



COMPARISON CHART

What is a Consumer Proposal?

A Consumer Proposal is a debt relief solution that allows you to significantly reduce your debt and repay only a portion back. It automatically stops all interest and penalties. A Consumer Proposal is a formal, legally binding process that can include all unsecured debt, including CRA, student loans, and payday loans. It also stops collection calls, ends wage garnishments and legally protects you from your creditors.

What is a Bankruptcy?

Bankruptcy is a legal process that allows you to release all your unsecured debts, stop collection calls, end wage garnishments and get on with your life. The bankruptcy legally protects you from your creditors.

BANKRUPTCY

- No maximum debt limit. The minimum debt required is \$1,000.
- May have to surrender certain assets for distribution to creditors - see exempt assets below.
- Most first time bankruptcies are discharged in 9 months; 21 months if there is surplus income.
- Most second time bankruptcies are discharged in 24 months; 36 months if there is surplus income.
- Credit score will reflect an R9 rating for 6 years after discharge if it's a first bankruptcy and 14 years if it's a second bankruptcy.
- The monthly payments depend upon income level; may change as income changes i.e. if income increases, payment may increase.
- Income tax refund is forfeited the year you file.
- Start to rebuild credit while in Bankruptcy.

CONSUMER PROPOSAL

- Maximum of \$250,000 unsecured debt. No minimum, but a Consumer Proposal is not recommended if you owe less than \$6,000.
- Not required to surrender assets.
- Maximum of 5 years to pay it off. Ability to pay back sooner with no penalty.
- Credit score will reflect an R7 rating for 3 years after completion of the Consumer Proposal.
- Monthly payments based on affordability; once Consumer Proposal is approved payments do not change i.e. if income increases, payments do not increase.
- Trustee fees set out by Superintendent of Bankruptcy; fees come out of monthly payments; no additional charges by Trustee.
- Income tax refund is not forfeited.
- Start to rebuild credit while in the Consumer Proposal.

Exempt Assets:

- Household goods, clothing up to a certain value.
- Tools of the trade to a certain value.
- One vehicle up to a certain value.
- First \$10,000 of equity in a house.
- RRSPs, excluding contributions in the year before.