When the Paycheque Stops
Strike Assistance Guide

Where do I start?
You have limited income at the time. Your first concern should be living expenses and your family. Should you have any extra money it must be directed toward your outstanding debts i.e. loan(s), credit card(s), etc. When dealing with creditors (people who you owe money to), it is important to contact them as soon as possible with regard to your situation and your plan to pay back your debts.

Is there help?
YES, your local may have someone designated to assist you. Your union may have trained Union Counsellors to assist you by making a referral to the community or government agency that can help you.

What kinds of problems will I have?
The two most common conflicts that may arise are those which:

- develop among family members as a result of increased stress, and
- develop between creditors and debtors.

These conflicts are intensified by the emotional stress of the situation. Your lifestyle may have been altered drastically, resulting in increased tensions. Hidden problems may develop as a result of conflicts and stress.

For help with family and personal difficulties you may contact www.mmoneymentors.ca

Money Mentors
Northwest #175
17010 – 103 Avenue
Edmonton, Alberta T5S 1K7
Phone: 1-888-294-0076

Provides debt management workshops, debt counsellors to answer questions assess your debt situation and explains options; helps with credit negotiations; a consumer repayment program "orderly Payment of Debts"; referrals to other agencies and services that could be helpful for your circumstances.

Edmonton Gleaners Association – Edmonton's Food Bank

11508 – 120 Street, NW
Edmonton, Alberta
Phone: 780-425-2133
Client Services: 780-425-4190
Hours: 8:30 a.m. to 4:00 p.m.

This organization is a central warehouse and referral centre for a network of over 100 agencies, churches and food depots offering food services to people in need.

The Family Centre

#20, 9912 – 106 Street, NW
Edmonton, Alberta
Phone: 780-423-2831

Provides counselling to families, couples and individuals, as well as other services.

Canadian Mental Health Association (211)

300, 10010 – 105 Street, NW
Edmonton, Alberta T5J 1C4
Distress Lines: 780-482-4357
780-414-6300
1-800-232-7288

The Canadian Mental Health Association 211 line does not subscribe to call display and is accessible 24 hours a day, seven days a week. The 211 line provides non-judgemental listening service, support and referrals for people experiencing difficulties in their lives: help in suicide and violent situation.

Check List

Have you ....

- Contacted your landlord or mortgage holder(s) about your situation and your arrangements for payment?
- Contacted your utility suppliers about your present situation?
- Contacted your creditors to make satisfactory arrangements?
- Examined alternative sources of income (borrowing from life insurance, cashing security or savings bonds, etc.) to supplement your strike pay if the need requires?

You are not Alone!

United Way of the Alberta Capital Region and the Edmonton and District Labour Council can help. Through a partnership agreement, a union member is on staff at the United Way who can help with referrals to community agencies and government agencies.

Please contact:
Perri Garvin
Coordinator, Labour Programs
United Way of the Alberta Capital Region
Phone: 780-443-8330
Fax: 780-990-0203
E-Mail: pgarvin@myunitedway.ca

MEMBERS ON STRIKE

A strike is an economic struggle and most of the time our brothers and sisters face hard times financially while they are on the picket line. If it's a long strike, the members may choose to accept a less than desirable contract to return to work if they are their families are bankrupt or destitute. Sometimes a worker may feel forced to leave the picket line and seek another job because he/she is too deep in debt. This can lose a strike for us. Union members who can figure out and plan their budget based on a shrinking income like strike pay would be better equipped to endure a situation such as a strike or lock-out.

For emergency purposes only, the striking union's Finance Committee usually has a separate fund for <u>special emergency situations</u> for members who are experiencing problems. The strike's Finance Committee can approach creditors on behalf of members (i.e., banks, finance companies, merchants, etc.). However, such funds are limited and it is better for the strikers to be financially prepared to live on strike pay for a while, rather than risk a financial crisis because of the lack of budget planning.

The following should be considered when preparing members for a strike.

Before the Strike

- The member's spouse should be made aware of the impending strike and of what this means to family income. The spouse needs to know what is at stake in this struggle and needs to discuss it with the member. The spouse will become the member's ally in the fight and so become as involved in the strike as the member him/herself.
- A family budget should be worked out. The monthly income is totalled and expenses are subtracted. The difference in totals will allow the member to determine the kinds of action necessary to prepare for the strike.
- The member must remember that there is a <u>waiting period</u> before receiving the <u>first strike benefits</u> when planning his/her family budget.

Housing

- If the member rents, they should check what their rights are, and what the landlord's rights are under the provincial legislation (legislation will vary from province to province).
- The member should never pay another creditor until they have made arrangements with the property owner (landlord) as soon as possible.
- If arrangements cannot be made with the property owner, paying part of the rent <u>might</u> delay them starting legal proceedings against the member.

- If the member owns their own home, they must remember that the mortgage lender has more rights than all the other creditors a secured creditor).
- The member must make arrangements with the mortgage lender (bank, credit union, trust company) according to their ability to pay.
- If a long strike is anticipated, the member should include their municipal taxes (if not included in the mortgage payments) in the budget planning.
- The member should seek professional advice from a community credit counselling resource as how to best go about making a good arrangement with their mortgage lender.

Utilities

- These include electricity, gas/oil, telephone, and cablevision.
- These accounts must be paid regularly.
- It is very difficult (if not impossible) to make special arrangements with utility companies. Utilities are often owned by monopolies. They cut off service when a customer is late in paying accounts. Moreover, they will reconnect the service at the customer's expense only after most or all of the amount owing is paid.

