Consumer Proposals 101:
An introduction

"A Consumer Proposal was the debt solution we were looking for."

Licensed Insolvency Trustees

MNP LTD

About this eBook

Many Canadians experiencing financial difficulty due to debt may believe Bankruptcy is their only option. You may fear losing assets, doing further damage to your credit, or taking on large added costs. However, there are other repayment solutions available which may provide relief from debt without having to file a Bankruptcy. In some cases, a Consumer Proposal may be a viable alternative which offers several important benefits while still providing a financial fresh start.

The following eBook reviews the basic facts you need to know to decide whether a Consumer Proposal might be the right Life Changing Debt Solution for you. We explain what a Consumer Proposal is, how it works, its potential benefits and drawbacks, how it compares to other debt-relief solutions, the related costs, and situations when it might be your best option for a debt-free future.

About the author

Lana Gilbertson, CIRP, LIT, is a Senior Vice President with MNP's Insolvency group in Vancouver. With more than 20 years of experience, Lana helps individuals and families resolve their financial issues with debt. She consults with clients on a range of options for resolving debt challenges, including budgeting and cash flow management, debt consolidation, debt management, Consumer Proposals and Bankruptcy.

Serving clients in Vancouver, North Vancouver and Richmond, Lana is a Licensed Insolvency Trustee, Consumer Proposal Administrator, and Registered *Bankruptcy and Insolvency Act* (BIA) Insolvency Counsellor. She is also a Chartered Insolvency and Restructuring Professional (CIRP) and a general member of the Canadian Association of Insolvency and Restructuring Professionals (CAIRP).

About MNP

MNP Ltd. (MNP) is one of Canada's largest consumer insolvency firms, with more than 60 years of experience working collaboratively with individuals to help them recover from times of financial distress and regain control of their finances. Because we have more than 50 Licensed Insolvency Trustees and over 200 resident and satellite offices located in key urban and rural centres across the country, we are able to deliver personalized, life-changing debt solutions to individuals where they need them, when they need them.

MNP is licensed by the federal government through the Office of the Superintendent of Bankruptcy in accordance with Canada's Bankruptcy and Insolvency Act and by the Canadian Association of Insolvency and Restructuring Professionals (CAIRP) — a non-profit professional organization representing more than 90 percent of the nation's Licensed Insolvency Trustees.

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What is a Consumer Proposal?

A Consumer Proposal is the only federally regulated and legally binding debt settlement process available to insolvent Canadian individuals. It is a legal arrangement between debtors and their unsecured creditors to consolidate their debt into a single, affordable, interest-free monthly or lump sum payment which is payable over a period of up to five years.

Among the available debt relief options, a Consumer Proposal is often the most affordable as payments are based on an individual's monthly income and expenses. A Consumer Proposal protects assets and places an immediate stay of proceedings on current and future collections actions, court judgements, and garnishees. There is no penalty for paying a Consumer Proposal off early, and it's not uncommon to see debts reduced by half or even up to 70 percent in some cases.

Who can file a Consumer Proposal?

A Consumer Proposal may be filed by an individual who is bankrupt or insolvent and whose debts, excluding debts secured against the individual's principal residence, do not exceed $250,000.

What is the role of the Licensed Insolvency Trustee?

A Consumer Proposal is administered by a Licensed Insolvency Trustee (LIT), whose role includes assisting the consumer in formulating the Proposal; notifying and reporting to the creditors on the Consumer Proposal; adjudicating creditor claims; receiving, distributing, and accounting for the Proposal funds; and administering the process generally.

Once an individual files a Consumer Proposal, the Licensed Insolvency Trustee manages all communication and contact with their unsecured creditors. This arrangement will continue, provided the individual makes their payments on time, until the Proposal is paid in full.

What happens after filing a Consumer Proposal?

