

Debt Problems? A Credit Counsellor Might Help

Credit counsellors assist you to:

- develop a budget
- manage your money
- reduce or eliminate interest rates on your debts
- find a Trustee in Bankruptcy, if necessary as a last resort.

A credit counsellor will review your assets and expenses, help you develop a budget, and then try to consolidate all of your debts into one monthly payment, by getting the agreement of your creditors.

The credit counsellor will also try to have the interest rate on your loans reduced, so there is more money available for debt payment. You can expect that the counselor will cut up your credit cards and seek your commitment not to replace them.

In the most severe debt cases, the counsellor can help you to either make a consumer proposal (a pre-bankruptcy step) or will recommend bankruptcy, but this is only the last resort.

If a repayment schedule is approved, you will pay one consolidated monthly amount to the credit counseling service, and it will make individual payments to each of your creditors. The payment schedule could run from one year to five years, and the monthly payment may include a fee to the credit counseling service (see below about credit counseling fees).

The credit counsellor can only help you with unsecured debts. Secured debts, like a mortgage or a car loan, will not be included in the credit proposal. Those creditors have security for the loan (your house, or your car) and do not have to be part of a payment proposal.

There are many non-profit credit counseling services. However, most will charge a fee that is a percentage of the outstanding debt, is based on a sliding scale, or will ask for a voluntary contribution to the costs.

**If you are having debt problems and are not sure what to do,
contact your CAW Legal Services Plan office immediately !**