit is a cashless, efficient way of making purchases, but beware – before you do, think about whether you would hand over paper money for the same item. If not, put your bank card away. On the cash side, avoid ABM's at other banks, as you are charged a user fee. Take out more money from your own bank and budget it over several days, since withdrawing money every morning on the way to work could encourage you to spend it on a daily basis.
- 5 USE COUPONS AND BUY IN BULK.** Clipping can be a hassle, but coupons for items you regularly purchase can save you hundreds of dollars a year. Avoid higher-priced name brands and, when you can, buy things more cheaply in bulk.
- 6 BE OPEN WITH YOUR FAMILY.** Though being in debt can be embarrassing and awkward, honesty about it is paramount. Not only will your family start looking at cheaper ways to have fun, but children will learn why they can't always have the latest gadget or join every expensively equipped sports team.
- 7 USE MASS TRANSIT.** The cost of gas, parking, insurance and maintenance for your car can be overwhelming. Public transport not only reduces the expense but can sometimes even be quicker.
- 8 SEEK HELP.** The sooner you accept that you need assistance, the sooner you'll regain control over your finances. While private credit counselors charge a fee, agencies that are not-for-profit are less expensive and offer some services for free; as beforehand. Credit counselors will help you budget your money and can negotiate with creditors on your behalf. They can ask creditors to stop charging interest, reduce monthly payments to what you can afford and even work out a lowered principal. And they can propose such solutions as a debt-consolidation loan in which you commit to a single lower monthly payment that stretches out over a longer time.

There may be other ways to pay off your debts, including refinancing your home, taking on a second job or selling an asset such as a car. As a last option, you can declare personal bankruptcy. This isn't as easy as simply liquidating your assets – you must meet certain requirements under the *Bankruptcy and Insolvency Act*, and some debts are not discharged, such as child support, alimony and student loans less than 10 years old. It's drastic, but at least it is a way of starting fresh.

QUESTIONS TO ASK BEFORE BUYING ON CREDIT

- Is this a need or a “want”?
- Do I need it now?
- Is it worth the extra credit cost to have it now?
- Is it worth the risk of losing the money I have put into it if I don’t/can’t meet the payments?
- Will this purchase help achieve a family or personal goal?
- Is the interest cost reasonable?
- Will I still be using the item when I have finished paying for it?
- Will this purchase meet with family approval?
- Am I buying it from a fair and honest person or business?
- Can I buy it without committing an anticipated increase in income?
- Is my use of a credit card reasonable?
- Do I usually make payments on time?
- Have I been able to pay charge card statements in full and thus avoid finance charges?
- Can I make these payments without skimping on necessities?
- Do I have a saved emergency fund to take care of unforeseen expenses?
- Is my credit good enough so that I can borrow in case of illness or emergency?
- Is my income prospect good?
- Have I avoided dipping into savings to meet regular expenses?
- Do I avoid borrowing to pay off other credit or debts?
- Am I always honest with myself, my spouse or others about my expenses?
- Am I always current in my rent or utility payments?
- Are my assets greater than my debts?

The best and safest way to deal with consumer credit is to immediately put some money aside after buying the goods or services or, ideally, always make sure that the money is already saved before buying something.

IF YOU BUY GOODS AND SERVICES ON CREDIT WITHOUT KNOWING EXACTLY WHEN THE BILL CAN BE PAID, YOU ARE RISKING FINANCIAL PROBLEMS!

IF YOU HAVE TROUBLE MEETING THE MINIMUM PAYMENT, YOU ARE SERIOUSLY AT RISK!

BE AWARE OF ADVERTISING TECHNIQUES

Advertising appeals to our...

Status – “FINER THINGS IN LIFE”

Peer Approval – “ACCEPTANCE”

Intelligence – “SMART PEOPLE CAN’T BE FOOLED BY A GIMMICK

Entertainment – “ENJOYMENT”

Scarcity – “SUPPLY IS LIMITED”

Scientific or numerical claims – “NINE OUT OF TEN AGREE”

ARE YOU HEADING FOR SERIOUS DEBT PROBLEMS?

1. Are you making only minimum payments on your credit cards?
2. Are you having difficulty paying your monthly bills regularly and on time?
3. Are you using your overdraft most months?
4. Are you using credit because you don’t have the money for everyday expenses?
5. Are you uncertain how much you owe in total?
6. Do arguments about money cause problems in your family?
7. Are you charging more each month than you pay on credit?
8. Are you over your borrowing limit on your credit cards, overdraft or line of credit?
9. Are credit collectors calling you?
10. Are you considering consolidating your debt?

If you answered “yes” to any of these questions, you may be heading for debt problems. Create a plan to resolve the situation or contact an insolvency counsellor for assistance.