Upon filing the Consumer Proposal, a stay of proceedings comes into effect immediately and prevents unsecured creditors from seeking repayment of debt outside of the proposal process. The debtor proceeds to make the agreed payment(s) to the Licensed Insolvency Trustee over the agreed term and attends two (2) mandatory financial counselling sessions throughout the term of their Proposal.

What fees are payable in a Consumer Proposal?

The Licensed Insolvency Trustee does receive fees for administering the Consumer Proposal. These fees are prescribed by a tariff contained in insolvency legislation. The Licensed Insolvency Trustee receives payment for their fees from the proposal funds — they are not an added cost and the debtor is not required to pay any fees directly.

How is a Consumer Proposal accepted?

The Consumer Proposal is deemed to be accepted by creditors within 45 days after the filing date, provided there is no requirement for a meeting of creditors. The Consumer Proposal is deemed to be approved by the court 15 days after creditor acceptance.

A meeting of creditors is required if 25 percent of the proven creditors request it within the 45-day period after filing the Proposal. The purpose of the meeting is to vote on the Consumer Proposal. The Consumer Proposal will be accepted if a majority (i.e., 50% + 1) in dollar value of voting creditors votes to accept the Consumer Proposal. The Consumer Proposal can be amended or altered if necessary to obtain creditor approval. Once the Proposal is accepted, its terms are binding on all the debtor's unsecured creditors.

When is a Consumer Proposal completed?

In addition to fulfilling the terms of the Consumer Proposal, an individual must also attend two mandatory financial counselling sessions which can be provided by the Licensed Insolvency Trustee or a Registered Qualified Insolvency Counsellor. When the terms of the Proposal and the counselling sessions have been completed, the Licensed Insolvency Trustee issues a Certificate of Full Performance of Consumer Proposal.

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WHAT IS A CONSUMER PROPOSAL?
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Consumer Proposal Payment Terms

A Consumer Proposal is a formal, legally binding process which involves a reduction of unsecured debt or an extension of time for repayment of the debt or both.

A Consumer Proposal must be completed within five years. In addition, the Consumer Proposal must offer the creditors more money than they would otherwise receive in a hypothetical Bankruptcy scenario. Other than the above legislation, a Consumer Proposal is a flexible tool which can be structured in a number of ways:

Fixed monthly payments

The most common structure for a Consumer Proposal is fixed monthly payments for a fixed period of up to five years. The Consumer Proposal can be paid off early if the consumer is able to increase their monthly payments and / or make lump sum payments during the term of the Consumer Proposal. There is no penalty for early repayment.

Variable payments

For consumers who work seasonally or have fluctuating income, a Consumer Proposal can be structured so higher payments are made during peak earning times and lower payments are made during low earning times. The Consumer Proposal must clearly set out the variable payment schedule.

Step up payments

For consumers who know their income will increase during the term of the Proposal, payments can start out lower and increase over time. The Consumer Proposal must clearly set out when and how payments will change.

Step down payments

For consumers whose income will decrease during the term of the proposal, payments can start out larger and decrease over time. Again, the Consumer Proposal must clearly set out when and how payments will change.

Lump sum payments

A Consumer Proposal may be funded in one or more lump sum payments. This is most common where a third party, such as a family member, will be providing the Proposal funding on behalf of the consumer.

Payments from the sale of assets

A Consumer Proposal can involve a sale of assets such as a house or other investments, with all or a portion of the proceeds being paid into the Proposal. If a debtor promises to sell assets as part of a Proposal, consideration must be made for any applicable tax consequences.

Amendment to an existing Consumer Proposal

In extraordinary situations, an existing Consumer Proposal can be amended if there is a material change in circumstances which requires a change to the existing Proposal structure. If an amended Proposal is filed, the creditors get to vote on whether they agree to the amended Proposal.

WHAT IS THE COST OF FILING A CONSUMER PROPOSAL?

