Tips and tools to help manage debt

Dealing with debt

Prosper Canada

This resource adapts content from Prosper Canada's financial literacy curriculum and the resources *Debt getting in your way?* and *Behind on bills* from the Consumer Financial Protection Bureau. We are grateful to the Government of Ontario for generously funding this resource, and to Sudbury Community Service Centre for their content consultation.

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Prosper Canada
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Acknowledgement

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Learn more about Prosper Canada's commitment to reconciliation on our website.

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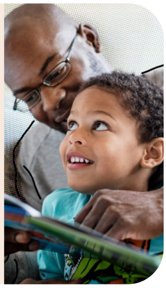

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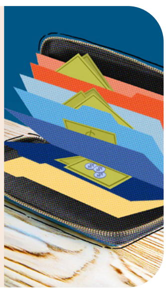

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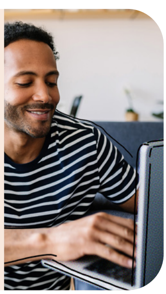

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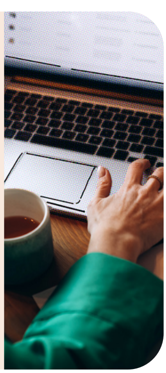

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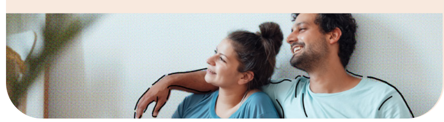

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It always seems impossible until it's done.

- Nelson Mandela

About this booklet

Many of us struggle to talk about money, especially when it comes to our debt. Debt is the money we owe to others. People may carry many forms of debt, including credit card debt and mortgage debt. When debt becomes too stressful, it is time to have some tough conversations and to make a plan.

This booklet provides a set of activities to help manage debt and provides tips on how to reduce it. The sections help you identify your money priorities, figure out what you owe; and make a plan for paying off debt.

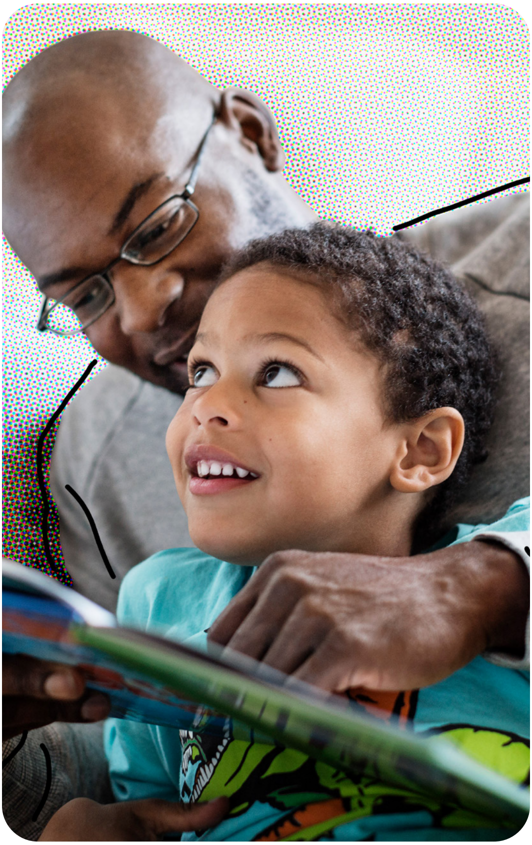
Complete the sections on your own, in the order that works best for you. You can also work through the sections with a financial counsellor or coach, family member, or friend. Go to the 211 website, or dial 2-1-1 on your telephone to find in-person and virtual services for housing, healthcare, financial counselling, and more.

If you want to fill out a section more than once, you can make copies. For instance, you may want to make copies of the budgeting sheet or debt action plan.

Remember: This is your private financial information. No one else needs to see your sections unless you want them to.

Borrowing money (using credit) is common and is not good or bad. What is important is to manage credit responsibility. Let credit remain a useful money management tool, not a source of stress. Let's begin!

01 Your money priorities



If you reduce your debt or pay it off, you will be able to do more of the things you want. You can save the money that used to go toward your debt for things like retirement, a vacation, or helping family or friends.

Thinking about money and the future can be hard. Set goals that are realistic and based on your values. As you work to pay off debt, focus on one step at a time. Think about what is important to you.

This section will help you think about your values and goals. The first step in making a debt repayment plan is to set goals. Take some time to reflect on your personal values. Then set a financial goal based on these values. For instance, if family is important to you, you may value having more money to share with them.