Loans

- Monthly loan payments are down on the list of priorities. These are considered only after food, housing and utilities are paid.
- The striking member should advise their lender(s) that they would not be able to make any payments during the strike. The member should be in regular contact with the lender(s) and they likely will not harass them.
- The member should not sign a new contract (refinancing) because the interest rate might be higher.
- If the striking member has a co-signer for a personal loan, the member should advise the co-signer not to pay the loan if the creditor asks them to do so. The member advises the co-signer that it is only a temporary basis that they cannot make the payments.
- If the striking member is unable to make all the loan payments, then it is best that no payments be made at all, either partial or total. Often, creditors will ask for payment of the interest only. The member should not do so as this money will be more useful elsewhere. The creditors should be made to wait until the end of the strike.

Purchase Loans

- Loans used to buy a specific item on credit (i.e., car, furniture, etc.) are called purchase loans. In such contracts, the items remain the property of the creditor. In this case the creditor finances the purchase until the loan has been completely repaid.
- If payments are late, the creditor can choose to:
  - demand that late payments be made;
  - demand payment of the whole debt if the contract contains a clause giving them this right (sometimes this clause is called 'Forfeiture of Term Benefit');
  - repossess the purchased item.
- In most provinces, if not all, the creditor must advise the debtor, in writing, of their intentions. The creditor has to honour a time frame before they exercise their rights (usually 30 days but may differ from province to province).
- If the striking member has received this notice and can't give any money, they must return the item to the creditor (on the last day possible as indicated on the creditor's written notice). The debt is then cancelled but the payments already made are lost.

- However, some provincial legislation may state that if half of the total debt has been paid, plus the down payment if there was one, the creditor cannot repossess the item unless a judge's permission is obtained.
- Although creditors seldom exercise their right to repossess goods during a strike, it would be wise for the member to make arrangements with them.

Credit Cards

- Goods bought with this kind of credit are wholly your property.
- While on strike, it is advisable that the members not use credit cards, or any other credit privileges in stores, unless it is absolutely necessary.
- Interest on this kind of credit is higher than that on loans from a bank or credit union.

Legal Proceedings (for default on loan)

- Before starting legal proceedings against a striking member, any creditor is obliged to use the services of a lawyer and send the debtor a "court document". When this happens, it has to be taken very seriously.
- A letter from a credit bureau or collection agency does not have legal "clout". The credit bureau cannot take a debtor to court, nor can it charge the debtor with collection fees. It is simply a liaison between the debtor and the creditor.
- However, if the member (debtor) receives a lawyer's letter, arrangements must be made immediately with the lawyer for an additional delay or reduced payments.
- If the lawyer refuses to accept the arrangement as suggested by the member, the Union Counsellor may refer the member to a community credit counselling agency or legal aid service. Due to a lower income, the striking member is eligible for legal aid.

After a Strike

- Once the member is back at work, the creditors will increase their harassment for repayment.
- Some creditors will press for <u>renewal</u> (refinancing) of the member's contract.
- Other creditors will suggest a <u>debt consolidation</u> (one loan made to repay several debts). Caution must be exercised here since the member must make sure their ability to pay is adequate. If this is a desirable line of action for the member, they should go to a credit union or bank and never go to a finance company.

Conclusion

- Finances are not the only aspect, which needs to be addressed when our brothers and sisters go on strike. However, it certainly is the one area, which hits them the hardest and can be the source of marital tensions or other problems of personal impact.

- The Labour Community Advocate is not expected to know all the answers to all the situations that may arise as a result of a strike. The Labour Community Advocate should use their union as a resource as well as other community services such as community credit counselling centres and legal Aid. The union will have various committees set up to handle different problems or situations. The Labour Community Advocate should be familiar with these committees, their roles and with the people who chair them. (The Labour Community Advocate always works in full cooperation with other union officers and other members who have been assigned specific strike duties.) Then if the union is unable to provide the needed service, the Labour Community Advocate can make a referral to a community service.

- The suggestions as described above are not meant to be all inclusive. Since legislation varies from province to province, other options or courses of action may be available.

- Similar strategies may be considered for lay-offs (whether individual or mass lay-offs). If knowledge of a mass lay-off is known in advance, the Labour Community Advocate may wish to assist the union to prepare their affected members through information sessions, educational material, community resources, etc.

CUTTING COSTS

1. FOOD AND FOOD SHOPPING

- Buy at supermarkets, not convenience stores.
- Eat at restaurants less often. If you are going out, go for lunch rather than dinner.
- Take a Brown Bag lunch for work. Use fabric bags to avoid paper bag waste.
- Only take as much money as you need when shopping. Use a calculator to stay within limit.
- Grocery shop when your stomach is full. Provide kids with a healthy snack while shopping, may decrease impulse purchasing.
- Use plastic containers rather than plastic wrap to store leftovers.
- By bulk – for dried food and staples. Comparison shop between bulk and packaged foods.
- Try stir fry to extend the amount of meat needed at a meal.
- Make your own baby food. Freeze in ice cube trays for smaller portions.
- Plant a garden.
- Buy "no name" brands.
- Avoid fancy packaging.
- Advertised brands are more expensive.
- Buy cheaper cuts of meats (braise or pot roast or cut up in cubes to tenderize).
- Compare fruit and vegetable prices: is it cheaper to buy fresh, frozen or canned?
- Canned foods are graded – fancy, choice and standard (least expensive).
- Cooked cereals are less expensive than ready to eat.
- Bread, rice, tapioca, milk puddings and fresh fruit are less expensive desserts.
- Buy fruits and vegetables "in season".
- Use meat (Protein) substitutes: peanut butter (the kids will like that!), eggs, peas, beans, and lentils.
- Watch flyers for specials. Plan meals around specials.
- Avoid non-nutritious foods. Stick to Canada's Food Guide when shopping.
- Try eating fish 2-3 times/week – for health as well as economy! Fish has very little waste and cooks quickly.
- Bake your own muffins, bread and cookies. Avoid high fat, high sugar baking as non-nutritious.
- Buy day old bread.
- Use regular rice rather than instant.
- Toothpaste replacement: baking soda and salt.
- Make your own soup, using turkey, ham chicken, or beef bones – or use lentils for a delicious change.
- Extend hamburger with oatmeal or breadcrumbs.
- Use popcorn as a "treat".