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Consumer Proposal pros & cons

A Consumer Proposal is a powerful mechanism available to insolvent individuals in need of creditor protection and debt reduction. It is a formal, legally binding process which must be filed through a Licensed Insolvency Trustee. While a Consumer Proposal offers many advantages to indebted individuals looking for alternatives to Bankruptcy, a Proposal has some disadvantages that must be taken into consideration.

Consumer Proposal Pros	Consumer Proposal Cons
Avoid Bankruptcy and associated consequences.	A Proposal is a legislated process requiring full disclosure of all aspects of one's finances.
A Proposal is a formal and legally binding process, which outlines clear rules and expectations.	Rules and regulations can make some aspects of the process seem inflexible.
Provides immediate protection from unsecured creditors (stay of proceedings).	Protection does not apply to secured creditors who may seize assets if a debtor defaults on payment.
Interest clock stops on debts included in the Proposal, except those falling under Section 178 of the Bankruptcy and Insolvency Act.	Interest continues to accrue on secured debts and debts falling under Section 178 of the Bankruptcy and Insolvency Act.
Deals with all unsecured debts including credit cards, lines of credit, payday loans, trade suppliers, government debts (income taxes, some student loans, medical service plan premiums) and debts owed to family and friends.	A debtor cannot pick and chose who gets included in a Consumer Proposal, which may cause embarrassment if they personally know one or more of their creditors.
Limited ability to defer monthly payments.	Proposal is deemed annulled when the payments are default in an amount equal to three months of payments.
The impact on an individual's credit rating is less severe than Bankruptcy and may be removed from their credit report sooner (three years from completion, six years maximum), depending on how quickly they repay the Proposal.	There is a negative impact on an individual's credit rating and that individual's credit rating will need to be rebuilt upon completion of Proposal.
Debtor maintains ownership and control of their assets, unless the Proposal provides otherwise. Debtors can also maintain and renew a mortgage while in a Consumer Proposal.	A Proposal cannot deal with debts secured against specific assets and debtors will continue to be responsible for the maintenance and costs associated with their assets — this could be troublesome if a primary cause of their financial difficulties is related to maintenance of expensive assets.
Individual can pay out Proposal term early if they have the financial ability.	Too much focus on paying out Proposal early can sacrifice short term savings and other financial goals.
Reduction of total unsecured debt is possible.	Creditors vote on the Proposal and may reject an offer where it is perceived your Proposal is unfair or materially insignificant.
Debtor may obtain a credit card during a Proposal.	Due to impact on credit rating, access to credit may be limited during Proposal term.
Proposal payments in good standing can be considered by some lenders as part of a credit check during the Proposal, such as when applying for a vehicle loan.	Debtors should be prepared to pay high interest rates on loans obtained during a Proposal.
Debtors don't have to report income to the Licensed Insolvency Trustee throughout the Proposal.	Requires discipline to budget appropriately and avoid missing payments which could result in termination of the Proposal.

How does a consumer proposal compare to other bankruptcy alternatives?

A Consumer Proposal is one of many options available to consumers who are looking for a manageable way to eliminate debt while avoiding Bankruptcy. It is important for consumers to carefully consider all options before choosing a debt repayment strategy, as different strategies have their own pros and cons.

A **Consumer Proposal** is a formal, legally binding process which involves a reduction of unsecured debt, or an extension of time for repayment of the debt, or both. The term of a Consumer Proposal must not exceed five years and no interest accumulates during the term of the Consumer Proposal. A Consumer Proposal is legally binding on all types of unsecured creditors (including government debts such as unpaid taxes and some student loans) provided the Consumer Proposal is accepted by creditors holding the majority in dollar value of proven claims. A Consumer Proposal can only be administered by a Licensed Insolvency Trustee.

Orderly Payment of Debts (OPD) is a debt repayment arrangement available only in the provinces of Alberta, Saskatchewan, and Nova Scotia. OPD begins with an application to the court for an order consolidating unsecured debts into one monthly payment, with an interest rate of five percent and a payment period of up to three years. OPD is legally binding on many types of unsecured creditors, providing that they have consented to be included in the arrangement when they are owed more than $1,000. Certain types of debts such as income taxes or business debts are not included. OPD is administered by provincial credit counsellors.

