

# S7 E02: When Are You in Over Your Head?

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SPEAKER	TRANSCRIPTION
	<p data-bbox="532 730 1513 768"><b>[00:00:00.00]</b></p> <p data-bbox="532 789 763 819">[MUSIC PLAYING]</p>
DORETTA THOMPSON:	<p data-bbox="532 861 1513 898"><b>[00:00:11.02]</b></p> <p data-bbox="532 919 1497 1075">Hi, you're listening to Mastering Money, where we explore the many aspects of good financial decision-making. I'm Doretta Thompson, Financial Literacy Leader for Chartered Professional Accountants of Canada. We provide no cost programs and free online resources to help Canadians own their finances and learn the language of money.</p> <p data-bbox="532 1096 1513 1134"><b>[00:00:31.74]</b></p> <p data-bbox="532 1155 1481 1239">This season we're looking at that four-letter word so many of us know all too well, debt. Because understanding and managing debt is easier when you know your options and you have the right guidance.</p>
	<p data-bbox="532 1281 1513 1318"><b>[00:00:42.77]</b></p> <p data-bbox="532 1339 763 1369">[MUSIC PLAYING]</p>
DORETTA THOMPSON:	<p data-bbox="532 1407 1513 1600"><b>[00:00:46.06]</b></p> <p data-bbox="532 1470 1497 1600">My guest today is Nancy Snedden, leader of BDO Canada's personal debt solutions practice. As a licensed insolvency trustee, Nancy has a broad range of financial recovery experience with businesses of all sizes. But it's her extensive experience with individuals and families that we'll be exploring today.</p> <p data-bbox="532 1621 1513 1659"><b>[00:01:06.34]</b></p> <p data-bbox="532 1680 1481 1911">Nancy's helped literally thousands of people, with creative and practical solutions, to resolve their financial difficulties. She's been based in St. John's, Newfoundland, for more than 20 years. It's scary to confront a debt problem, but it doesn't have to be. And there are options within your grasp. Nancy joins us today for a conversation on recognizing when you may be in over your head with debt, what you might consider, and who you can turn to in such times. Nancy, thanks for being here.</p>

**SPEAKER****TRANSCRIPTION**

NANCY SNEDDEN:

**[00:01:35.20]**

Oh, Doretta, it's great to be here. Thanks for having me.

DORETTA THOMPSON:

**[00:01:38.15]**

So, before we begin, can you tell us a little bit about yourself and your career? I think a lot of people think of trustees in bankruptcy primarily as corporate players. But what's the role of trustees with individuals and helping them manage debt?

NANCY SNEDDEN:

**[00:01:53.47]**

Yeah, I think you're right. I think lots of times when people think of trustees and licensed insolvency trustees, they think about corporations and businesses that may go into receivership or need bankruptcy assistance. But we really do a lot of work with individuals. And I think the majority of our profession actually is in helping individuals get out of financial difficulty that they find themselves in.

**[00:02:16.97]**

So for us, we see people regularly who are unable to pay off their debt or feel like they're losing control of their finances. We go through a full financial assessment with them. So what we would do as licensed insolvency trustees is file a consumer proposal with their creditors, or file a bankruptcy.

**[00:02:37.57]**

However, as part of that financial assessment, we're helping them work through their budget, we may refer them to a lender for refinancing. We may refer them to a credit counseling agency. So although as licensed insolvency trustees we're doing formal consumer proposals or bankruptcies, it doesn't mean that coming to see us that that's where you will land. For us, it's about finding the best solution possible for the debtor.

DORETTA THOMPSON:

**[00:03:02.14]**

I think it'd be interesting to explore a little bit about the state of mind that people are in when they come to you. Are there common themes that you see in people who are approaching you for help?

NANCY SNEDDEN:

**[00:03:13.18]**

Absolutely. There's been stigma over the years about reaching out for help when you find yourself in debt. It's getting less and less, which I think is great. Because, oftentimes, people will wait far too long to pick up the phone and get help because of that stigma. It's important for them to understand that it's a judgment-free zone. You're coming to see us to get help. And that's what our job is, is to provide that help.