If you set goals that are in line with your personal values, you will be more motivated to succeed.

01

Thinking about your values

Values are personal. They drive our decisions.

Check the values below that are most important to you. Feel free to add your own as well.

- Achievement ☐
- Balance ☐
- Choice ☐
- Courage ☐
- Family ☐
- Freedom ☐
- Honesty ☐
- Security ☐
- Sharing/ Generosity ☐

Other: ____________________ Other: ____________________

My top two values are:

1.

2.

How would reducing your debt help you to live these more fully?

For example, if someone values security, then saving towards owning their own home may be important to them. Setting a financial goal to pay off debt so they can begin to save for home ownership will be motivating for them as it is in line with what they value.

If someone values courage, taking steps to repay debt may honour that value.

Money goals

Setting a financial goal based on your values can help to keep you on track.

What financial goal do you hope to reach once you reduce or pay off your debt?

Tip: Learn about setting a savings goal using the Managing your Money resource.

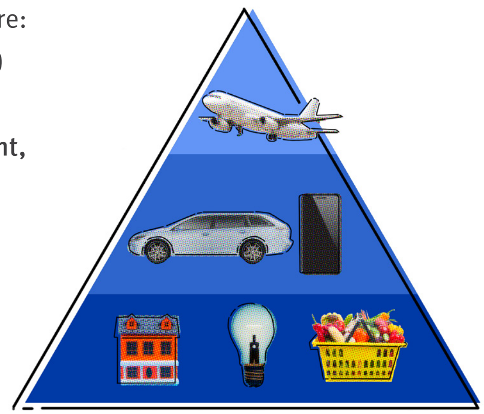
Money priorities

Now that we have reflected on what we value, and we have financial goals to work towards, we can begin to think about what we spend our money on and where we can reduce our spending to put towards paying off our debt. Of course, there are things we all need to spend money on first.

The typical things we need are:

- **Housing (mortgage or rent)**
- **Food (grocery bill)**
- **Transportation (car payment, transit)**
- **Clothing**
- **Internet/cell phone**
- **Bills paid on time (electricity, utilities etc.)**

We can be more flexible when spending money on things that we want. For example, eating in instead of dining out can save money; or buying things on sale. We can even find ways to reduce what we spend on our needs, such as buying clothing at a thrift store instead of new. The money we save can help pay off debt.



01

What are the most important priorities for you?
Keep your top values in mind as you complete this activity.

Use the list of wants and needs to help you identify your priorities.

1. Cross out the items that are not important to you.
2. Prioritize the remaining items based on your values (what is most important to you should be rated 1). Continue until you have rated each remaining item.
3. Rank the items that are most important for you.

There is no right or wrong way for the list to be arranged, only the way that looks right for you.

Item	Rating	Item	Rating
Housing (mortgage, rent)		Clothes and shoes	
Automobile/transit		Life insurance	
Groceries		Hobbies and leisure activities	
Bills paid on time		Television	
Furniture and home repairs		Internet	
Paying off debt		Going on vacation	
Healthcare		Dining out	
Emergency savings		Family celebrations	
Eduction savings for children		Other:	
Retirement savings		Other:	

Putting it all together

Your values and priorities drive your decisions and your goals. For example, if you highly value education then you may want to make saving for your children's education a priority. It may be your goal to open a RESP (Registered Education Savings Plan) account for them and contribute to it monthly.

But what about your debt?

When considering your plan for debt management, keep in mind your values, priorities and goals. It will help you to stay motivated.

Let's get started on a plan.

02

What do I owe?

Knowing what you owe is the first step to paying off debt.

This section will help you understand all the details of your debt. Then you can think about how to plan your debt repayment.

This section will help you to:

- See the full picture of all your debt payments
- Remember when all your payments are due
- Compare interest rates and balances owing
- Understand how much money you will be able to put toward paying off debt

This section will help organize:

- Credit card statements
- Past due utility accounts
- Credit reports
- Collection letters
- CRA Notice of Assessment

As you fill in the section, start to think about how much you can put towards paying off this debt each month. Other sections will explore some strategies for debt repayment and making a budget.

02

Tracking your **debt**

How much money do I owe?

Use this table to write down all the debt you currently have. This list should include credit cards, loans (including payday loans and buy now pay later loans), collections, judgements, past due utility accounts, dental bills and taxes. The list should also include any debt you owe to family or friends and debt on your credit report that you are responsible for. Check any debts that are in collections.