A **Debt Management Plan (DMP)** is an informal (i.e., not legally binding) debt repayment plan which is arranged through a licensed, accredited, non-profit credit counselling organization. A credit counsellor works with the debtor and creditors to develop a more manageable and affordable debt repayment plan. Under DMP, credit card and similar unsecured debt payments are consolidated into one affordable payment which is made to the credit counselling service, which then distributes the payment to the creditors. Licensed, accredited, non-profit credit counsellors are effective in negotiating with creditors to reduce or eliminate interest, which helps reduce overall costs. Many types of debts, such as unpaid income taxes, student loans, and other government debts cannot be part of DMP.

A **Consolidation Loan** is a loan provided by a bank, credit union, or finance company to pay out other debts and consolidate several monthly payments into one monthly payment. A consolidation loan requires an application and approval by the lender, who will consider the debtor's credit rating, income, assets, and debts. Many lenders require the debtor to provide security or collateral for a consolidation loan. Interest rates on consolidation loans can be high and will vary from lender to lender.

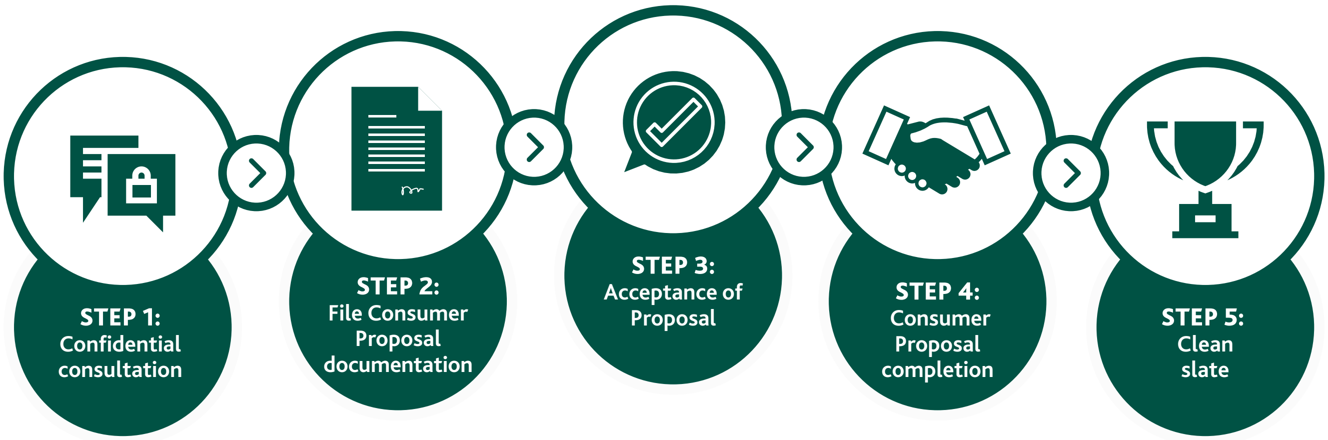
Deciding which strategy will work best can be difficult without professional advice, as the right strategy will depend on the debtor's income and expenses, assets and liabilities, family situation, and other factors. A Licensed Insolvency Trustee is qualified to provide assessment and advice about the various debt repayment strategies, including the merits, consequences, and costs of the various options.

A meeting with a Licensed Insolvency Trustee is free, confidential and unbiased, and can help you find the best debt repayment strategy for your unique financial situation.