NANCY SNEDDEN:

**[00:03:36.67]**

The state of mind for people is often a lot of stress about their finances. It's impacting their life in so many ways beyond their finances because of that stress. They're feeling shame in some cases. How did I let myself get into this position? So yeah, oftentimes, Doretta, we find that it's a life event actually that brings people to see us.

**[00:03:58.03]**

So marital relationship breakdown is one of the leading causes of financial difficulty, which is understandable because you have a two income household with one set of expenses, and now you have two sets of expenses on single income with the same debt loads. We have people who lose their job or what we call get underemployed. So they have a new job, but it's not at the same level of income as their previous employment.

**[00:04:23.23]**

There may be an illness with them or someone in their family. There's all kinds of things that happen as we go through life. So oftentimes there's financial stress, and people don't really know how to deal with it or get back on track, their state of mind, because they're also dealing with these other external factors that have happened in their life that have actually brought them to this place of financial difficulty.

DORETTA THOMPSON:

**[00:04:45.34]**

Yeah, I've read that people can wait an average of five years before they reach out for help. And when you think about the amount of stress that puts on somebody, to be dealing with that on their own for that long-- you're saying that you're seeing a little bit of easing in the sort shame aspect and stuff. Are you starting to get a sense that maybe people are asking for help a little earlier and maybe are starting to understand the value of that and recognizing the trouble that they may be facing?

NANCY SNEDDEN:

**[00:05:16.57]**

Yeah, I think people still wait longer than they need to. And look, I still hear from many, many clients-- I wish I had of called you sooner. I've been dealing with this for two years, three years. I'm definitely still hearing that from people. Or they thought things were going to change, or they thought they'd be able to figure it out on their own.

**[00:05:36.44]**

And again, because it's a life event, it's not something that they saw necessarily coming, or not something that they had planned ahead of time for. So definitely still seeing lots of that where people are waiting longer than they should. But I think people are talking about debt and financial difficulty more now than they ever have before.

NANCY SNEDDEN:

**[00:05:58.01]**

So that helps with reducing that stigma. Because, for example, if you're talking to a friend, coworker, or family member about a financial difficulty, and you find that they found themselves there or they know someone who found themselves there and was able to get relief, that reduces that stigma. Because you actually feel, OK, I'm not alone here.

**[00:06:19.21]**

Because even though you might see all kinds of statistics around insolvency or the level of people filing consumer proposals and bankruptcies, I mean, obviously you know you're not alone in financial difficulty. But it's hard to relate that to yourself and to your own situation unless it's someone who is more relevant to you who's in that situation. And then you can actually see, OK, I'm not alone. And this person was able to reach out and get help, and now I know it's OK for me to do the same.

DORETTA THOMPSON:

**[00:06:47.86]**

Yeah, one of the things I wonder is if-- it's one of the kind of unanticipated or unexpected results of COVID that a lot of people faced difficult financial situations that were clearly without blame, which gave people the opportunity to talk about it and even to ask about it. I even just overheard conversations where people were asking each other, are you OK?

**[00:07:16.78]**

And I don't think that was happening the same way before. And when you were in a situation where blame was completely removed, obviously removed, suddenly the conversations changed.

NANCY SNEDDEN:

**[00:07:29.05]**

Yeah, I couldn't agree more. I think it brought people closer together too, which sounds weird, because people were in isolation. But somehow through video-- and people were reaching out because it was their only way to reach out, maybe even more often than they would have had they been able to see people on a regular basis.

NANCY SNEDDEN:

**[00:07:49.49]**

And I think it brought those conversations to the forefront. Because people were dealing with so many things. Finance was one piece of it, but there was a lot of emotion that was wrapped into COVID, and the fact that we were isolated. So I just-- I think it did make people more open to discussing things.

**[00:08:07.72]**

I also think younger generations aren't as afraid of that. And part of it might be, Doretta, because interest rates have been low for so long that debt has been so cheap that it hasn't actually even seemed like a big thing or a big deal, if that makes sense.