2. **UTILITIES**

- Cut down on utilities – less water wastage, turn down the thermostat (wear a sweater), turn off lights & television when you leave the room.
- Clean the furnace filter.
- Turn taps off while shaving and tooth brushing, use full wash loads.
- Don't use the dry cycle on dishwasher.
- Use small appliances instead of oven or stove.
- Turn water heater down.
- Ask the phone company for a :"Toll Restrictor" to allow local calls only on your phone.
- Cook more than one thing in the oven at a time, meat, potatoes, and a baked dessert.

3. **TRANSPORTATION**

- Take the bus.
- Car pools.
- Walk instead of driving.
- Plan driving trips to save gas.
- Raise deductible on car insurance (premiums go down).
- Drive carefully (no speeding tickets).
- Do regular maintenance on car.
- Full up your car at self serve stations.

4. **SHOPPING**

- Check newspapers for specials. Shop around and compare.
- Take advantage of sales on necessary items.
- Use coupons when you're shopping for items your <u>normally</u> purchase.
- Stick to your list.
- Try resale boutiques, wholesale and no frills places.
- Go to yard sales (yard, garage).
- Attend flea markets with an item in mind.
- Barter for services.
- Buy used items when possible.
- Buy what you need, not what you want.

5. **ENTERTAINMENT**

- Take advantage of free entertainment, and performances, i.e. concerts, museums, walking in City Parks, bike trails.
- Read magazines, etc. at the library.

- Less or no pay TV channels.
- Cancel cable watch the three broadcast channels.
- Go to the library-many lend videos, cassettes, CD's as well as books.
- Decrease number of magazine subscriptions.
- Go to the movies during the week rather than on weekends.
- Rent movies.
- Cut down on smoking and drinking.
- Cut down on bar hopping.
- Make your own snacks and take them on outings.
- Play games with friends and family.
- Host potluck suppers.

6. OTHER

- Make family gifts.
- Draw names at Christmas.
- Take home obsolete form from work for scrap paper.
- Use shopping bags for garbage.
- Reuse bags and wraps and foils.
- Do things yourself rather than hiring someone.
- Care and maintenance of appliances – borrow handy repair books from library or ask from help from a friend.
- Save all warranty cards on a file system.
- Exchange Services – trade skills, i.e. repairs on house and lawn and equipment with neighbours, friends or family. For example, trade plumbing service for car repair.
- Pets can be expensive.
- Take in a boarder.
- Pay off high interest credit cards.
- Pay mortgage weekly.
- Pay bills on time avoid late payment penalties.
- Use the Bargain Finder.

7. CLOTHING

- Make clothing.... sew, knit, and crochet.
- Use clothes line - inside and out.
- For children – utilize children clothing by exchanging clothing with friends and family.
- Buy clothes on sale, but consider good quality.
- Mend hand-me-downs (recycling).
- Clothing and shoes – repair rather than replace, i.e. zippers/heels.
- Plan your purchases buy items that can mix and match.

- In the growing years, buy cheap. Children out grow most things before they out wear them.
- Buy socks in volume, in one size and colour. When one sock goes for a walk, match the remaining single with the others.
- Buy darker colours as a rule. Stains won't be as apparent and faded darks tend not to look as tired as greyed lights.
- Never say no to a hand-me-down.
- Try shopping at garage sales, resale and thrift shops. What's there generally falls into two categories: other people's mistakes and sturdy survivors. If an item looks almost new, determine why. (Difficulty in fastening, bad cut, grandma's tastes). On the other hand, here's where you'll get a real deal in the "worn-once-to-a-wedding" category. Clothes that look well worn (as opposed to worn-out) have passed the test once. Chances are good that they'll survive your kid, too.
- Buy separates. Different parts of kids grow at different rates!
- If you're unsure of size, select by height, not weight. An always ask about the store's exchange policy! Some retailers figure size exchanges come with the territory, some don't.
- Don't pass up bargains in larger sizes. Look for fad-free styles and colours and start a "Too Big" box.
- Recycle. Dad's hand-me-downs or tired t-shirts become underwear or nightshirts. Shin-length jeans or jeans that can't be patched become converted cut-offs. Even too-short dresses can still be blouses or be worn with leggings.

Finally, when you're buying, ask yourself whose fashion trend you're trying to satisfy. Is it something the child will like and wear? It's no bargain at all if it only hangs on a hanger and not on your child. Keep in mind the child's preference i.e. buttons or snaps. If they don't like it, they won't wear it!

Warning Signs Of Financial Difficulties

Financial difficulties cause stress at work and home and often affect relationships, mental and physical health. Employees may be finding it hard to concentrate because they are constantly thinking about money or debt management problems.