	Consumer Proposal	Orderly Payment of Debts	Debt Management Plan	Consolidation Loan
Stay of proceedings (legal protection from creditors)	Yes	Yes	No	No
Federally regulated	Yes	Yes	No	No
Interest free	Yes	No	No	No
Compromise or reduction of total indebtedness	Yes	No	No	No
Regulated costs	Yes	Yes	No	No
Builds credit rating	No	No	No	Yes
Can deal with debts owed to government	Yes	No	No	N/A
Maximum repayment term set by statute or court order	Yes	Yes	No	No

Consumer Proposal vs. Bankruptcy

Consumer Proposals and Bankruptcies are both government-legislated options which can provide you with relief from significant debt problems. Each debt solutions can only be administered by a Licensed Insolvency Trustee and will provide a legal stay of proceedings which require creditors to discontinue harassing collection calls, garnishment, or other legal proceedings. Determining which, if either, option is an appropriate solution depends on a number of variables.

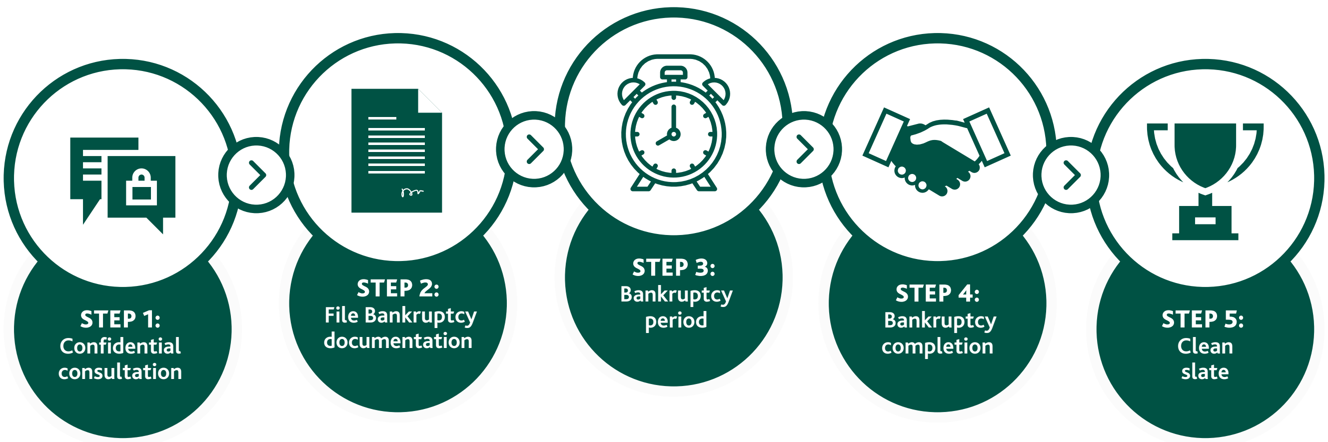


Consumer Proposal – Advantages and Disadvantages

ADVANTAGES	DISADVANTAGES
✓ Immediately stops collection action and no interest is charged	✗ Assets vest with Licensed Insolvency Trustee who is tasked with liquidating assets, subject to some exemptions
✓ Simple, no monthly income and expense reports to fill out	✗ Monthly income and expenses reports must be submitted to Trustee for review
✓ Keep all assets and tax refunds	✗ Surplus income payments will fluctuate according to actual monthly income
✓ Repay less than is owed	✗ Creditors can oppose discharge and a court hearing may be required to get out of Bankruptcy
✓ Offers higher recovery to creditors than a Bankruptcy	✗ Negatively impacts credit score for six or more years after completion
✓ Payment is fixed, debtors don't have to make higher payments if income increases	✗ May affect ability to secure certain employment positions
✓ Pauses active collection on student loans	✗ Tax refunds turned over to the creditors
✓ Creditors approve the Proposal at the beginning of the process, there is no court hearing to determine if debts are extinguished	✗ GST credits are turned over to the Licensed Insolvency Trustee
✓ Avoid Bankruptcy — debtor drives the process — payments are set by debtor and within their financial means	
✓ If debtors have been bankrupt before, filing a proposal results in less impact on credit report than filing a second Bankruptcy (second Bankruptcy reported for 14 years on credit report)	
✓ Can keep credit cards with nil balances	
✓ Budgeting and money management counselling is provided	

Bankruptcy Advantages And Disadvantages

Consumer Proposals and Bankruptcies are both government legislated options which can provide you with relief from significant debt problems. Each debt solutions can only be administered by a Licensed Insolvency Trustee and will provide a legal stay of proceedings which require creditors to discontinue harassing collection calls, garnishment, or other legal proceedings. Determining which, if either, option is an appropriate solution depends on a number of variables.