DORETTA THOMPSON:

**[00:08:25.99]**

That's really interesting. And I've noticed that, that millennials and now Gen-Zs are way more open about money conversations and just being very blunt about it, about expectations and costs and what they can cope with. You were talking about how people are still waiting a little bit too long to ask for help. What are the red flags or early warning signs that people should be looking for, or which they might recognize in themselves, to say, hey, maybe I need to have a conversation and reach out for help?

NANCY SNEDDEN:

**[00:08:56.14]**

Yeah. I think that's a great question, Doretta. Because I think, oftentimes, people think, if I'm able to pay my bills, I don't need help. And it's the people who can't pay their bills or have collection agencies calling, or assets being repossessed, or have no source of income, they're the people that need to reach out for help.

**[00:09:12.86]**

But in fact, there's many people struggling. And I see clients all the time who the first thing they'll say to me is, I'm not behind on anything. And that's the majority of the people, in fact. So for me, the early warning signs are more around, are you living paycheck to paycheck? Can you only afford to make the minimum payments on your debt, so that really you're covering interest any month and aren't actually able to reduce your debt in any meaningful way?

**[00:09:41.12]**

So if you find that you're thinking about your finances all the time, that you're worried about your debt; you're worried about are you going to be able to continue to make your payments; you're worried that you're not able to save because you're literally covering your expenses with the money that you have coming in, those are the types of things where I would say you need to have a conversation.

**[00:10:03.74]**

So I'm not saying that means you'll need to file a proposal or a bankruptcy. But you need to actually talk to someone to find out is there something that you should be doing differently that could change your situation? Whether it's revisiting your budget, doing some sort of consolidation, or maybe a proposal or bankruptcy is going to be the best way forward.

DORETTA THOMPSON:

**[00:10:24.43]**

OK. So those are kind of the signs about when somebody should really look for those conversations to get help. What about where they should get that kind of help? Who should they talk to? How do you know that somebody is really qualified to give you the kind of help and information you need? And how much does it cost? Is there free services available?

NANCY SNEDDEN:

**[00:10:46.66]**

Absolutely. And this is something that is very near and dear to my heart, Doretta, because there's so many things out there online today telling people that they are available to help them, and they're going to make all their money problems and their debt problems go away. And in a lot of cases, these people are charging fees-- pretty significant fees in some cases, in the thousands of dollars, and referring them to a licensed insolvency trustee like myself to actually provide the help and assistance to deal with their debt.

**[00:11:19.33]**

So people could go to a licensed insolvency trustee directly, with a free initial consultation, and get the help that they need rather than pay this money only to end up in our office anyway. So a licensed insolvency trustee, like myself, is regulated, number one, by the federal government. We're licensed and regulated by the federal government. So we have a set of rules and a code of conduct that we have to follow the same as a lawyer would or a doctor would, or any of those sort of professions. CPAs have a code of conduct.

**[00:11:49.13]**

So you can trust that the advice that you're getting from us is good. It's legitimate. It's leading you down the right path. There's also some really, really great not-for-profit credit counselors out there. But again, you're going to see them for free. So no one in a nonprofit, legitimate credit counseling agency is going to ask you for fee to provide you with their service or to meet with them for the first time.

**[00:12:17.20]**

I think it's always good to look for someone in your local community that has advertised as a licensed insolvency trustee. Because we have to put that in our advertising so that people know that we are regulated and licensed. If there's someone offering you something that's too good to be true, it likely is. So if someone is not advertising as a licensed insolvency trustee, and is saying we can get rid of 80% of your debt or we can reduce your interest rates to 1%-- I saw an ad recently that said that.

**[00:12:51.64]**

If it sounds too good to be true, it likely is too good to be true. So you want to make sure that you're talking to someone who's reputable and is going to give you that first initial meeting for free. It shouldn't cost you anything to find out what your options are.

DORETTA THOMPSON:

**[00:13:07.97]**

That's really important for people to know. There's so much information available on the internet, through social media, et cetera. And the deep concern is what is the legitimacy and how do you know the quality of the information and the advice you're getting? So it's really good to know that there are, in fact, reputable credit counseling services and trustees who offer those free consultation services initially.