In discussions with your employees, you may discover that they some or many of the following signs of financial difficulties. They:

- ❑ Ask for wage or holiday pay advances from your company
- ❑ Ask for as much overtime as possible
- ❑ Have creditors calling at work and home regarding overdue payments
- ❑ Are having relationship problems and disagreements over money matters
- ❑ Have received a court summons from a creditor or a garnishee on their wages
- ❑ Ask to take money out of company-matched payroll savings plans
- ❑ Use cash advances on their credit cards to supplement their income
- ❑ Are going to "Payday-type" loan companies for advances on their paycheques
- ❑ Have resorted to placing some of their possessions in pawn shops
- ❑ Are behind in rent, mortgage and/or utility payments because of payments to creditors
- ❑ Skip payments to creditor or ask creditors for extensions of payments
- ❑ Pay only the minimum payment required on credit card balances
- ❑ Do not know how much their monthly living costs are
- ❑ Do not know how much debt they have and what the total monthly debt payments add up to
- ❑ Run out of money before payday
- ❑ Hint at addictions such as alcohol, gambling and drugs
- ❑ Charge more per month on their credit cards than they are paying on the accounts
- ❑ Have been refused a consolidation loan at a financial institution
- ❑ Consolidate debts then run up the credit card balances again
- ❑ Spend to the new limit the credit card company gives them
- ❑ Owe money to friends and relatives

LIST OF DEBTS

All that is left to do is count up your outstanding debts.

Creditor	Principal & interest payment	Initial amount owing	Amount owing presently	Interest rate	Type of debt	Lien
TOTAL						

HELPING THE MEMBER WITH FINANCIAL PROBLEMS

- First, work out a family budget ______ total income
  ______ total assets (saving, care, house)
  ______ total expenses.
- Depending on the amount of the debt, ask the person if they can sell or use any of the assets.
  ______ Cash in savings bonds
  ______ R.R.S.P.
  ______ Sell the car or house
  (Often people have difficulty getting cash for their assets).
- Determine how much money the person can afford to pay out monthly to cover the debts.
- Then negotiate with creditors!
- Be realistic about the person's financial situation and what he/she can afford each month when negotiating a deal with creditors. Once a deal is made, stick to the payment plan that has been worked out.
- Remember, for most creditors, collection agencies and court actions are costly. Therefore, creditors are more willing to negotiate than you would expect. Even a collection agency or a creditor involved in a court action against you will likely be willing to negotiate some form of payment plan.
- If a member has received any court documents related to a debt, he/she should take these papers to a local legal aid clinic and get a lawyer" advice. (It is still useful to work out the family budget before visiting the legal aid clinic.)
- As a Union Counsellor, depending on the extent of your experience in debt counselling, it is advisable that you work in co-operation with a community agency that specializes in credit and debt counselling. The Union Counsellor can help the member adequately prepare him/herself by working out a personal or family budget before going to such a community agency.

Personal bankruptcy

- If a person has no assets or cash, and they owe large sums of money to creditors, they may wish to consider personal bankruptcy.
- When personal bankruptcy is declared, all that person's property is placed under the control of a trustee who makes a detailed inventory of the available assets and distributes the proceeds among the creditors.

- After three months a debtor may apply to be discharged from bankruptcy. Before being discharged, the bankruptcy court may require that the debtor pay off part of his/her outstanding debts.
- Debts not included in bankruptcy claims are court fines; maintenance payments for spouse or child; debts for goods supplied as necessities of life; and debts arising out of fraud or embezzlement.
- Personal bankruptcy will appear on a person's credit rating for (7) seven years, but he/she may apply for credit again after having been discharged from the bankruptcy.
- Personal bankruptcy is a serious move that has advantages and disadvantages for the person in debt. In some cases, it may be the only alternative for the individual.
- Anyone who thinks that this is an option for them should consult a lawyer or the local community credit-counselling agency.
- Many credit unions are reluctant to advise a person to declare personal bankruptcy because it is not in the best interests of the credit union.
- Bankruptcy is not the best way of resolving a financial problem, but is should not be ruled our either.
- Remember, when a person co-signs a loan he/she is responsible for paying off that loan should the principle person who took out the loan default on payments or declare personal bankruptcy.

Credit bureaus/credit reporting agencies

These organizations are private profit-making businesses that serve retailers or any other credit granter by providing them with information about your credit record.

Credit granters pay a fee to get this information and they use it to verify and assess your credit worthiness. The files on your credit information are commonly called "your credit rating".

For example, if you apply for membership in a co-op-housing unit or if you apply for a credit card, you usually sign a form that gives the organization permission to check your credit rating.

These organizations have a charge account with a credit bureau or credit-reporting agency.

They usually phone this agency, give their charge number and verify the financial information that you have put on the applications. They will also check on any outstanding loans that you have and they may be informed that you have declared personal bankruptcy within the past seven year.

Depending on the amount of information that a credit granter may want to have about your personal finances, for a larger fee, more details may be obtained. Written reports can be requested which list in detail the monthly amounts you have paid and the dates of these payments.

Criminal charges within the last seven years will also be listed in your credit record. If you have declared personal bankruptcy within the last seven years or if you have declared bankruptcy more than once, all bankruptcies will be recorded on your credit rating.

If you are denied credit, you should ask the credit granter for the reason. If they tell you that the information from the credit bureau influenced their decision, the credit granter is required to give you the reason within sixty days (the time limit may vary from province to province). They are only required to do this if you request the information within the sixty days of receiving their notice.

You have the right to have incorrect or incomplete information on your file corrected.

TIPS ON COMPLETING THE CLIENT ASSESSMENT FORM

Note: The very top of every page of the form is for the use of our office. You do not have to write anything in this space.

COVER PAGE

Please sign the release of information form.

PERSONAL INFORMATION (Second Page)

Please provide us with your full legal name. We will need this for the legal forms we will fill out for you.

