



SANDS
& ASSOCIATES



2020

**British Columbia
Consumer Debt Study
Report on Findings**

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INTRODUCTION

"I was **always worried about money and how I was going to pay my bills** not to mention every time I got paid I had to visit three different payday loan offices to pay at each one."

Can't seem to get on top of your credit card debt? You're not alone – more than half of polled BC residents who consolidated debt with a Consumer Proposal or filed bankruptcy for debt relief mainly carried credit card debt. What's more, most people don't recognize they have a debt problem until they're facing overwhelming stress or feeling trapped with minimum payments.

Hard-hitting findings also suggest that debt may be a major hindrance to consumers' wellbeing, future goals, and even impact their ability to ride out unexpected events like the COVID-19 pandemic.

Canada's Office of the Superintendent of Bankruptcy reports that 2019 had the highest insolvency rate since 2011, with **4.6 out of every thousand adult Canadians filing for insolvency**.¹ Entering 2020 consumer insolvency filings were on the rise and poised to continue growing as predicted by many debt industry professionals. Instead of the record-breaking insolvencies anticipated, 2020 saw the COVID-19 pandemic trigger a 24-year low in insolvency filings², with many indebted consumers

suddenly finding a financial lifeline via payment deferrals and Government emergency benefits unlike any experienced in recent memory.

Although various support measures extended during the COVID-19 pandemic provided a temporary calm, the financial storm is expected to return in full force for people facing the stresses of overextended finances, and likely magnifying what could have been otherwise manageable financial challenges for others, thrusting a new group of consumers towards personal debt crises.

The 2020 BC Consumer Debt Study is the eighth annual study conducted by Sands & Associates and intends to provide insight on the causes and circumstances commonly faced by British Columbians during a personal financial crisis, helping to challenge misconceptions about debt problems for individuals, as well as highlight the realities of being in debt – and ultimately, the better outcomes possible when resolving financial issues.

¹ Source: Government of Canada

² Source: "From April to August, filings averaged 6,442 per month, the lowest for a five-month period since 1996." Financial Post



"Being trapped in a debt and working poverty cycle is nearly impossible to break in this country and the fact that proposals/bankruptcies are not as damaging as you'd expect felt like it was kept a secret from me. I can't begin to describe how much better and safer it feels to know I no longer have a mountain of debt. It's life changing."

³ Source: <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br04407.html#t2>

The sole study of its kind focused exclusively on BC residents, Sands & Associates collected detailed survey responses from over 1,800 consumers across the province who experienced financial difficulties, and ultimately took control of their financial future using legal debt solutions. These consumers represent approximately 21%³ of the total number of consumers who formally restructured their debts in BC in the 12-month period ending November 30, 2020.

Sands & Associates Senior Vice-President and Licensed Insolvency Trustee Blair Mantin shares more:

"British Columbians have been – and are being – **pushed to their financial limits like never before.** We want to highlight the realities of the situations being faced for two primary reasons: Making sure people know what a debt problem can look like and understand where to seek resources that can not only solve the immediate issues, but change the trajectory of their future; and giving a voice to the people we help. With **4.6 out of every thousand Canadians filing insolvency**, that voice could easily belong to anyone."

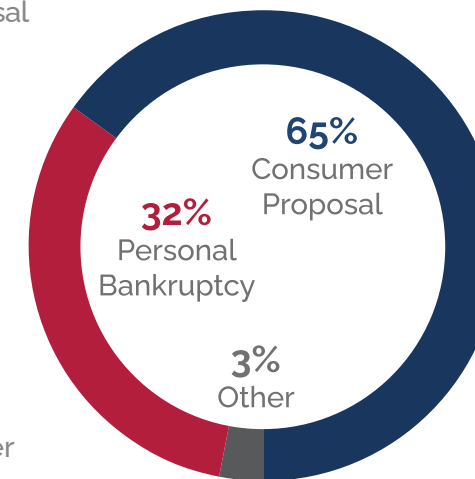
Sands & Associates is BC's largest firm of Licensed Insolvency Trustees focused exclusively on helping consumers and small businesses resolve their financial problems. A full summary of Sands & Associates' services and solutions can be found at: www.sands-trustee.com

WHO DID WE SURVEY?

Participants in the 2020 BC Consumer Debt Study were individuals who had restructured their debts by accessing legal debt solutions working with Sands & Associates Licensed Insolvency Trustees.






The continued rise in the number of consumers choosing to file a Consumer Proposal to formally manage their debts over declaring personal bankruptcy is notable, with roughly 65% of respondents having filed a Consumer Proposal compared to approximately 32% declaring bankruptcy. This is a striking difference from the results of the first debt study conducted in 2012 where 80% of respondents had chosen to file a bankruptcy.

Respondents' identified gender leaned more-so female at 55.4% of survey participants. The largest cohort of respondents (37.9%) indicated they were married or in a common-law relationship at the time they commenced debt relief processes, followed by 31.0% of respondents who were single.