DORETTA THOMPSON:

**[00:13:37.78]**

So if somebody does want to take that first step and they want to talk to somebody, what are the kinds of things that they should think about? How would they prepare? What should they be ready to bring to that initial meeting to explain the situation they're in?

**[00:13:54.66]**

Because I think it's such a difficult thing to do. Debt, as we talked about earlier, it can be connected to so much shame and emotion, et cetera. So being prepared for that meeting might be a really strong way to help yourself get what you need out of that first meeting. So what should people bring? What should they think about?

NANCY SNEDDEN:

**[00:14:16.08]**

Yeah. There's lots of things that we go through in the initial consultation. We normally will go through a bit of a questionnaire. And in that questionnaire, we'll cover off basic information around, what is your income? What are your monthly expenses? Who do you owe and how much do you owe, like each of your individual creditors? Are there assets that you have? Do you have a vehicle? Is it financed? Do you own it? Same thing that the house-- do you have a mortgage-- those types of things.

**[00:14:43.06]**

And when we book an initial consultation, we'll normally follow up and say, these are the things that you can bring to prepare. But if you don't have all that, don't worry. We'll still be able to go through the initial consultation and provide you with some advice, depending on the level of information that you're able to bring to the meeting. But we can always get that after the fact. Because we don't want people to feel like there's a barrier to talking to us or a barrier to at least getting the conversation started.

**[00:15:11.16]**

But that's the general sort of topics that we're going to cover during that meeting-- your assets. Do you have a home and a car, or RRSPs, which of course are exempt? But we still need to cover all that stuff off. And then your list of debts, your income and your expenses-- that's the general information that we need to be able to really give you the right advice.

DORETTA THOMPSON:

**[00:15:28.86]**

And then what's the next step after that? How does the relationship typically develop? What does it typically come to look like?

NANCY SNEDDEN:

**[00:15:37.81]**

So I find that once people have that initial meeting and they find a comfort with the person that they're talking to-- and that's just as important, by the way. I always say, getting advice is one step. But making sure you're comfortable with the individual that you're getting the advice from is just as important because you are sharing a lot of personal information.

**[00:15:58.77]**

The only way that I, as a licensed insolvency trustee, can ensure that I'm providing you with the best options for you is if you're open and honest with everything that's going on in your financial world. So you want to make sure you're comfortable having that conversation. So I think developing that rapport with the client is very important, making sure that they know it's a judgment-free zone and you're here to help.

**[00:16:22.11]**

So once we have the initial meeting, they'll leave knowing what their options are and what each of those options entails. So what are the pros and cons for them in their own situation? And that's an important piece too, Doretta. Because, oftentimes, clients will say, well, so-and-so, my coworker came to see you and their proposal was x amount of dollars. Or they were told that they should file bankruptcy, but they only had to pay x amount.

**[00:16:47.49]**

And every single person's situation is different. No one has the exact same assets, the exact same income, the exact same expenses, and the exact same debt load. So the advice that you receive is going to be personalized to your situation. It's important to recognize that. Just because your friend or family had one experience, that may or may not be the recommendation for you.

**[00:17:10.81]**

So when you leave the office after the initial consult, you'll know what your options are. And you'll have a list of information that we may need to document your file depending on what you brought to the initial meeting. And then once you're ready to take that step, you'll come back to the office or virtually, online, and sign your paperwork.

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DORETTA THOMPSON:

**[00:17:32.07]**

So what are the options that people are likely to face? You've mentioned a couple. You've talked about consumer proposals, filing bankruptcy, et cetera. What typically would be the kinds of options that people might be presented?

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NANCY SNEDDEN:

**[00:17:46.38]**

Yeah. So with us, like we said, we'll do a full financial assessment to provide you the best advice. What we would do as a licensed insolvency trustee is file a proposal or a bankruptcy. However, that doesn't mean that that's the advice we're going to provide you. So we want to find the best solution for you. So we may say, look, know you've got some equity in your house. Based on your income and your level of debt, you may qualify for a refinance in your home.

