

What questions should a debtor ask when you meet with a trustee for the first time?

By Ian Penney, CPA, CIRP, Trustee in Bankruptcy

Make sure you get answers to these seven questions during your initial consultation

- 1. What will bankruptcy cost?** Your Trustee should explain the payments required for surplus income, equity in non-exempt assets and how tax refunds and quarterly HST rebates will be treated.
- 2. What is required of me?** You will need to learn about your duties and responsibilities in a bankruptcy including the requirement to make payments, report your monthly income, attend two credit counseling sessions, provide the information required to file personal income taxes in the year of bankruptcy and any prior years.
- 3. Will this affect my spouse?** While one spouse can file for bankruptcy without the other filing, the other could be impacted indirectly. Obligations of the non-bankrupt spouse for joint debt and possible issues with joint assets should be discussed.
- 4. Is all my debt included?** If you have recent student loans, certain fines, obligations for alimony and child support or other debts that don't go away, your Trustee will tell you about the rules regarding non dischargeable debt.
- 5. What assets do I lose and what do I keep?** Your Trustee will tell you what assets are exempt in your province. You should also understand about what happens with mortgaged homes and vehicles that are leased or financed.
- 6. Is bankruptcy my only option?** Your Trustee should also tell you about the other options that are available. Other options, such a consumer proposal, might not be the best option for your unique circumstance, but you still should know what they are.
- 7. How will bankruptcy affect my credit rating/credit score and how can I re-build my credit after bankruptcy?** In most cases, a debtor's credit is already severely damaged by the time they meet with a Trustee. Your Trustee will explain that bankruptcy will severely damage your credit in the short-term but the fresh start can actually be a positive step towards rebuilding your credit and a stable financial future.

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