ASSET SECTION (Third Page)

Asset section: When giving information about real estate, tell us:

- The amount the real estate is worth if you were to sell it,
- How much is still owing,
- And how much is **equity.**

So, if you have a house worth $100,000 and there is $90,000 still owing on the mortgage, you have $10,000 in **equity**. The $10,000 is considered an **asset.**

CREDITOR INFORMATION (Fourth Page)

CREDITORS are people you owe money to, and this is the page where you should list **all** your debts (except mortgages). This can include loans, credit cards, and even debts owed to family and friends. It is very important to include the **account numbers** of your debts, wherever you can do this. Remember to include debts owed to Revenue Canada and Alberta Health Care.

BUDGET PLANNER (Fifth and Sixth Pages)

The budget planner has been divided into two columns, monthly and annually.

Monthly:
In the monthly column write down how much you spend for all the things you spend money on every month (things like food and rent).

Annually:
In the annual column write down how much you spend for all the things you spend money on once a **year** (things like car insurance). There will also be things that you spend money on once in a while over the course of a year (things like clothing). For these items, try and think about

how much you would spend on these items over the course of the year, and put that amount in the **right** hand (annually) column.

Please do not write anything in the shaded boxes.

How much money should you spend?

When filling out the budget items, try to make the amounts **reasonable** and **realistic.** If you are not sure how much is reasonable to put in certain categories, take an average of the amounts over the last several months, or write in your best guess.

What items should you budget for?

Don't feel you have to have information in every category, for example you may not have any Life Insurance, so don't write anything in this space.

What to list under Secured Creditor Payments?

At the very bottom, you will see a heading for **"Secured Creditor Payments". A secured debt** happens when you sign something over as security on a loan (e.g. a car put up as collateral on a bank loan). "Security" could be property or other assets. If you have a personal loan, and your car is security for the loan, this is the place to write in the payment. So where it says **"Secured Creditor Payments"** on the form, total the amounts you have to pay on **secured debts** and write it in.

Unsecured debt includes credit cards, etc.; there is nothing physical you have promised to give the creditor if you don't pay your debts. You promise only to repay the money.

REVENUE CANADA CONSENT FORM (last page)

This form gives us permission to get information from Revenue Canada about any debts you may owe to them. It will help us make sure the amounts we put in the Orderly Payment of Debts program are accurate. **Remember that even after you are on the OPD program, you will have to file your tax returns every year. Credit Counselling Services of Alberta does not do this for you.** To complete this form, please do the following:

First, put a **check** in the box marker **"To authorize a representative".** Then:

In the first section, marked **"1. Client Identification"**, write in your **full legal name**, your **Social Insurance Number**, and leave the rest of the section blank.

In the second section, marked **"2. Representative Identification"**, under **"Authorized firm's name"**, write **"Credit Counselling Services of Alberta"**, and leave the rest of the section blank.

In the third section, marked **"Details of Authorization"**, tick the box marker **"All years"** and leave the rest of the section blank.

In the final section, marked **"Authorized signature"**, complete the whole section by **signing your name, providing a telephone number, and writing in the date** you signed the form.

Congratulations, you've filled out the form!

CONSUMER DEBT REPAYMENT FORM

Name: ______________________ Assessment No. ____________

Counsellor: ____________________ Referred by: ______________

CREDITOR INFORMATION

Loans (include student loans, do not include mortgages)

1. Lender: ______________________
   Account #: ____________ Branch: ____________
   Collateral: ☐ Home ☐ Car ☐ Furniture ☐ Other ______
   Status: ☐ Up to date ☐ Behind – how far behind ________
   ☐ In collections

2. Lender: ______________________
   Account #: ____________ Branch: ____________
   Collateral: ☐ Home ☐ Car ☐ Furniture ☐ Other ______
   Status: ☐ Up to date ☐ Behind – how far behind ________
   ☐ In collections

3. Lender: ______________________
   Account #: ____________ Branch: ____________
   Collateral: ☐ Home ☐ Car ☐ Furniture ☐ Other ______
   Status: ☐ Up to date ☐ Behind – how far behind ________
   ☐ In collections

Total each column (A)

Balance owing	Monthly payment

Credit Cards

1. Company: ____________ Account # ________
   Status: ☐ Up to date ☐ Behind – how far behind ________
   ☐ In collections

2. Company: ____________ Account # ________
   Status: ☐ Up to date ☐ Behind – how far behind ________
   ☐ In collections

3. Company: ____________
   Account # ________
   Status: ☐ Up to date ☐ Behind – how far behind ________
   ☐ In collections

Total each column (B)

Balance owing	Monthly payment

Other Debts (i.e. Overdrafts, income tax arrears, friends or family, utility arrears, fines child support, car lease, Alberta Health Care arrears, NSF cheques, rent to own, conditional sales, buying on time, line of credit, maintenance)

1. Type: ____________________ Date Due: ____________

Account #: ________________ Branch: ______________

Status: ☐ Up to date ☐ Behind – how far behind __________

☐ In collections

2. Type: ____________________ Date Due: ____________

Account #: ________________ Branch: ______________

Status: ☐ Up to date ☐ Behind – how far behind __________

☐ In collections

3. Type: ____________________ Date Due: ____________

Account #: ________________ Branch: ______________

Status: ☐ Up to date ☐ Behind – how far behind __________

☐ In collections

Total each column (C)