NANCY SNEDDEN:

**[00:18:12.00]**

Or maybe a debt consolidation loan would be an affordable, good option for you. We may say, you know what? Given the level of debt you're holding, a debt retirement program with a credit counseling agency is the best option for you, and refer you to someone who we know is reputable and is going to take good care of you. If it's a consumer proposal or a bankruptcy that is the right approach for you, then we will take you through every step of that process.

DORETTA THOMPSON:

**[00:18:36.93]**

What exactly is a consumer proposal, and what's the difference between that and a bankruptcy, for example?

NANCY SNEDDEN:

**[00:18:45.66]**

Yes, they're very, very different. And I think, years ago-- and I'm talking 15-plus years ago-- bankruptcies were far more prevalent than consumer proposals. But I would say, through the last 10 to 15 years, consumer proposals have definitely become more prevalent, and more and more every year. So in 2021, 70% of insolvency filings were consumer proposals, and only 30% bankruptcies.

**[00:19:13.56]**

And so there's a lot of reasons for that. And I think one of the reasons is some people feel like they want to try to repay as much of their debt as they can. And so in a consumer proposal, they feel like they're doing that. Or they just really have this fear of, I don't want to be bankrupt. Even though that might be the best solution for them, they really don't want to go down that path. So they'll choose a consumer proposal instead.

**[00:19:37.11]**

But basically, a consumer proposal is where we're making an offer to your creditors to settle for so many cents on the dollar. So it may be as low as \$0.08 on the dollar, could be as high as \$0.80 on the dollar. It really depends on that individual's situation as we go through that financial assessment.

**[00:19:54.12]**

But it's a monthly payment that's set out over 60 months. So the person can budget for it. They know it's not going to change. Once we send out the offer to the creditors, the creditors have 45 days to vote on that offer. This is a very important point with regards to a consumer proposal versus some other options. We only need 50% of the creditors to agree to the proposal.

NANCY SNEDDEN:

**[00:20:19.80]**

And as long as we get 50%, everybody is bound by those terms. So that's important. We don't need everyone to say yes. They still have to be part of the proposal if we get 50%. And then once it's accepted, all the debtor does is make their monthly payment to the trustee. And there's two counseling sessions that they'll also participate in. One of them is on budgeting, and the other one is on how to rebuild their credit score.

DORETTA THOMPSON:

**[00:20:47.97]**

And then what about a formal bankruptcy? How is that different?

NANCY SNEDDEN:

**[00:20:51.82]**

So with the bankruptcy, there's a reporting of your income that takes place. So it depends on your level of income, your family size. And the bankruptcy could be as short as 9 months, could be as long as 36 months. So for a first time filer in a bankruptcy, if your income is below a certain guideline-- I don't want to get too complicated into the process.

**[00:21:14.22]**

But the superintendent of bankruptcy sets a guideline based on family size every year. And you report your income every month, and it's compared to this guideline. And depending on if you're under or over, that determines the payment that you need to make into your estate.

**[00:21:29.13]**

And if you're under that guideline, then you could finish your bankruptcy in nine months. If you're over that guideline, and in a first time filer, you'd be reporting your income and making payments based on net income every month for 21 months. If this is your second time filing a bankruptcy, then your minimum reporting and payment period is 24 months. And then if you're over the guideline, it's actually 36 months.

**[00:21:53.80]**

So, it's more about you can't really budget your payment unless your income is exactly the same every month, because it may fluctuate based on what your income is each month. The other important distinction is, in a bankruptcy, we have to look at any equity that you might have in your assets. So what that means is, even if you have a mortgage on your home-- let's say your house is worth \$200,000, and your mortgage is \$150,000. Well, then, there's equity in that property.

**[00:22:22.03]**

So in order to stay in your property, you not only make your mortgage payment, but you would have to make some sort of arrangement to pay the equity in the assets into your bankruptcy estate as well. It's a consideration in your proposal, but we're not looking at the actual payment on the equity in a proposal.