Who I owe money to	Amount I owe	Amount I need to pay next/every month	Payment due date	Interest rate	Notes: Including any fees	
				0.00%		☐
				0.00%		☐
				0.00%		☐
				0.00%		☐
				0.00%		☐
				0.00%		☐
Totals	$ 0.00	$ 0.00	0	0.00%	0	☐

Do you have enough income right now to comfortably pay the listed debt payments?

☐ Yes ☐ No

What actions could you start to take to help you get out of debt?

02

Making trade-offs for the future

A trade-off is when you choose one thing over another. For instance, making your own coffee at home instead of buying it from a coffee shop is a trade-off. This kind of trade-off can help you to save money. You still get a coffee, but you make it yourself and save money. You can use the savings from this trade-off to make small increases in the amount you pay on your credit card each month.

This chart shows the difference in how long it will take to pay off $1,000 owed on a credit card at a 20% interest rate, with a difference of just $10 each month.*

Amount owing	Interest rate	Amount paid each month	Amount of time to pay off debt
$1,000	20%	$30	4 years 2 months
$1,000	20%	$40	2 years 9 months
$1,000	20%	$50	2 years 1 month
$1,000	20%	$60	1 year 8 months
$1,000	20%	$70	1 year 5 months

If you are going to start paying off your debt or start increasing the amount of money you are currently paying, you will need to find the money somewhere in your budget. See what trade-offs you can make to put a little bit more towards your debt repayment each month.

Think about the things you currently spend money on that are less necessary or important right now. Look back at your list of priorities on section #1. Which would you be willing to "trade-off," to find an extra $10 – or more – a month for your debt payments? In the space below write the changes you can consider making.

Tip: Keep a copy of all your credit card bills and loan information in a folder or binder. You can easily access them and keep track of payments if they are all in one place. This could include credit card statements, line of credit statements, bill payment records, letters sent to creditors.

*FCAC. Credit Card Payment Calculator. 2018.

03 Making a **debt** action plan

Imagine how it would feel to be debt free. Once you're ready to start tackling your debt and have a clear sense of how much you owe, your next step is to make an action plan. Use this section to think about your debt repayment goals, the steps you can take now, and the help you will need along the way.

This section will help you:

- Set goals to build toward the future you want
- Take steps to manage your debt
- Identify resources that can help you
- Track your progress
- Pick a payback strategy that works for you

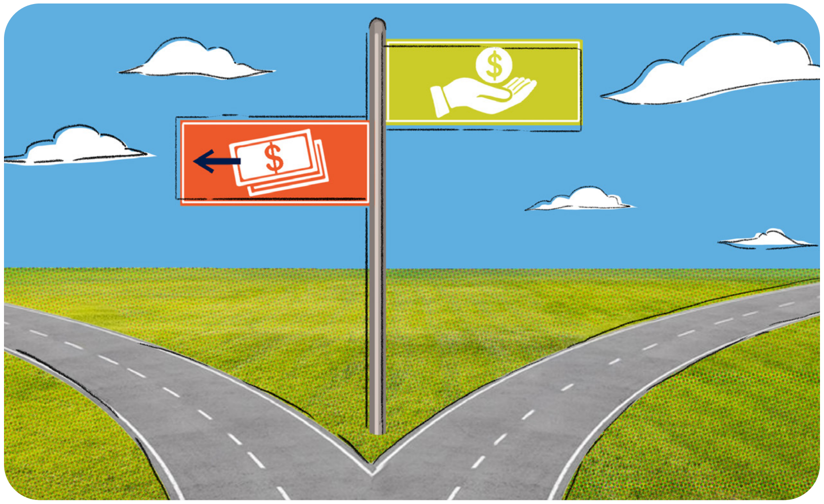
03

Debt action plan

Start making your goals a reality. Rewrite your goal from section #1:

Now let's make a plan and consider what resources can help you.

Use this section to write down action steps you will take to start paying off your debt, who can help you, and when you will complete the steps



The steps I'll take	Resources, people, or agencies who can help me	Date I will complete
Pay $20 more on my credit card each month.	My family and I will reduce our entertainment spending by $20 each month.	Two years from now I will have completed the payments.
Pay off my outstanding line of credit of $500 so that one of my smaller debts is paid off in full.	I will make an appointment with my local credit counsellor to help make a plan.	I will make the appointment this week.

