



CONSUMER PROPOSAL VS. PERSONAL BANKRUPTCY

It's important to understand the solutions available to you so you can make an informed decision and get a debt-free plan that's right for you and your unique situation.

Compare some of the main differences between Consumer Proposals and bankruptcy here.

Consumer Proposal

Personal Bankruptcy

How Much Debt Repaid?

Total amount of debt generally reduced; reductions of 70-80% are common.
Interest is automatically frozen by law on all debts.
Income levels and family size are taken into account.



No amounts are repaid to the creditors in nearly 80% of bankruptcies; there is no set repayment of debts.
Interest is automatically frozen by law on all debts.
Payments are based on income and assets that may not be exempt; monthly payments are often for administration costs only.

Administration Costs

Administration costs are included in the payment amount offered to creditors – no additional fees are charged.
Federal government-regulated tariff is used to set fees.



Minimum monthly payments are usually \$200 per month for 9 months.
Federal government-regulated tariff is used to set fees.



Length of Time



Must be completed within 60 months; terms of 24-48 months are typical.
May be paid in full early at no penalty.



Will last either 9 or 21 months if it is a first-time bankruptcy, depending on income.

Impact on Credit Rating

An R7 rating will be noted for 3 years after completion, or 6 years from the date of filing, whichever comes first.



An R9 credit rating will be noted for 6 years following discharge, although with proper credit rebuilding steps it is still possible to obtain credit during this time.

Creditor Agreement and Collections

All creditors are bound by the terms and share in payments if 50% of voting creditors accept the Consumer Proposal.
The ONLY method in Canada for reducing debts with Canada Revenue Agency.
Only a Licensed Insolvency Trustee can cease a wage garnishment, asset seizure and other collection action.
Contact from creditors must cease upon filing.



Creditors cannot prevent you filing for personal bankruptcy.
Debts owing to Canada Revenue Agency can be extinguished.
Only a Licensed Insolvency Trustee can cease a wage garnishment, asset seizure and other collection action.
Contact from creditors must cease upon filing.

Advisor's Qualifications

Only a Licensed Insolvency Trustee can file a Consumer Proposal on your behalf.
Licensed Insolvency Trustees are licensed by the federal government.
Must comply with Code of Ethics and rules of professional conduct.



Overseen by the Office of the Superintendent of Bankruptcy.
Licensed Insolvency Trustees are licensed by the federal government.
Must comply with Code of Edits and rules of professional conduct.

Sands & Associates' qualified Licensed Insolvency Trustees will help you understand and compare all your debt management options so you can choose the solution that's right for you.

We take a supportive non-judgmental approach to debt help services and confidential consultations are always free.



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Licensed Insolvency Trustees