NANCY SNEDDEN:

**[00:22:37.95]**

So that would be the two most important distinctions is that your payment is based on your equity in your assets, and your actual income, and can change every month-- versus a proposal where it's the same throughout the entire period. And I think, in a bankruptcy, you also have to do the same counseling sessions that is in the proposal. And it's also a little harsher on your overall credit reporting.

DORETTA THOMPSON:

**[00:23:02.52]**

We'll get to credit reporting in a minute, but I'm wondering what your thoughts are about negotiating debt and negotiating with creditors. That both the consumer proposals and the bankruptcies-- those are kind of definitive steps. They have a formality to them and a visible endpoint, et cetera, and repercussions that we'll talk about. But what are your thoughts about negotiating with your creditors and how to do that, and what tactics might be useful for you?

NANCY SNEDDEN:

**[00:23:30.32]**

I think it really depends on the level of debt that you have-- and the number of creditors you have too, I guess, your ability to negotiate with one or all of them and what difference that will actually make. Because maybe you have some low interest debt that you can manage, but you have this one credit card that is 25% interest and you really can't afford to make the payments.

**[00:23:49.78]**

So maybe negotiating with that creditor and explaining your financial situation, and asking for a reduction in your interest rate may get you to the point where you can now manage the debt, and you can actually make payments where you're able to pay it off, not just cover the interest. That may work for some people. But oftentimes it's a bit of a band-aid. Because it gets them to where they can now afford the minimum payment, but the minimum payment is not paying off the debt.

**[00:24:16.32]**

I would never recommend negotiating with collection agencies. I've heard too many horror stories around that, Doretta, where people have agreed to make a payment to a collection agency. The collection agency has accepted it. But then what ends up happening is the debt that remains unpaid gets sold to another collection agency. And now you've got another collection agency calling to recover on the rest of the debt.

**[00:24:41.73]**

So you need to be very wary and very careful around making negotiations with collection agencies. And you want to make sure that you understand that the rest of the debt is not going to be sold, that there's no one else that's going to be collecting on the remainder, and any arrangement that you're making is full and final settlement on the entire debt, not just the portion that you're paying to them.

NANCY SNEDDEN:

**[00:25:04.02]**

And it's always good to get some advice before you do any of those negotiations. So talk to a licensed insolvency trustee. Talk to a nonprofit, reputable credit counselor to find out what your options might be before you start to do that on your own.

DORETTA THOMPSON:

**[00:25:20.00]**

So what about debtors' rights? I mean, I think that debtors do have certain very clear rights. What are the most important ones that debtors should understand?

NANCY SNEDDEN:

**[00:25:29.55]**

I think it's important that people understand that for federal regulated agencies, the federal government regulated agencies like the banks, they're not going to call you in your workplace. They're only allowed to call you a couple of times a day. They can't call you on holidays. There's really strict rules. And the Financial Consumer Agency of Canada actually has a full list of all those rules on their website.

**[00:25:54.37]**

So if you're concerned about some tactics that they're using, go there and find out is what they're doing allowable? And if not, you can report it and you can make a complaint. The difficult part is those non-federal regulated. So collection agencies, for example, are not federally regulated. The rules around collection agencies are provincial.

**[00:26:15.84]**

It's so hard for me to tell your listeners what those agencies are allowed to do because-- I can tell you what they can do in Newfoundland, but not necessarily in every province across the country. But again, if you reach out to the consumer affairs department of your provincial government, they will be able to tell you whether or not the tactics that are being used by the collection agency are within the rules. And you can make complaints to that consumer affairs department of your provincial government if things are offside with what should be doing.

**[00:26:45.09]**

But generally, people should not be calling you more than a few times a day. They should not be calling your family and friends. They should not be calling your workplace. You should ensure that you're asking for everything in writing. You should ask them who they are, who they're collecting on behalf of, and get all the information. Check it yourself before you make any sort of arrangement with them to make any sorts of payments, or certainly before you would send them any money.