My motivation to pay off my debt is:

03

A step further

Consider choosing the “snowball” or “avalanche” approach. If your goal is to reduce your debt, and you can pay more than your scheduled monthly payments, choose a strategy that helps to reduce your debt more quickly.

“Snowball” method

Focus on the smallest debt first. After you have made all your minimum payments, increase your payment on the smallest debt. After it’s paid off, add that amount to your payment on the next smallest debt. Seeing the progress of paying off your small debts can be very motivating. A disadvantage of this method is if your larger debts have higher interest rates and fees, you might pay more overall if you pay off the smaller ones first.

“Avalanche” method

Focus on the debt with the highest interest rate first. After you’ve made all your minimum payments, increase your payment on the debt that has the highest interest rate. After it’s paid off, add that amount to your payment on the next highest-rate debt. An advantage of this method is that you get rid of the most expensive debt first. By paying off the debts that charge you the highest interest and fees, your money could go further. A disadvantage is that it can be harder to feel like you’re making progress quickly.

The method I want to use is: ☐ Snowball method ☐ Avalanche method

Note of caution: Once you pay off a debt, you may feel tempted to use that account to borrow again. Stop yourself from falling back into debt by thinking about closing or lowering your borrowing amount on these accounts you’ve paid off (like a credit card or loan).

It will be the best choice for me because:

04 Tracking fluctuating expenses

Knowing your spending needs can help prevent borrowing more money in the future.

Unexpected expenses can make it harder to pay off debts. Think about some of the unexpected expenses you had this past year. Consider how much money these cost you at the time, and whether any of these are likely to happen again. Use this section to plan ahead for emergency or fluctuating expenses. If you can make a plan to pay for these this year, you'll be less likely to borrow more money.

This section will help you to:

- Remember and write down expenses that led to debt last year
- Plan for expenses that could lead to debt this year
- Take action to keep these kinds of expenses from turning into new debt

Examples of fluctuating or unexpected expenses could include:

- Back-to-school expenses
- Extra heating or hydro costs during the winter
- Gift-giving times of year
- Repairing your car, phone or laptop

04

My unexpected expenses last year

Use the chart to document expenses you had at different times over the past year. Then, make a note if this expense is likely to be repeated this coming year.

Month	Expense	Estimated cost	Could this expense happen again this year?
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

Beware of unplanned spending

Unplanned spending can happen at the grocery checkout line, when out with friends, or in response to an emotional trigger. We can also be influenced to spend by marketing tactics or social media. Unplanned spending can prevent us from staying focused on our financial goals. When you're "in the moment", try to pause and ask yourself if this purchase is really needed.

Time of year	What was the unplanned purchase and why did it happen?	How much did it cost?	Was this purchase emotionally triggered?	What could I do differently
End of the winter	I had a very bad week and just wanted something new and fun, so I bought a new purse.	$100	Yes	Talk to a friend about how I'm feeling instead of spending money. Put aside $20 towards a purchase later on. Spend $15 to take myself to the movies instead.

Steps to prevent future debt

Think about the unexpected expenses and purchases that might happen again this year. Consider what steps you could take to prevent them from adding to your debt or preventing you from achieving your financial goals. For example:

1. Make saving money automatic and routine

Set up an automatic transfer of money from your chequing account to a savings account each month. Transferring even $10 per month to a savings account, Tax Free Savings Account (TFSA), or High-Interest Savings Account (HISA) can add up quickly. Or, simply put all your loose change you find in your wallet or around your home into a jar and see how quickly it adds up. Then take this extra money to the bank and add it to your savings.

To make saving automatic I will transfer $__________ every ________ into my _________________________.

I will start doing this by:

____

2. Save on monthly bills

Try saving on your electricity and water bills by reducing how much you use. For example, turn off lights and appliances when you're not using them, or use the vacuum or dishwasher in the evening or weekend when the cost of electricity is usually cheaper.

Check to see if you are eligible for energy assistance programs to lower your monthly costs. Negotiate a better deal on your cell phone or internet plan.

To help save on my monthly bills I will look at the following accounts to see if there are cheaper plans, promotions, or assistance programs to help lower the cost of the services: ________________________

____

3. Plan ahead

Look for spikes in the year when more money will come in, such as a tax refund. Plan to save this money for future expenses or emergencies.

This year, when I receive unexpected income from ________________ I will set aside $________________ to pay off ________________ debt.

4. The true cost of borrowing

Saving up even a few hundred dollars for an emergency expense can make a big difference. Having cash on hand may help you avoid taking on debt and paying interest.