ADVANTAGES	DISADVANTAGES
✓ Immediately stops collection action, including wage garnishees	✗ Assets vest with Licensed Insolvency Trustee who is tasked with liquidating assets, subject to some exemptions
✓ No interest charged	✗ Monthly income and expenses reports must be submitted to Licensed Insolvency Trustee for review
✓ Creditors can't refuse the Bankruptcy	✗ Surplus Income payments will fluctuate according to actual monthly income
✓ Licensed Insolvency Trustee will often file any outstanding personal income tax returns	✗ Creditors can oppose discharge and a court hearing may be required to get out of Bankruptcy
✓ Process lasts between nine and 21 months if debtor have never been bankrupt before	✗ Negatively impacts credit score for six or more years after completion
✓ No limit on the size of debt load to be eligible to file	✗ May affect ability to secure certain employment positions
✓ Budgeting and money management counselling is provided	✗ Tax refunds turned over to the creditors
	✗ GST credits are turned over to the Licensed Insolvency Trustee

How much does a consumer proposal cost?

When it comes to costs involved in filing a Consumer Proposal, there are a couple of important points. First, costs are federally regulated and prescribed by a tariff contained in insolvency legislation. Second, all costs associated with filing a Consumer Proposal are paid from the Proposal funds, so the consumer is not billed for costs at any time during the Proposal. In effect, the Proposal funding covers administration costs and payments to creditors.

What?	How Much?	Who?
Filing fee	$104.24	Office of the Superintendent of Bankruptcy
Counselling fees	$170.00 (2 sessions x $85.00) plus applicable taxes	Licensed Insolvency Trustee or third-party qualified counsellor
Proposal administration fees	$1,500 flat fee plus 20% of creditor distributions, plus applicable taxes	Licensed Insolvency Trustee
Levy	5% of creditor distributions, deducted from payments to creditors	Office of the Superintendent of Bankruptcy

To illustrate the costs associated with filing a Consumer Proposal, here is a breakdown of the costs and distributions associated with a Consumer Proposal offering payments totalling $20,000.00

Proposal funds	$20,000.00
Less: Filing fee	$104.24
Less: Counselling fees	$170.00
Less: Tax on counselling fees (5%)	$8.50
Less: Initial LIT fees	$1,500
Less: Tax on LIT fees (5%)	$75
Amount available for distribution	$18,142.26
Less: LIT fees on distributions (20%)	$3,628.45
Less: Tax on LIT fees (5%)	$181.42
Less: Levy on creditor distributions (5%)	$716.62
Net amount payable to creditors	$13,615.77

The timing of costs involved in a Consumer Proposal is also prescribed by insolvency legislation. The filing fee payable to the government is due upon filing the Proposal, and the costs of counselling are payable as the counselling sessions are completed. The initial Licensed Insolvency Trustee (LIT) fee of $1,500 consists of two separate draws: the Licensed Insolvency Trustee is eligible to draw $750 upon filing the Proposal and $750 upon court approval of the Proposal as soon as Proposal funds become available. In other words, if the Consumer Proposal calls for monthly payments of $300, it will take more than a year for the Licensed Insolvency Trustee to receive payment for these initial fees.

Creditors typically begin to receive distributions after payment of the filing fee, initial Licensed Insolvency Trustee fees, and counselling fees. The Consumer Proposal must set out how often creditors will receive distributions. Each time a distribution is made to creditors, the Licensed Insolvency Trustee receives 20 percent of the distribution, plus applicable taxes, and five percent is deducted from the creditor payments for payment to the Superintendent of Bankruptcy.