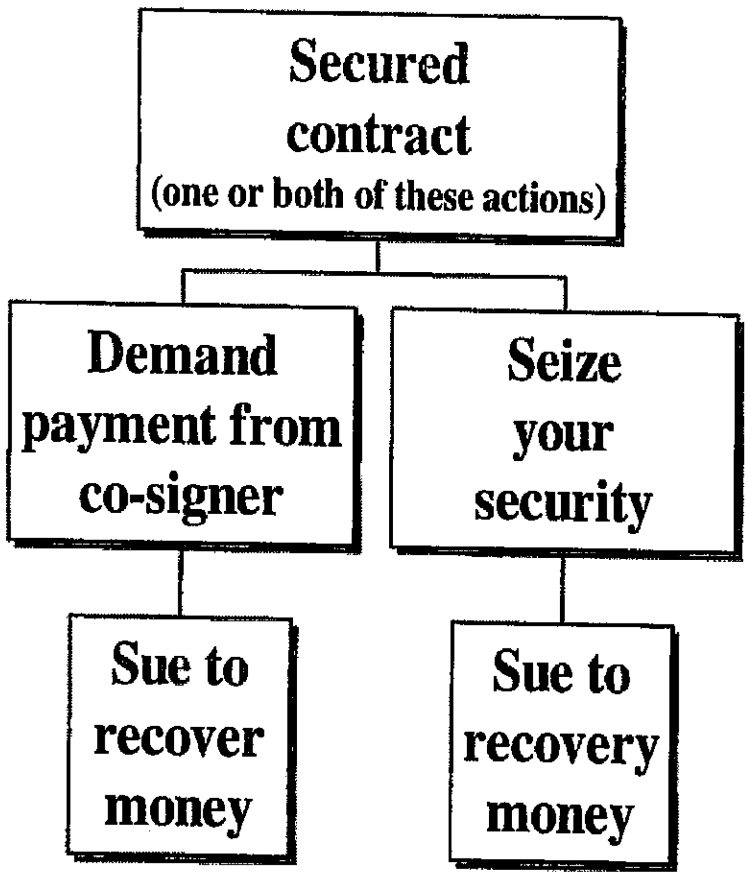
Add A+B+C for totals (D)