Compare the different kinds of payment methods and interest rates in the chart on the next page, for a $300 loan for 14 days in the following chart.

Payment method	Price of item	Interest (cost of borrowing)	Fees	Total cost of item
Cash	$300	$0	$0	$300
Line of credit*	$300	$0.92	$5	$305.92
Overdraft protection on a chequing account**	$300	$2.42	$5	$307.42
Payday loan ***	$300	$42	$0	$342

* A line of credit includes an annual interest rate of 8%, plus any applicable administration fees. The example above includes a $5 account fee. ** Overdraft protection on a chequing account includes a $5 per month fee plus an annual interest rate of 21%. *** A payday loan costs $14 per $100 that you borrow. This is the same as an annual interest rate of approximately 365%.

05 Making a spending plan

This section helps you create a weekly spending plan, based on the money you have coming in and going out each month.

To use this section, you'll need to:

- Know your amount of income each week, or month, from different sources (pay cheque, benefits, community payments etc.)
- Know your expected expenses each week (groceries, childcare, etc.)
- Be able to track your actual spending each week

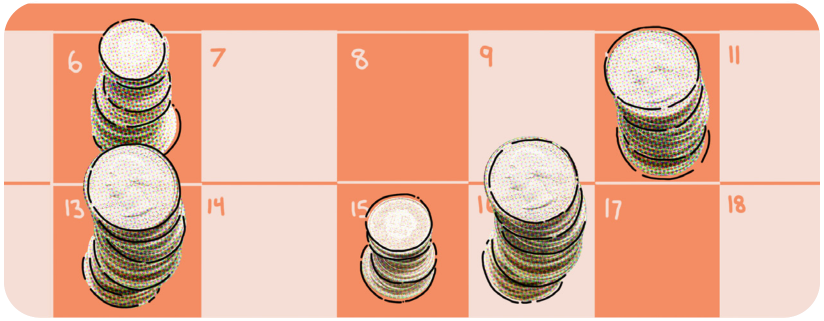
Use this section by filling it in one week at a time:

1. Starting with Week 1, fill in the **income** you expect to receive from different sources in that week. Add up the total.
2. Write in what you expect to buy or pay for that week, and their amounts. These are your **planned expenses**. Add up the total.
3. At the end of the week, write in how much you ended up spending. These are your **actual expenses**. Add up the total.
4. See how the week turned out. Check to see if your total expenses were different from your plan. Were your actual expenses more or less than your total income? Adjust your plan for the following week if needed.
5. Move on to Week 2, repeating steps 1-4.

05

Week-by-week spending plan

For each week, write down your income and planned expenses, including debt payments. Then, at the end of the week write down the actual expenses that happened. Use this information to make your spending plan for the next week.



Week 1: From ______________ to ______________		
Income		
Regular employment income:		$
Overtime/contract/extra work:		$
Government benefits:		$
Money in bank:		$
Other:		$
	Total:	$ 0.00
Expense	**Planned**	**Actual**
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
Total:	**$** 0.00	**$** 0.00

Week 2: From ______________ to ______________		
Income		
Regular employment income:		$
Overtime/contract/extra work:		$
Government benefits:		$
Money in bank:		$
Other:		$
	Total:	$ 0.00
Expense	**Planned**	**Actual**
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
Total:	**$** 0.00	**$** 0.00

Week 3: From ______________________ to ______________________		
Income		
Regular employment income:		$
Overtime/contract/extra work:		$
Government benefits:		$
Money in bank:		$
Other:		$
	Total:	$ 0.00
Expense	**Planned**	**Actual**
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
Total:	**$** 0.00	**$** 0.00

Week 4: From ______________________ to ______________________		
Income		
Regular employment income:		$
Overtime/contract/extra work:		$
Government benefits:		$
Money in bank:		$
Other:		$
	Total:	$ 0.00
Expense	**Planned**	**Actual**
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
Total:	**$** 0.00	**$** 0.00

05

How do I make choices in months where I do not have enough money to pay my bills?

You may have months where you have to make tough choices and prioritize one payment over another.

This can be influenced by personal factors such as:

- If the debt or expense relates to essential life needs (such as housing, utilities)
- If the person you owe could take legal action for not paying the debt
- If your culture or community places a very high value on having money to support family and friends.

Use this section to write down what debts you currently owe and decide which ones should be paid off first.

