



# Debt Solutions

[www.nomoredebts.org](http://www.nomoredebts.org) | [www.mymoneycoach.ca](http://www.mymoneycoach.ca)



We Help. We Educate. We Give Hope.

# Agenda

- Reasons for financial trouble
- Financial stress
- Cost of credit
- Types of debt
- When there is difficulty paying
- Debt solution options
- Seeing a Credit Counsellor
- Signs you need more help



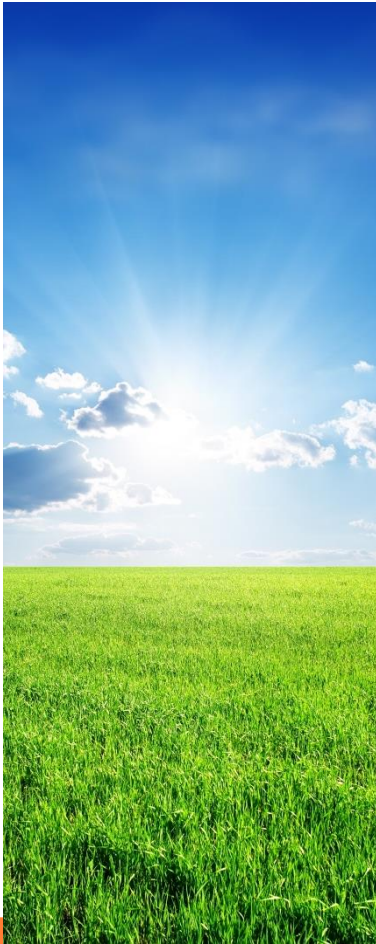
# Objectives

By the end of this section, you will be able to:

- Identify the ways financial stress can impact your life
- Understand your rights and responsibilities relating to debt
- List three strategies to deal with debt



# Healthy Financial Choices



**There's a lot in it for us if we're good with our money:**

- More productive and motivated
- Better able to focus
- Improved communication abilities
- Sleep better
- Less stress and stress related illnesses

# Types of Debt

- Open
- Unsecured
- Secured
- Government



# Dealing with Debt



- Consider your current circumstances
- Do **NOT** ignore the debt!
- Seek reliable advice about your debt
- **You have more options if you get help sooner rather than later!**

# Difficulty Paying



- Communicate with creditors, let them know what your situation is
- Considered secured assets that may be at risk (seize/sue)
- Be aware of the Right of Offset
- Know about your provincial statute of limitations



# Options for Dealing with Debt



- Self-Administered
- Debt Management Program
- Legal Solutions

# Self-Administered



## Do-It-Yourself:

- Increase income and/or decrease expenses
- Ask for lowered interest
- Conventional financing (e.g. consolidation loan or line of credit, refinance mortgage)
- Sell assets (e.g. car, house, household goods)

# Self-Administered...



## Do-It-Yourself:

- Create a pay down method
  - Debt Avalanche Method
  - Debt Snowball Method

# Self-Administered...



*the*  
**DEBT AVALANCHE**  
*method*

PAY DEBTS IN ORDER OF INTEREST RATE.

START WITH THE HIGHEST INTEREST RATE.

FOCUS ON PAYING OFF ONE BALANCE AT A TIME IN ORDER OF INTEREST RATE WHILE STILL PAYING MINIMUM BALANCE ON ALL THE OTHER DEBTS.

*Benefit:*

PAY DEBTS OFF FASTER  
AND PAY LESS INTEREST

# Self-Administered...

PAY DEBTS IN ORDER OF BALANCE AMOUNT.

START WITH THE SMALLEST BALANCE.

IF DEBTS HAVE THE SAME BALANCE PUT THE DEBT WITH HIGHER INTEREST RATE FIRST.

FOCUS ON PAYING OFF ONE BALANCE AT A TIME, IN ORDER OF SMALLEST TO LARGEST, WHILE STILL MAKING MINIMUM PAYMENTS ON OTHER DEBTS.