TOTAL OF ALL DEBTS

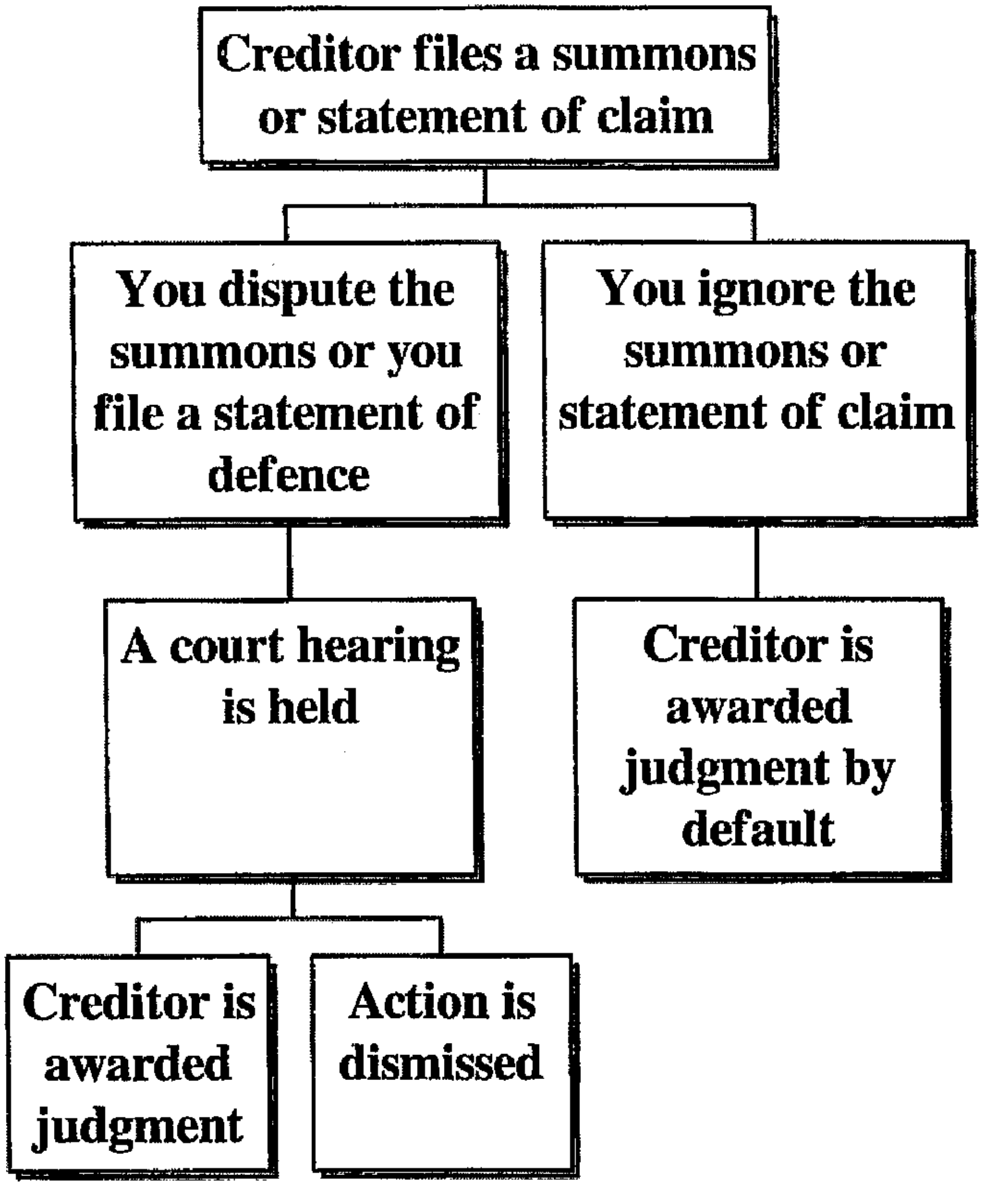
Balance owing	Monthly payment

Balance owing	Monthly payment

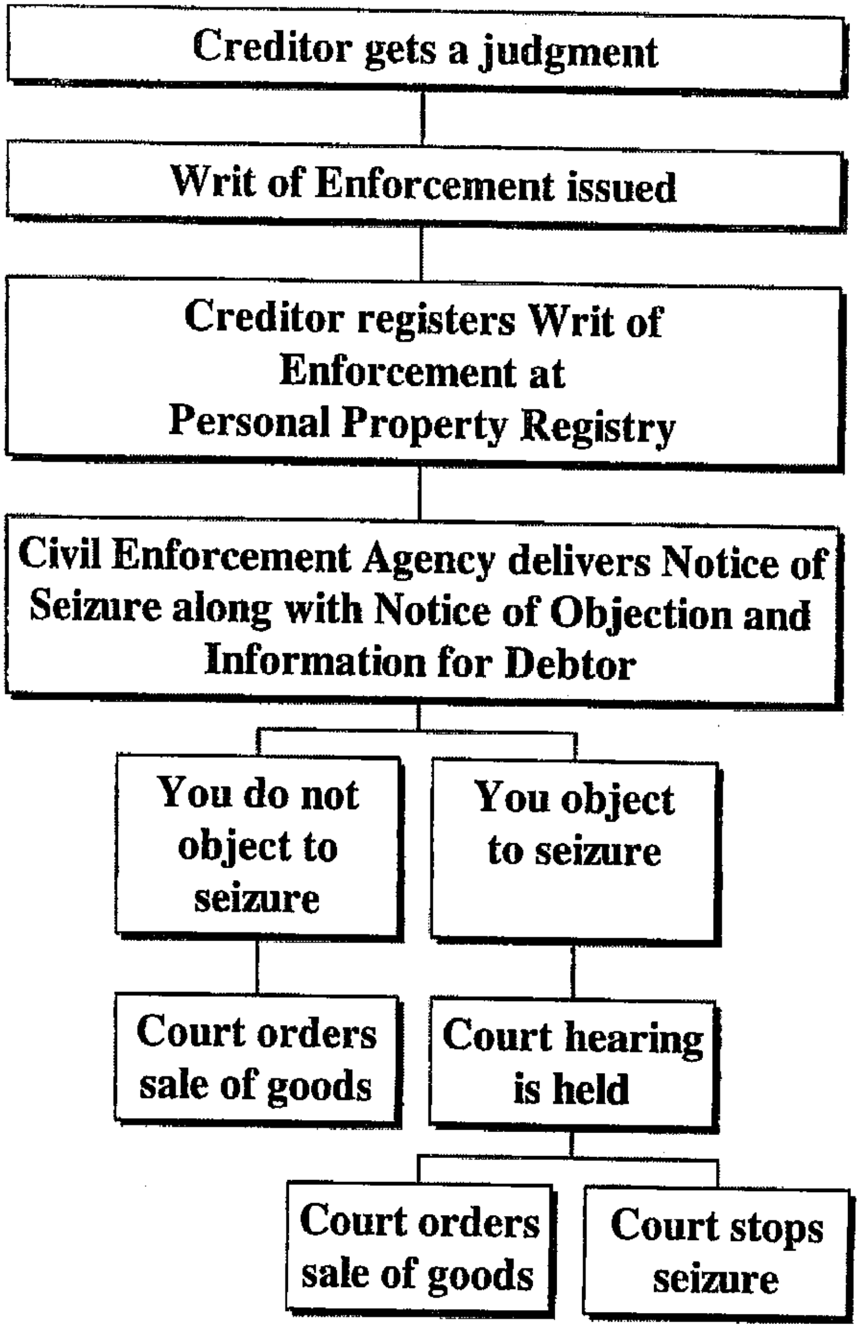
What a creditor can do if you don't pay your debts