Type of bill or expense	Amount due	When it is due	Priority rank? 1, 2 ...	Consequences of not paying it on time

Tips that can help:

- **Call your creditors if you must miss a payment. You may be able to make a short-term arrangement such as not paying the late payment fee if you are in good standing with the creditor.**
- **One strategy is to rotate the bills you pay each month. While not ideal, this may prevent you from losing your car or house, having a utility shut off, or getting into a serious default on a loan.**
- **Timing matters. Consequences for not paying bills vary. For example, if you do not pay your utility bills, you may risk losing service. Some payments that are received within 30 days of their due date will not affect your credit report. Prioritize your bill payments based on greatest need and least harmful consequences.**
- **If you are often late with a particular bill, try to negotiate a new due date. Line up payment dates with the dates you receive income or benefits.**

06 Your credit report and credit score

This section will help you to understand how your credit history and credit report are important parts of managing and keeping track of your debts.

Your credit report has information about your past and present personal and financial situation. It contains:

- **A record of your bill-paying history**
- **Public record information**
- **Prior inquiries by creditors into your credit history**

It's important to check your credit report to make sure it is correct as the information in your report is used to calculate your credit score.

Lenders use your credit report and score to help decide if they should lend you money. This could include credit cards, personal loans, and mortgages. Your credit score and report can also affect the interest rate they give you or how much money they are willing to loan to you.

Credit reports and scores can be used by landlords, employers, and service providers – with your permission – to help them make decisions about you.

It is important that you get your free credit report every six months to check for any errors. The information on this page will help you:

- **Get free copies of your credit reports**
- **Understand what's included in your credit report**
- **Check your credit report for errors and signs of identity theft**
- **Correct any errors you find**

Reviewing your credit report

There are many options for free credit report checks. The two main credit bureaus in Canada are Equifax and TransUnion. The information they collect may be different, so it is important to check both reports once a year. It is a good habit to check one in January and the other in July so you can see what each company is reporting at different times of the year.

You can get your credit report at:

Equifax

TransUnion

Tip: There are also several credit check sites that allow you to check your credit online instantly. These are great places to start your credit check to make sure everything is in order.
If a problem is found on one of these sites you may want to check Equifax and/or TransUnion for a more detailed check.

How to create an account

First, create an account on the Equifax and TransUnion sites. Then you can log in to check your credit score. Equifax updates credit scores monthly. TransUnion updates every week. There are many options for free credit report checks that do not impact your credit score. These are called "soft checks."

Note: To request a credit report, you will have to share some personal information. For instance, you will have to give your social insurance number. Before you make the request, read what the website says about data collection. Who will they share your information with?

Checking for errors on your credit report

Errors on your credit reports, or fraud caused by identity theft, can make borrowing more expensive or prevent you from getting credit. Read your credit report to confirm it only contains information about you and that the information is correct. Unfortunately, errors are common, and it's left to you to fix them. It can take several months for your credit report and score to be fully corrected.

The types of errors on credit reports may include:

- **Incorrect personal information**

Make sure your name, SIN (Social Insurance Number), address, employment and contact information are all up to date.

- **Incorrect account information**

If there is an account on your report you do not recognize, you may be the victim of identity theft.

Sometimes an account that is yours can appear on your report more than once and this can affect your score.

Check to make sure the information listed about the account is correct, including your credit limit, balance owed (as of the date the information was reported) and payment history.

- **Uninvited inquiries**

Make sure you have given permission to view your credit report to anyone listed under your inquiries (often referred to as "hard checks").

No one should see your credit report unless you say they can.

Too many inquiries may have a bad effect on your score. (Some people's scores won't be affected by a high number of inquiries. It depends on the other information in your credit file).

Complete the credit report review checklist

- [ ] Double-check your name (including spelling), SIN number, current address and telephone number.
- [ ] Confirm that previous addresses are listed correctly.
- [ ] Review your employment history to make sure it is accurate.
- [ ] Check that the personal information section lists the right details.
- [ ] Review each item under the credit account (trade account) section to make sure they belong to you.
- [ ] Check that the status of your accounts is accurate.
- [ ] Check that the accounts where you are listed as an authorized user, co-signer, or joint owner are accurate.
- [ ] Check the list of accounts. Are they all accounts that you opened? If you see an account that you did not open, it could be a sign of identity fraud.

