

## Common Debt Relief Options in Canada

Option	Interest Rate & Fees	Example <sup>1</sup>	Example as a Monthly Payment <sup>2</sup>	Credit Score Impact	Security or Collateral Required	Debts That Can Be Included	
Debt Consolidation Loan	Usually 7% to 12% with banks & credit unions; 30% to 49% is normal with secondary lenders	\$30,000 loan at 9% = \$623 monthly for 5 years	\$623	Initially a little negative but becomes positive	Maybe required	Any debt or bill	<b>Private Options</b> Information is never made public
		\$30,000 loan at 49% = \$1,347 monthly for 5 years	\$1,347				
Home Equity Line of Credit (HELOC)	Often ranging from 3% to 8%	\$30,000 line of credit at 4% interest = \$553 monthly for 5 years (most of this payment is voluntary. So this option would require self-discipline)	\$553	Can be negative if using more than 30% of credit limit	Real estate	Any debt or bill	
Home Equity Loan / Second Mortgage (When not through a bank or credit union)	15% to 40% when all costs factored into term (including a very large fee)	\$30,000 loan + \$5,000 fee = \$35,000 total loan is \$724 monthly if paid off in 5 years at 9% interest	\$724	May or may not reflect on a credit report	Real estate	Any debt or bill	
Debt Management Program (DMP)	0% or reduced interest + Monthly fee ranging from \$0 - \$75	\$30,000 in debt = \$552 monthly for 5 years at 0% (if interest on all debts is negotiated to 0%)	\$552	2 to 6 years	No	Only unsecured debts	
Debt Settlement	Fees vary but can be 10% of the settlement amount	\$30,000 in debt reduced by 30% = \$21,000 settlement + \$2,100 fee (10% of settlement amount)		6 years (2 years if done through a non-profit credit counselling organization)	No	Only unsecured debts	
Orderly Payment of Debt (OPD) (Only Available in Alberta)	5%	\$30,000 in debt at 5% interest = \$566 monthly for 5 years	\$566	6 to 8 years	No	Only unsecured debts	
Voluntary Deposit (Only Available in Quebec)	5%	\$30,000 in debt at 5% interest = \$566 monthly for 5 years	\$566	Affected until 2 years after program completion	No (but they do take 30% of your gross paycheque)	Only unsecured debts	
Consumer Proposal (Insolvency)	Approx. \$1,500 fee + trustee retains 20% of your monthly payments	\$30,000 in debt reduced by 50% and repaid as \$359 per month for almost 5 years	\$359	3 to 8 years	No (but may have to include asset equity value in proposal to appease creditors)	Can include unsecured debts, taxes, and student loans over 7 years old	
Bankruptcy (Insolvency)	Approx. \$1,800 fee	\$30,000 in debt repaid as \$567 monthly over 9 to 21 months (numbers will vary based on income and other factors)		1st Bankruptcy: 7 - 8 years 2nd Bankruptcy: 14 - 17 years	No (instead you potentially lose assets)	Can include unsecured debts, taxes, and student loans over 7 years old	

**Please Note:** No decision should be made based on this information alone. It is only intended to provide a high level overview of the most common debt relief options. Speak with an accredited non-profit credit counsellor to review your options in more detail.

<sup>1</sup> All examples are for comparative purposes only. Interest rates or fees can change or fluctuate. For accurate rates, speak to a professional who offers the option you'd like to investigate.

<sup>2</sup> This example attempts to compare the cost of each option as a monthly payment over 5 years. Where an option such as bankruptcy or a debt settlement typically concludes much sooner than this, a bar is shown to represent the equivalent monthly payment if the cost of this option was amortized over 5 years.