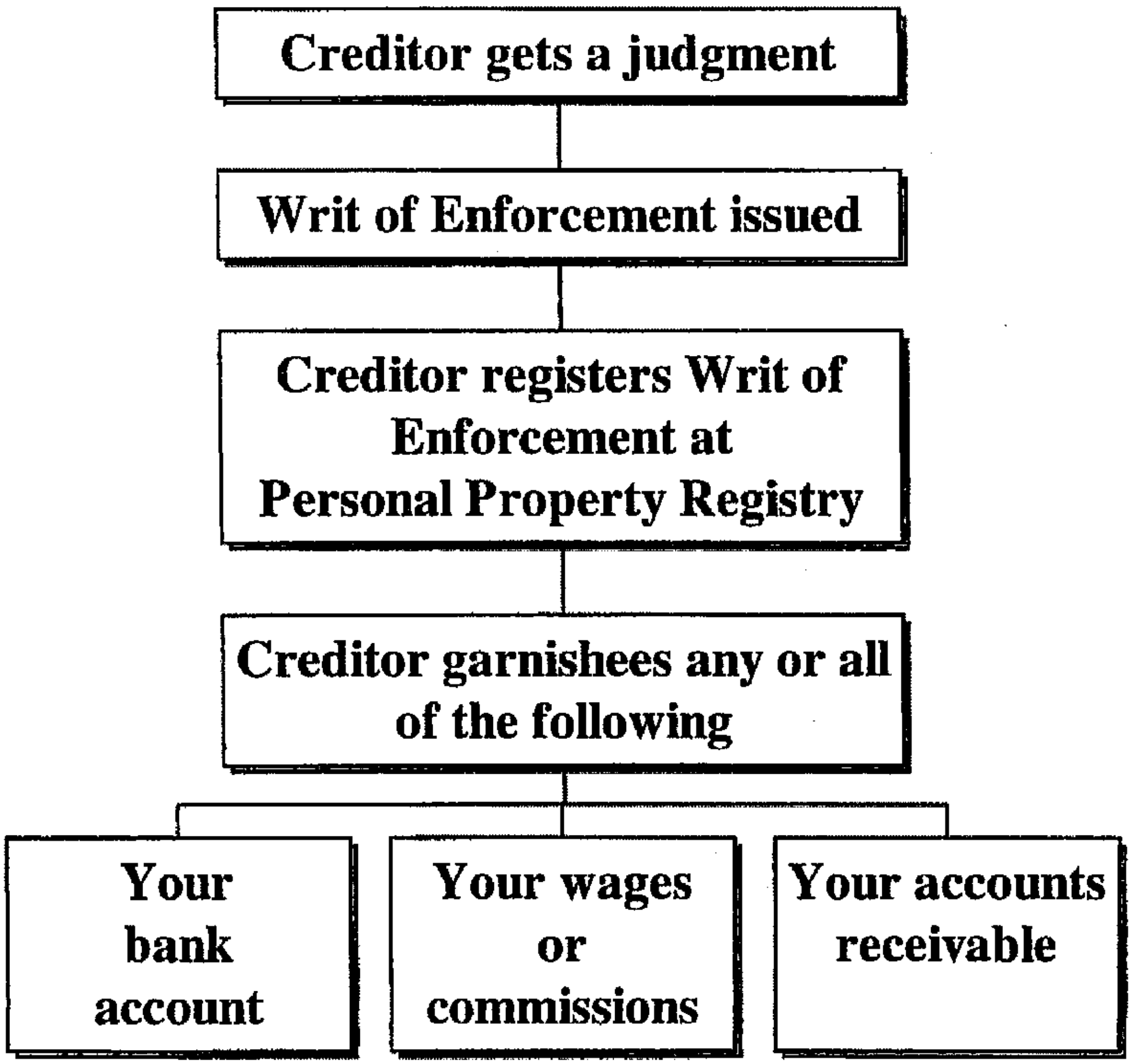
When a creditor sues you



What happens if a creditor gets a judgment against you?



What happens if a creditor gets a judgment against you?



SOME TIPS ON WRITING YOUR LETTER

Creditors are not obligated to accept your proposal. However, there are certain things you can do to get their co-operation.

1. **Be polite:** Ask for you creditor's help, rather than telling them what to do.
2. **Be realistic:** Make sure your monthly payment to creditors is something you can afford. Missing payments can jeopardize your proposal.
3. **List all debts:** incomplete, or inaccurate information will reduce creditor co-operation.
4. **Explain your problem clearly:** If the reason for your financial troubles is because of illness, unemployment, or other misfortune, mention this in your letter.
5. **Pro-rate the payment amount:** If one creditor has 25% of total debt, they should get 25% of the total payment you have available to all creditors. This ensures all creditors are treated fairly.
6. **Be reasonable:** Creditors will want to be paid back in a reasonable amount of time.
7. **Keep in touch:** Let the creditors know if anything changes in your life that would affect your ability to maintain your payments. If something goes wrong, let the creditors know right away. If something good happens, let the creditors know you'll be able to pay off your debt sooner.

SAMPLE LETTER TO CREDITORS

Dear Creditor: Today's Date

We are writing to tell you about our financial problems and to suggest a repayment plan.

I have been looking for a job since was laid off three months ago; I have not found one. Although we've trimmed our household budget everywhere we can, we still cannot make our credit payments in full.

My wife has been staying at home with our children (aged 3, 6 and 10), but now she is working part-time outside the home. For now, our take-home income (unemployment insurance, part-time earnings, and family allowance) is $1435. Our minimum monthly living expenses are $1310. (attach a list of these expenses0. As you can see, we have only $125 left each month for credit payments.

Here is a list of all our creditors, the monthly amounts we owe, and the monthly amounts we feel we can pay each one:

Creditor and Account Number	Total Amount Owing	Current Monthly Payments	Proposed Payment
Total	$ ________	$ ________	$ ______

You can expect a cheque for our first payment (date. Each month we will make the same payment. As soon as our situation improves, we will try to catch up on the arrears and resume our normal payments.

Thank you for considering this proposal. Please let me know soon if this is acceptable for the short term. If it is, please sign this letter and send me a coypu. I am eager to resolve this problem.

Sincerely,

D.A. Debtor

Yes, we accept the payments offered.

Authorized signature ____________________

For ____________________ Company Name

SAMPLE LETTER TO CREDITORS

Start the letter by saying what you are writing about.

Your expense list shows there is no money to pay debts after meeting basic living costs.

Tell them if you owe anyone else money. If there are too many debts to list in the letter, include a separate list.

> Dear: (Name of Creditor)
>
> You contacted me recently about a debt of $ ____. Here is my situation.
>
> I have two kids, age 3 and 5, I get $ ____ every month from social assistance and family allowance.
>
> My monthly expenses are $ ____. A list is attached. I also owe $ ____ to (creditor) and $ ____ to (creditor).
>
> As you can see, I have no money left over to pay back my debts. When, and if, my situation changes and I can repay, I will contact you to make arrangements.
>
> If you wish, I will give you a monthly update of my situation.
>
> Sincerely,

Tell them about your income, and how many people it supports.

This says "Don't call me, I'll call you".

The collector's job is to pursue people for debts that aren't paid. If you keep the collector updated, it means less work for the collector and fewer phone calls to you about the debt.

Use this sample to write your own letters. Ask a family financial counsellor for some blank Spending Plans to list your expenses. You can use the Spending Plans for monthly updates, too.