06 Correcting errors on your credit report

Review the steps to fix errors on your report:

1. Find the documents to prove there is an error. For instance, if the report says you did not pay a bill, find proof that shows you made the payment.
2. Make a copy of your documented proof.
3. Contact the credit bureau and explain the error. Find out what they need from you so that they can do a check on the item in dispute. If the error shows up on both the TransUnion and Equifax reports, contact both bureaus.
4. Fill out the dispute form found on the credit bureau website. Include all the information needed to check into and correct the error. This process can take up to 30 days.
5. The credit bureau will contact the creditor or financial institution to confirm that an error was made.
6. You may be able to speed up the process by contacting the creditor yourself about the error. Ask them to verify their files and provide the credit bureaus with updated information.
7. If the financial institution or creditor does not think there was an error, you can still write a statement explaining your side of the story. The credit bureau will add this to your report.
8. You can also contact the financial institution or creditor to register a complaint. By law, all financial institutions in Canada must have a process for resolving complaints from customers.

If you would like to dispute an item that appears on your credit report, the following links describe the steps you can take with each credit bureau:

Equifax
TransUnion

07 Know your rights and options

This section describes options for what to do if you need help with significant debt issues.

When dealing with debt, there can be some difficult situations where you may need help.

If you are dealing with creditors, or collection agencies, there are steps you can take to ensure you are communicating clearly. It is also important to know your rights and options.

One option for taking control of your financial situation is to contact your creditors. You may be able to renegotiate the terms of your debt. The best approach is to have a plan to propose.

The plan should be realistic and one that you can achieve. You can ask for:

- **Lower payments**
- **Lower interest rates or**
- **A longer time frame to pay in full**

Many creditors will be willing to help and advise you on dealing with your debt. Others may be more aggressive and intimidating in the collection process.

Dealing with creditors

Dealing with creditors by phone

It can be stressful speaking to a creditor, so be prepared before you call. Write down:

- **Your reason for calling**
- **The questions you have**
- **The reason you cannot make the payment**
- **Any compromise you can suggest, such as repaying a lower amount.**

Try to deal with the same person each time you call. Keep in touch until the problem is solved. Ask for any agreements to be put in writing.

Speak to someone who is in charge, such as a:

- **Bank or credit union branch manager, collections supervisor, or loan officer**
- **Finance company branch manager**
- **Retail or department store collection supervisor or credit manager**

Keep a record of the conversation. This should include:

- **Company name**
- **Date and time**
- **Phone number**
- **Description of what was said and any agreements**
- **Name of the person you spoke to**

Dealing with creditors by mail or email

In a letter, you could include:

- **Your reason for the letter**
- **Your employment status**
- **A copy of a recent pay stub**
- **A monthly expense sheet**
- **Your reasons why you cannot make payment**
- **Your proposed debt repayment plan**

Remember:

- **Never mail cash**
- **Keep a copy of all your cheques, receipts, money orders, and letters**

Beware of debt settlement companies

For-profit debt settlement companies may take advantage of you by:

- **High-pressure sales tactics**
- **High fees**
- **Unrealistic promises**
- **Delaying your payments to creditors**
- **Misleading guarantees**

Tip: Beware! Some for-profit companies claim they can negotiate a deal with creditors and help you deal with debt – for a fee. This may be a scam. Contact a not-for-profit organization for support (see resource section).

Dealing with a collection agency

If a collection agency is calling you, **you have the right** to:

- Be told in writing that your account has been turned over to collections
- Confidentiality: A collection agency cannot discuss your debt with anyone other than your creditor or a co-signer, unless you give them permission
- Ask to be contacted in writing only. The calls will then stop.
- Ask for a statement of account every six months that shows the amounts you have paid and the balance you owe.

A collection agency **cannot**:

- Try to collect debt without writing to you first
- Discuss your debt with anyone but you
- Use threats or language to frighten and intimidate you
- Pressure you to repay the debt to the point of harassment
- Give you false or misleading information
- Communicate or attempt to communicate with you without identifying themselves, saying who is owed the money and stating the amount owed
- Pretend to be a lawyer or legal authority
- Involve police or send you to jail
- Contact you during prohibited hours (these times vary from one province or territory to another)
- Take you to court without permission from your creditor
- Take your property
- Continue to demand payment from a person who claims not to owe the money, unless the agency first takes all reasonable steps to ensure that the person does, in fact, owe the money.

If you speak to someone from a collection agency:

- Ask the name of the person you are speaking with, and the company they are calling from
- Keep a written log of all contact, when it happened, and what is discussed
- Have this information ready if you make a complaint against a collection agency.