DORETTA THOMPSON:

**[00:27:11.00]**

That's really good advice. And for our listeners, we will provide links to both the FCAC regulations for the federal bodies and then also the provincial ones-- on our web page for the podcast. So we'll make sure people have those links. So let's talk a little bit about what happens after you've resolved your debt situation.

**[00:27:31.65]**

And I suspect that that's going to depend a lot on how that situation was resolved, whether you negotiated a repayment plan, whether you had a formal proposal, formally applied for bankruptcy. So what are the implications of those things? And then how do you move on from there? Because surely there is life after debt.

NANCY SNEDDEN:

**[00:27:52.08]**

No, absolutely there's life after debt. And that's a really important message for people. A lot of people say, am I never going to be able to get credit again? And that's absolutely not the case. So in a lot of cases, your credit score is already impacted. If you're highly leveraged, meaning you've used almost all of your available credit-- even if your payments are all being made on time, your credit score can be impacted by the leverage that you have almost as much as your monthly payments.

**[00:28:20.16]**

If you're doing something like a debt retirement program with a credit counseling agency, the impact on your credit score is exactly the same as if you filed a consumer proposal. If you've had an asset repossessed, your impact on your credit score is worse than if you had filed a consumer proposal. So there's all kinds of different impacts on your credit score.

**[00:28:40.29]**

But regardless of where your credit score sits or the impact that one of those programs may have, you can always rebuild. And you certainly don't wait until you're finished with the program to start rebuilding your credit. So you can file a consumer proposal, have it accepted, and the next day start working on rebuilding your credit.

**[00:28:59.61]**

So you'll do that by-- many people keep their assets when they file a consumer proposal or make a debt retirement program. And if they're continuing to make that vehicle payment, that vehicle loan is going to continue to get reported to the credit reporting agency. That will help them rebuild their credit scores they're going through.

**[00:29:18.99]**

Keeping things like even your utilities up-to-date, your cell phone bill, those types of things also will get reported to the credit reporting agencies. We often recommend that people get a small balance credit card that they will use and pay, use and pay every single month-- not incurring a monthly balance, not incurring interest, but to show that they're responsibly using that credit to help them rebuild their credit score.

NANCY SNEDDEN:

**[00:29:44.83]**

So it's amazing how quickly people can often rebuild their credit as they go through one of those programs. Now, the record of filing your debt retirement program or filing your consumer proposal will stay on your credit report for up to six years. However, that doesn't mean that your credit is negatively impacted for that time if you're doing the right things as you're going through that program.

DORETTA THOMPSON:

**[00:30:09.18]**

And what about a formal bankruptcy? Is that different or is it still the same?

NANCY SNEDDEN:

**[00:30:13.89]**

A bankruptcy is different. So depending on the credit reporting agency, believe it or not-- because TransUnion and Equifax are a little different-- it may be on your report for up to seven years from the date of your filing. One of the credit reporting agencies has seven years after your filing date and one is after your discharge date.

**[00:30:34.78]**

So remember I said, in a bankruptcy it can be 9 months up to 36 months. So depending on the credit reporting agency, it may be a longer period of time. But again, you can rebuild. It's not that you're negatively impacted for that time. Just the record of your filing is on your credit report for that time.

DORETTA THOMPSON:

**[00:30:54.20]**

One of the things that I'm wondering is the impact that credit counseling has on people's lives, on the bigger picture of their lives. I've seen a lot of the research about the impact that debt has on people's lives, and it is horrendous. Even when you look at things like employee programs, if you look under the hood on those programs-- and this is US data. But I suspect there's some commonalities.

**[00:31:24.00]**

High 60% has a financial component to it in those programs. It just affects so much of people's lives. So what do you see when people get out from under? Do you have clients that have just-- what happens to your life afterwards, the benefits of getting help beyond just getting your debts paid off?

NANCY SNEDDEN:

**00:31:46.26]**

It's why I do what I do, Doretta. There's two components. It's the initial help that I'm providing where I can physically see the difference in someone. So when they walk in the room to the first meeting, to when they leave, their shoulders have dropped. The expression on their face, you can see the relief. In some cases, they're crying. And they'll say, these are tears of happiness because I know that you're going to be able to help me. So that's one piece of it.