When would I file a consumer proposal?

A Consumer Proposal is for individuals whose debts have become unmanageable, but where they are still able to make some form of payment to creditors. With revisions to their payment plans, they will be able to pay back their unsecured debts partially or in full within a maximum term of five years.

How do I qualify?

If you are insolvent, you may be able to file a Consumer Proposal. However, in order to file a Consumer Proposal your total debts, excluding the mortgage on your principal residence, must not exceed $250,000 as outlined by the Bankruptcy and Insolvency Act.

How do I know how much of a monthly payment to make to my creditors?

A Consumer Proposal allows you to make arrangements to pay all, or part, of your unsecured debt in monthly payments over a specified period of time. It also allows you to change the payment arrangement with your creditors by extending the timeframe, eliminating the interest, or reducing the total amount to be paid.

How do I calculate my surplus income?

The federal government provides guidelines to Licensed Insolvency Trustees that enables them to calculate your surplus income. That amount depends on the number of members in your family and your total family income. Even if you do not have surplus income under these guidelines, it is possible to submit a Proposal that your creditors will approve.

What's the difference between a Consumer Proposal and a Division I Proposal?

When your total debts (excluding the mortgage on your principal residence) exceed $250,000 you will not be eligible to file a Consumer Proposal. However, you would be able to file a Division I Proposal. Just like a Consumer Proposal, you will be making a formal offer to creditors to settle your unsecured debt.

Upon filing a Division I Proposal, the Licensed Insolvency Trustee will call a First Meeting of Creditors (FMC) within 21 days. At that meeting, the creditors will have a chance to ask the debtor questions and consider the terms of the Proposal.

The creditors will then vote on the Proposal. The creditors who are owed the most will exercise greater influence when deciding whether your Proposal is accepted or rejected. Creditors receive one vote for every dollar of unsecured debt you owe them. The creditors can accept, reject, or adjourn the meeting to further consider the Proposal or request an amended Proposal.

If the Division I Proposal is accepted, the Licensed Insolvency Trustee will book a court date and notify all stakeholders that the creditors are in agreement. The Licensed Insolvency Trustee will then seek a court order to confirm the Proposal. In a Consumer Proposal, no court attendance is required.

If the Division I Proposal is rejected by the Creditors, then there is an automatic Bankruptcy. A Bankruptcy first meeting of creditors will immediately follow. If a Consumer Proposal is not accepted by the creditors, there is no automatic Bankruptcy.

How will a Consumer Proposal affect my spouse?

Your spouse will not be affected by you filing a Consumer Proposal. If there are joint debts, it may be appropriate to file a joint Proposal.

What happens to my creditors when I file a Consumer Proposal?

When you file a Proposal, unsecured creditors deal directly with the Licensed Insolvency Trustee. Unsecured creditors must stop contacting you directly. If an unsecured creditor persists in contacting you, notify the Licensed Insolvency Trustee immediately.

What happens to my house and car? Do I lose everything?

Normally, secured creditors are not affected by a Proposal. In most instances, you will continue to make payments to the secured creditors as per your usual arrangements. However, in your Proposal you may choose to surrender and return your secured assets and stop making payments to secured creditors. In these circumstances, any resulting shortfall that may arise from the sale of the asset held as security by the secured creditor will be included as an unsecured debt in your Proposal. This means you will not be responsible for any further payments to the secured creditor.

What happens if I can't pay for my Consumer Proposal?

In making a Proposal to your creditors, it is important you make your monthly payments on time. The Proposal is annulled if you fall in default for an amount equal to three payments during the term of the Proposal. This means the Proposal is brought to an end by default.