SMART SHOPPING SKILLS AND PRACTICES

I DO THIS --	Always	Sometimes	Never
1. Prior to purchase, get information about a product or service from friends, government pamphlets, consumer reports, or 3 different places of business.			
2. Read labels to see if products perform the way I want them to.			
3. Prepare a list of questions and ask them when buying goods or services.			
4. Exchange services or think of alternatives to buying.			
5. Consider renting or sharing items/equipment instead of buying.			
6. Buy from a reputable dealer.			
7. Try out merchandise in the store if possible.			
8. Identify my needs and buy quality that is sufficient for the purpose.			
9. Keep receipts and warranties.			
10. Write down the date and place of purchase.			
11. If not satisfied, return product to seller, make the complaint in writing, get name of clerk and supervisor, state preferred resolution of the problem.			
12. Compare prices per unit, per serving and per nutritional value.			
13. Compare 3 items or 3 stores (agencies, banks, etc.) before making a final choice.			
14. Look one day and decide another. Talk it over with a friend or family member.			
15. Buy items which are reduced in price.			
16. Buy second-hand items when they are suitable.			



I DO THIS --	Always	Sometimes	Never
17. Know prices so “bargains” or “good deals” are recognizable.			
18. Take care of goods (follow instructions) and food after they are purchased.			
19. Buy good quality items that are used often, but don’t buy better quality than necessary.			
20. Figure “total” cost of an item (delivery, installation, upkeep, accessories, replacement of parts).			
21. Pay cash rather than using credit, except when money is saved in the long run or a real need is met.			
22. Figure the extra dollar cost of using credit and consider what extra dollars can purchase to decide whether credit use is worthwhile.			
23. Read and understand terms of contracts, guaranties and warranties.			
24. If contract is too difficult to read or understand, have a knowledgeable person help or review the contract.			
25. Never sign a form or contract before all the blanks are filled. Have both parties initial any changes made in any lines of the contract.			
26. Record cheques in the register before filling them out.			
27. Avoid being persuaded by fancy containers, sales pitches or “smooth talkers”.			
28. Plan how the item can be paid for before it is purchased.			
29. If product or service is “technical”, have an expert check it.			
30. Repair before replacing, if this is possible and less expensive over time.			
31. Shop with a list.			
32. For groceries/food shop on the four outside walls as staples are normally situated there.			
33. Avoid grocery shopping when hungry.			
34. Prepare a monthly budget.			

CREDIT BUREAUS

Credit reporting agencies, or credit bureaus, collect information about consumers' financial affairs and sell that information to their business members, such as credit grantors, employers and insurance companies. The two major Canadian credit bureaus are Equifax and Trans Union and most of the major credit grantors use both services. The credit bureaus charge annual fees, as well as a fee for each credit report requested by members.

Credit bureaus obtain their information from three major sources:

1. The **consumer** supplies information primarily when filling out an application form for credit. This information will usually include name, address, birth date, social insurance number, present employer, employment history and marital status.
2. **Public records** provide information related to such matters as bankruptcies, court judgements, foreclosures, chattel mortgages and conditional sales agreements registered with provincial authorities.
3. The major **credit grantors** and **collection agencies** send their credit files electronically to the credit bureaus every month, resulting in files that include the account number, the outstanding balance and a nine-point scale indicating whether the payment was made on time or late.

We suggest that you fax your discharge documents to the Credit Bureau in order that your credit report will be updated with the current and correct information. We have enclosed the information you will require to obtain your Credit History Report.

Build a credit history by establishing a

- Steady work record;
- Paying all bills promptly;
- Open a chequing account and don't bounce cheques;
- Open a savings account and make regular deposits;
- Apply for a small loan and use savings account as collateral
- Apply for a secured credit card

Common investment goals might be to create an RESP to save for children's college education or an RRSP to save for retirement. Start with a savings-investing program with a savings account, term deposit or GIC. All of those are easier to implement with an automatic withdrawal each month from a bank account to the savings account or the investment company.

The following information can be taken directly from our website:

<http://www.bankruptcybc.ca/personal/credit-bureau.htm>

CREDIT BUREAUS

The Nine Point Scale is as follows:

- 0 Too new to rate; approved but not used.
- 1 Pays (or paid) within 30 days of billing; pays account as agreed
- 2 Pays (or paid) in more than 30 days but not more than 60 days or one payment past due.
- 3 Pays (or paid) in more than 60 days, but not more than 90 days, or two or more payments past due.
- 4 Pays (or paid) in more than 90 days, but not more than 120 days, or three or more payments past due.
- 5 Account is at least 120 days overdue, but is not yet rated 9.
- 6 (Code 6 does not exist.)
- 7 Making regular payments under a consolidation order or similar arrangement.
- 8 Repossession (indicate if it is a voluntary return of merchandise by the consumer).
- 9 Bad debt; placed for collection; skip.

The Vancouver Credit Bureau's policy regarding bankruptcy information is:

- **Purging Files** – The data included in the bankruptcy will be purged six years from date of last activity.
- **Bankruptcy Discharge** – The data appearing on the file following the posting of a bankruptcy discharge will record a zero balance owing.
- **Listing Balance of Debts** – The data that the credit grantor provides is on tape. The Credit Bureau records the balance shown by the credit grantor.
- **Reporting Standards** – Credit bureaus share information within a system known as the National Equifax Network. The network observes strict standards governing reporting of adverse information and purging of credit reporting records. The credit bureau must investigate and use its best efforts to confirm disputed negative information.