*Benefit:*

QUICK SATISFACTION

*the*  
**DEBT SNOWBALL**  
*method*



# Self-Administered...



If you get an influx of money like a bonus, tax refund or other type of lump sum, considering putting:

- 40% towards debt
- 40% towards savings
- 20% towards guilt-free fun

# Debt Management Program



At the Credit Counselling Society, the DMP:

- Unsecured debts are consolidated in to 1 monthly payment
- Creditors reduce, or even eliminate, interest rates
- Participants will be debt free within five years
- During the program, budgeting and money management skills are taught
- Assistance in rebuilding credit upon completion of the program

# Legal Solutions



## Consumer Proposal

- A legal process in which you are only required to pay back a portion of your total debt
- Make fixed monthly payments for a set period of time (less than 5 years)
- You will receive an R7 on your credit rating until three years after you complete your payments
- Fees do apply



# Legal Solutions

## Bankruptcy

- A legal process in which you receive relief from your debts
- You will be required to surrender certain assets
- Will be discharged from bankruptcy between 9-36 months, depending on numerous factors
- You will receive an R9 on your credit rating for a minimum of six years after discharge
- Will be a matter of 'public record'
- Fees do apply



# Signs That You Need More Help



- Feeling constantly stressed about money
- NSF charges
- Constantly in your overdraft
- Using credit to pay other credit
- Fighting with your family about money
- Collection calls
- Can't sleep due to money stress
- See no other way out except bankruptcy

# Seeing a Credit Counsellor



- Do your homework, not all credit counselling organizations are the same so make sure you ask about the following:
  - Is the organization non-profit?
  - Are they accredited? Through whom?
  - What kind of training do the credit counsellors go through?
  - Are there fees? If so, for what?
  - Are there any complaints with the BBB?

# Seeing a Credit Counsellor...



- Appointments can be done in person or by telephone
- You'll go through a full financial analysis:
  - Income, assets, liabilities, monthly expenses and debts
- You'll review your options with a counsellor
- You'll walk away with more information and resources to make a decision about your \$\$

# Now You're Able To...

- Identify the ways financial stress can impact our life
- Understand our rights and responsibilities relating to debt
- List the 3 types of solutions to debt



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# Final Words

Solutions are available to deal with debt

Get help **now!** The sooner you get help, the more options you may have.

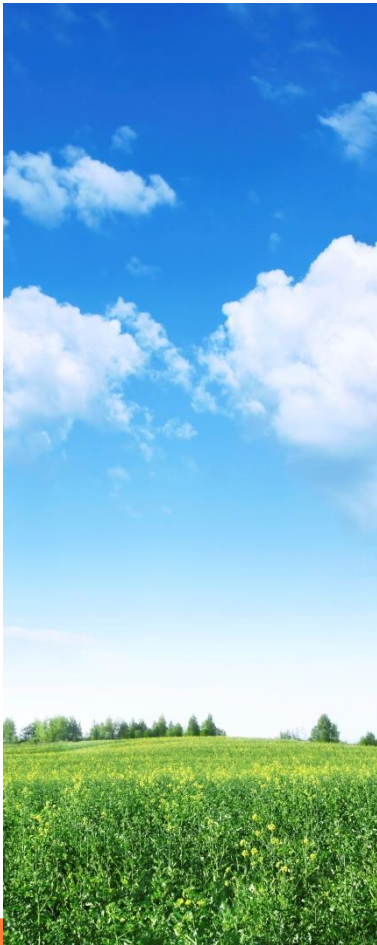
# Learn More

- Free tools and resources available at:

[www.MyMoneyCoach.ca](http://www.MyMoneyCoach.ca)

- Discover more through our:

- Monthly newsletter
- Social media



# How We Help

- Confidential, *no-cost* credit and budget counselling
- Debt repayment programs and alternatives
- Consumer workshops on credit and money issues
- Helpful money management tips on our websites:

[NoMoreDebts.org](http://NoMoreDebts.org)

[MyMoneyCoach.ca](http://MyMoneyCoach.ca)

1-888-527-8999