In certain circumstances, an amended Proposal may be filed prior to the default occurring. However, if a default occurs and an amended Proposal is not filed and accepted by the unsecured creditors in time, the debts owing to the unsecured creditors are not discharged. In this case, the unsecured creditors will begin to seek payment from you directly for the full amount of your pre-Proposal debts.

If you have defaulted and the Proposal is annulled, you are prohibited from filing another Consumer Proposal for those debts, however, you can file for Bankruptcy at that time.

Does a Consumer Proposal affect my job?

No, filing a Consumer Proposal will have no effect on your job. Section 66.36 of the Bankruptcy and Insolvency Act states that, "No employer shall dismiss, suspend, lay off, or otherwise discipline a consumer debtor on the sole ground that a Consumer Proposal has been filed in respect of a consumer debtor."

What happens to my income tax returns?

As you do not typically give up your assets in a Proposal, you will continue to be responsible to file your annual income tax returns. Any eligible tax refunds for years before the Proposal will continue to be sent to you by Canada Revenue Agency, unless you have other tax debts owing to them. Any tax debt arising in the tax years prior to the Proposal year will be included as a creditor in the Proposal. For the year of the Proposal and future years you will be responsible for any future income taxes due and entitled to receive any income tax refunds.

Do I get to keep my credit cards?

At the time of filing a Proposal you will generally be required to turn over all your credit cards with outstanding balances to the Licensed Insolvency Trustee. You may not be able to obtain a new credit card until after your Proposal term is complete. However, you can usually continue to use or obtain a prepaid or secured credit card during your Proposal. Note that only a secured credit card will help you rebuild your credit, reloadable prepaid credit cards will not.

Do any debts survive a Consumer Proposal?

There are certain debts that survive a Consumer Proposal filing as outlined in Section 178 of the Bankruptcy and Insolvency Act. These include:

- Court fines, penalties and restitution orders
- Alimony, child support and maintenance
- Any award by the court for intentional bodily harm, sexual assault, or wrongful death
- Any debt or liability arising out of fraud, embezzlement, misappropriation, or misconduct while acting in a fiduciary capacity
- Any debt or liability for obtaining property under false pretences or fraudulent misrepresentation
- Liability for any dividend a creditor would have been entitled to receive when you fail to disclose the creditor to your Trustee
- Student loans in certain circumstances

What is the voluntary deposit law in Quebec?

Voluntary deposits are designed for debtors who reside in Quebec to make regular, monthly payments to the court based on their income and dependents. The court then ensures these payments are distributed to creditors. This arrangement lasts until 100 percent of your debts are paid in full, along with a five-percent interest per year.

The voluntary deposit protects the debtor against salary garnishments and seizure of furniture found in the residence. It does not however, protect the debtor from seizure of the home, assets and / or furniture financed by an installment sales contract, bank accounts, or a vehicle.

Because of the limited protection from seizures, continued interest payments, the obligation to pay a relatively high percentage of your income and receiving an R9 credit rating, this is often not the most sought-after debt solution for Quebecers looking to make a fresh financial start.

Choosing the best route forward for you

If you've been struggling under the weight of overwhelming debt and have finally decided it's time to take action and get control of your finances, taking the first step can be difficult and finding out your options can be daunting. In fact, the process can seem so daunting that many will simply assume a Bankruptcy is their only route forward.

While filing for Bankruptcy may be a completely viable option for some, a Consumer Proposal is one of several other options which may be available to you based on your unique financial situation. Speaking with a Licensed Insolvency Trustee will give you a better gauge as to where you're at, where you want to be, and what routes you could take to get there.

"MNP put me on the best route to become debt-free."

To learn more about how MNP Debt can help, contact your local MNP LTD office at 310.DEBT or visit MNPdebt.ca

About MNP Ltd.

MNP Ltd. is one of the largest personal insolvency practices in Canada. For more than 60 years, our experienced team of Licensed Insolvency Trustees and advisors have been working collaboratively with individuals to help them recover from times of financial distress and regain control of their finances.

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