APPEALS

Appeal of an action taken by a credit bureau may be referred to:

**The Registrar of Credit Reporting Agencies
1019 Wharf Street
Victoria, B.C. V8V 1X4**

A decision of the Registrar may be appealed to:

**The Commercial Appeals Commission
#1203 – 865 Hornby Street
Vancouver, B.C. V6Z 2G3
commercialappealscommission.bc.ca**

YOUR RIGHTS

A consumer has a right to full disclosure of the content and source of any information on her or his file. The Registrar of Credit Reporting Agencies recognizes that all complainants consider their issues to be very serious. For that reason, the Credit Reporting Branch insists that credit reporting agencies and creditors provide prompt and complete reports to the consumer about diverse credit information.

The *Credit Reporting Act* protects several rights of consumers:

1. The Act applies only to consumer transactions.
2. Reports may be given to a person seeking information only for the purpose of: extending credit or collecting a debt; a tenancy inquiry, employment or insurance verification under authority granted by a government statute otherwise, as a direct business requirement.
3. Before a person may obtain a report, she or he must have the consumer's consent in writing, or notify the consumer by mailing a notice postmarked at least three days before obtaining the report.
4. If a consumer is denied credit or has an increased cost as a result of information obtained in a credit report, the person must be notified promptly by the person denying credit.

Note: A person has a right to place a 100 word statement (50 recommended) on the credit bureau file, to be given to anyone who obtains a future report. A person has a right to see the file and has a right to receive a copy of any report.

REFERRAL SERVICES

1. **VANCOUVER INFORMATION SERVICES** **604-875-6381**
Central information and referral service for the lower mainland municipalities. Provides information on and referral to community and social services.
2. **ADULT CHILDREN OF ALCOHOLICS
& DYSFUNCTIONAL FAMILIES** **604-878-8500**
This is now commonly known as “Adult Children” because the problems dealt with are not limited to those of alcoholic backgrounds. It is a support group for people 19 years and older who grew up in troubled families and want to improve their lives through a better understanding of their past.
3. **AL-ANON** **604-688-1716**
A fellowship of relatives and friends of alcoholics who meet for mutual help and support in dealing with the alcoholic.
4. **ALATEEN** **604-688-1716**
A mutual help fellowship of the children of alcoholics. 24-hour answering service provides emergency number.
5. **ALCOHOLICS ANONYMOUS** **604-434-3933**
A mutual help fellowship of alcoholics.
6. **GAMBLERS ANONYMOUS** **604-878-6535**
Fellowship of men and women whose main purpose is to quit gambling and to assist others to do likewise.
7. **NARCOTICS ANONYMOUS** **24-HOUR – 604-873-1018**
An organization of recovery addicts who meet regularly to help each other stay drug free.
8. **ADULT LITERACY CONTACT CENTRE** **1-800-663-1293 604-684-0624**
Telephone based referral service providing information about literacy programs, adult basic education programs and community services province-wide.
9. **LEARNING DISABILITIES ASSOCIATION OF B.C.** **604-591-5156**
Mutual help and information network.
10. **S.U.C.C.E.S.S.** **604-684-1628**
A non-partisan citizen organization for the promotion of the well-being of Canadians and new immigrants and their participation in a just, equitable, and culturally diverse society through the provision of services, community development and advocacy.

REQUEST TO OBTAIN MY CREDIT HISTORY REPORT

NOTE: Two pieces of identification are mandatory. The Credit Bureaus will not process incomplete requests without further notice.

PLEASE PRINT

Name:

Last Name First Name Initial Suffix (Sr., Jr., etc.)

Current
Address:

Street Address Apt. City Province Postal Code

PRIOR ADDRESS(ES) WITHIN THE LAST 5 YEARS

Previous
Address:

Street Address Apt. City Province Postal Code

Previous
Address:

Street Address Apt. City Province Postal Code

Date of Birth

Month Day Year

Social Insurance Number

Optional

Current Employer

Name and last 4 digits of a major credit card

Were You Denied Credit?

No

Yes

Which Institution?

When?

- ✓ A copy of your personal credit history report will be mailed to you shortly.
- ✓ If any corrections to your file are necessary, you must complete the request form included with your credit history report, and return it to the Credit Bureau that issued the report.
- ✓ No corrections will be processed by telephone.
- ✓ A copy of two (2) pieces of identification, **FRONT and BACK**, must be attached with your request in order to be processed.

Signature

Date

EQUIFAX
P.O. Box 190, Station Jean-Talon
Montreal, Quebec H1S 2Z2
Telephone: 1-800-465-7166
Facsimile: 1-800-465-4430
www.equifax.com

TRANS UNION OF CANADA INC.
Consumer Relations Centre
P.O. Box 338, L.C.D.I.
Hamilton, Ontario L8L 7W2
Telephone: 1-800-663-9980
Facsimile: 1-905-527-0401
www.transunion.com