07 Get more help dealing with **debt**

If you need assistance to deal with significant debt issues, there are several options available to you in Canada.

Contact creditors yourself or with the help of a financial coach

You can call creditors yourself to negotiate your interest rate or payment terms. If you are having trouble making payments, the creditor may work out an arrangement with you that you can manage. Just remember to be realistic as to how much you can pay each month and be sure that you follow through. Make sure you get all agreements in writing.

Meet with a credit counsellor

Connect with a not-for-profit credit-counselling agency in your community. They can help with budgeting, debt management, or debt consolidation. Some offer free workshops on money management. There may be fees for their services - be sure to ask.

Meet with a Licensed Insolvency Trustee

A trustee is governed by the Bankruptcy and Insolvency Act to help individuals file a consumer proposal or bankruptcy. These legal debt solutions can help you to reduce or wipe out your debt. There are fees involved, and a trustee will work with you to determine which option is best for you.

Calls are free. Before you act, call around and ask about the services each organization can provide for your specific situation. If it helps, talk to someone you trust to help make your final decision.

Tips for creating a debt repayment plan

- **Be realistic. Offer a payment that you are sure you can afford.**
- **Be reasonable. Creditors will want to get paid back within a reasonable amount of time. The longest time frames are three to five years.**
- **Missing a payment could put your proposal in danger. Don't make promises you can't keep.**
- **Be specific. Make the details of your proposal clear. Tell the creditor when you will contact them. Be sure that you follow through.**

08 Resources: Learn more

These resources are all recommended Canadian sites, but the list is not complete. Remember to search for provincial websites to find out more about services and benefits you can access where you live.

1. About credit and debt

Consumer Protection Handbook - Collection Agencies

- www.consumerhandbook.ca › Category › Financial › Collection Agencies

  http://www.consumerhandbook.ca/en/topics/financial/collection-agencies

Employment and Social Development Canada (ESDC) - Paying back your student loan

- canada.ca › Benefits › Student aid and education planning › Student aid › Repay a student loan

  https://www.canada.ca/en/employment-social-development/services/education/student-loan/pay-back.html

Financial Consumer Agency of Canada (FCAC) – Credit Card Payment Calculator

- canada.ca › Money and finances › Debt and borrowing › Credit cards

  http://itools-ioutils.fcac-acfc.gc.ca/ccpc-cpcc/ccpc-cpcc-eng.aspx

FCAC – Loans and lines of credit

- canada.ca › Money and finances › Debt and borrowing

  https://www.canada.ca/en/financial-consumer-agency/services/loans.html

FCAC – Reading your credit report

- canada.ca › Money and finances › Debt and borrowing › Credit reports and scores

  https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/credit-report-score-basics.html

GetSmarterAboutMoney.ca - Pay off Credit Cards & Debt calculator

- Get smarter about money › Calculators › Pay off Credit Cards and Debt calculator

  https://www.getsmarteraboutmoney.ca/calculators/pay-off-credit-cards-debt/

AFOA Canada – Money Smarts Podcast Series: Episode 6 Credit

https://moneysmarts.libsyn.com/ep-06-credit

NACCA – Indigenous Financial Institutions

https://nacca.ca/indigenous-financial-institutions/

FNCB – First Nations Bank of Canada – Money minute: Credit rating

online.fnbc.ca/SharedContent/VideosAndAudio/MoneyMinutes/Minute2.mp3

2. Help with credit counselling and debt management

Credit Counselling Canada/ Canadian Association for Financial Empowerment

http://creditcounsellingcanada.ca/locate-a-counsellor/

https://www.cafe-acaf.org

Free, unbiased credit counselling services can be found across Canada through Credit Counselling Canada or the Canadian Association for Financial Empowerment. These services are delivered by a few different agencies, such as Credit Canada, Credit Counselling Society, Money Mentors, and many others. Use either of the links above to locate the nearest not-for-profit agency to you.

Office of the Superintendent of Bankruptcy Canada

http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02051.html

Find a licenced insolvency trustee and get more information on consumer proposals or bankruptcy.

3. About identity theft

Canadian Anti-Fraud Centre – Recent Scams and Fraud

https://antifraudcentre-centreantifraude.ca/index-eng.htm

Canadian Anti-Fraud Centre – Report an incident

https://antifraudcentre-centreantifraude.ca/report-signalez-eng.htm

4. Learning about savings

Prosper Canada – Soaring with savings

https://learninghub.prospercanada.org/knowledge/soaring-with-savings/

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