NANCY SNEDDEN:

**[00:32:12.67]**

The second reason I do what I do is because of the relief after the fact-- so the initial relief, but then the sort of rebuild process that takes place. I've had people come to their first counseling session, for an example, or their second counseling session, or have a conversation with them as they're finishing up and getting their discharge and hearing the stories of-- this is the best thing I ever did. I can't believe it took me so long to call you. I'm not worried about being able to pay my bills. I actually have started a registered education savings plan for my child, which I was not able to do before.

**[00:32:49.18]**

I know now that I can save for retirement. In some cases, it's "my health is better." I'm not as anxious or I'm not feeling that sort of stress, and so I'm healthier. My mind, mentally, I'm healthier. But my physical health is better. I've had people say their relationship has significantly improved. They're not bickering. They're not having those arguments, money or not money related, but that the stress triggered in their relationship so that they're happier in their relationships, whether that's with their spouse or their other family, their kids. They're just in a better place.

**[00:33:26.38]**

So it's amazing, the impact that financial stress has on all those different aspects of your life. But that's why I do what I do, because I know that I'm helping people. And often, people will say, my gosh, Nancy, your job must be so depressing hearing all these sad stories all the time. But it couldn't be further from the truth. I think I have one of the most rewarding jobs that you can possibly have. Because I actually get to see the help that I'm providing people in action, and actually get to see that their lives are put in this better place.

DORETTA THOMPSON:

**[00:34:02.00]**

If there is somebody in our lives that we think are struggling, how can we help? Do you have any suggestions on how we can reach out, start those conversations, and maybe help people take that next step forward?

NANCY SNEDDEN:

**[00:34:16.43]**

Yeah, absolutely. I think just starting a conversation. And whether that's if you're noticing that someone is withdrawing from the group or withdrawing from the family and not participating in functions, or you go to their house and their heat is really low, or their fridge is empty-- there's things that you can notice that might be triggers to say they're struggling financially.

NANCY SNEDDEN:

**[00:34:39.70]**

But I think just talking openly about your financial situation or talking about the cost of living or interest rates going up, to start a conversation with them to see where they are if you're worried about where they might be-- and talking to them about there is help available-- and there's no obligation to reach out and get the help. But at least you'll hear about what your options are. And that in itself will be able to provide you some relief from the anxiety that you're feeling.

**[00:35:10.14]**

But I think the more open people can be about talking about money and talking about debt, and talking about struggles, the more people will understand that it's OK to get help. Like I said, you can read it in the media, and you can see headlines and all that kind of stuff. But until you actually feel like it's closer to home, there's actually someone that you know or someone that you can have a conversation with about your own personal situation, it's hard to relate your situation to some media headline.

DORETTA THOMPSON:

**[00:35:42.09]**

And I think isn't that really the big message? It's OK to get help.

NANCY SNEDDEN:

**[00:35:47.36]**

100%. Yeah. And in fact, it's important to get help. It's not just OK. It's important. I say to people, if you were feeling really miserable, would you continue to feel miserable or would you call your doctor? If your car wasn't working, would you continue to drive it not working or would you take it to a mechanic to get it fixed?

**[00:36:11.61]**

So think about in all those areas of your life where you're regularly reaching out to get a problem solved. Your finances should be no different. And like I said, with a licensed insolvency trustee, you can trust in that individual. And there's no obligation. I have many clients who come to see me who don't make any filing. But they still feel better and have a plan in place to deal with their debt when they leave my office. So knowing there's options is often enough to relieve that stress and just breathe a sigh of relief.

DORETTA THOMPSON:

**[00:36:44.49]**

Thanks so much for joining us today, Nancy. It's comforting to know that, with the right help, debt does not have to be a crippling burden, and that there is indeed life after debt.

**[00:38:25.37]**

[MUSIC PLAYING]



**SPEAKER****TRANSCRIPTION**

DORETTA THOMPSON:

**[00:31:28.32]**

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**[00:31:59.62]**

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**[00:32:20.64]**

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