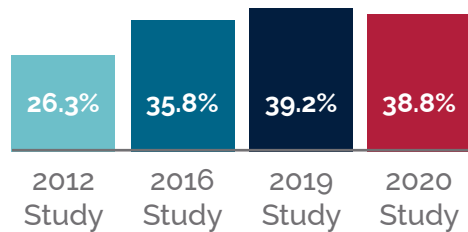
DEMOGRAPHICS

MARITAL STATUS WHEN DEBT RELIEF PROCESS STARTED

-  **37.9%** Married/common-law relationship
-  **31.0%** Single
-  **24.7%** Divorced or separated
-  **4.5%** Widowed
-  **1.9%** In a relationship (not living together)



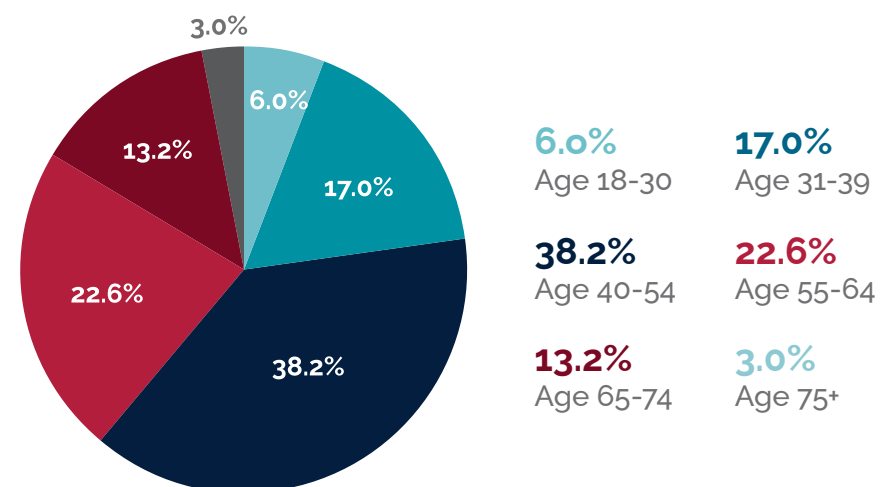
PROPORTION OF BC CONSUMER DEBT STUDY RESPONDENTS AGED 55 AND OVER



The age range of participants at the time they undertook a debt relief process varied greatly, with the largest proportion (38.2%) in the age range of 40 to 54 years old.

As with 2019's study, the proportion of respondents who indicated their age range as 55 years or older at the time of seeking debt relief (38.8%) reflects that a large number of consumers are carrying troubling amounts of debt as they approach, or are in retirement. This proportion of 55+ consumers has increased dramatically in the eight years the study has tracked, with just 26.3% of 2012 respondents falling in the age 55+ group.

AGE RANGE AT ONSET OF DEBT RELIEF PROCESS

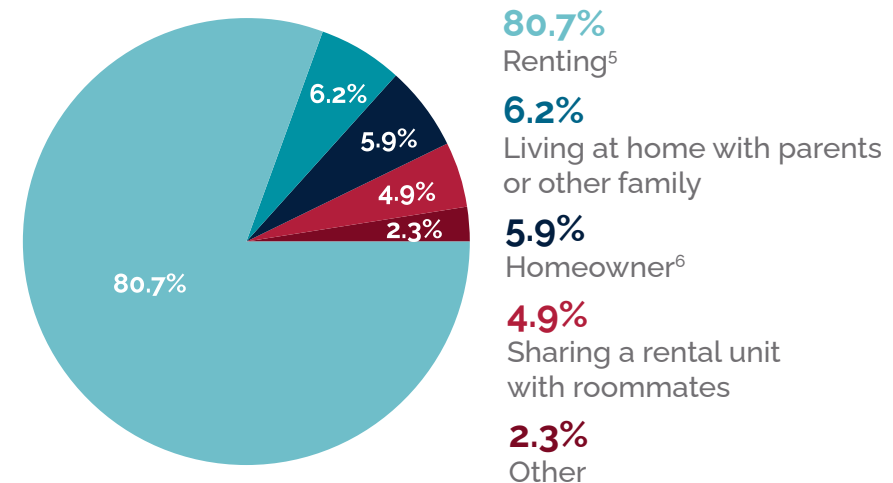


The province's housing struggles continued for many homeowners and renters alike in 2020, with a range of difficulties to contend with - from affordable rental shortages to condominium insurance rate increases to pandemic-related challenges.

At present, insolvency appears to be impacting BC renters disproportionately. Although according to the latest available statistics 68% of households in BC owned their home,⁴ fewer than 6% of respondents described their housing situation as "homeowner" at the time they sought formal debt help.

These findings indicate that the pronounced rental-housing pressures in many parts of the province may contribute to carrying problematic levels of consumer debt.

WHICH BEST DESCRIBES YOUR HOUSING SITUATION AT THE TIME YOU SOUGHT HELP FROM SANDS & ASSOCIATES?



HOUSING

⁴ Source: Statistics Canada
⁵ Includes respondents who indicated they lived in "Co-op or Subsidized Housing"
⁶ Includes respondents who indicated their spouse as the homeowner

"OTHER" RESPONSES INCLUDED

"In **full care facility**."
 "Working on the road... **living in my van**."
 "Renting at an **RV park** in our trailer."



INCOME

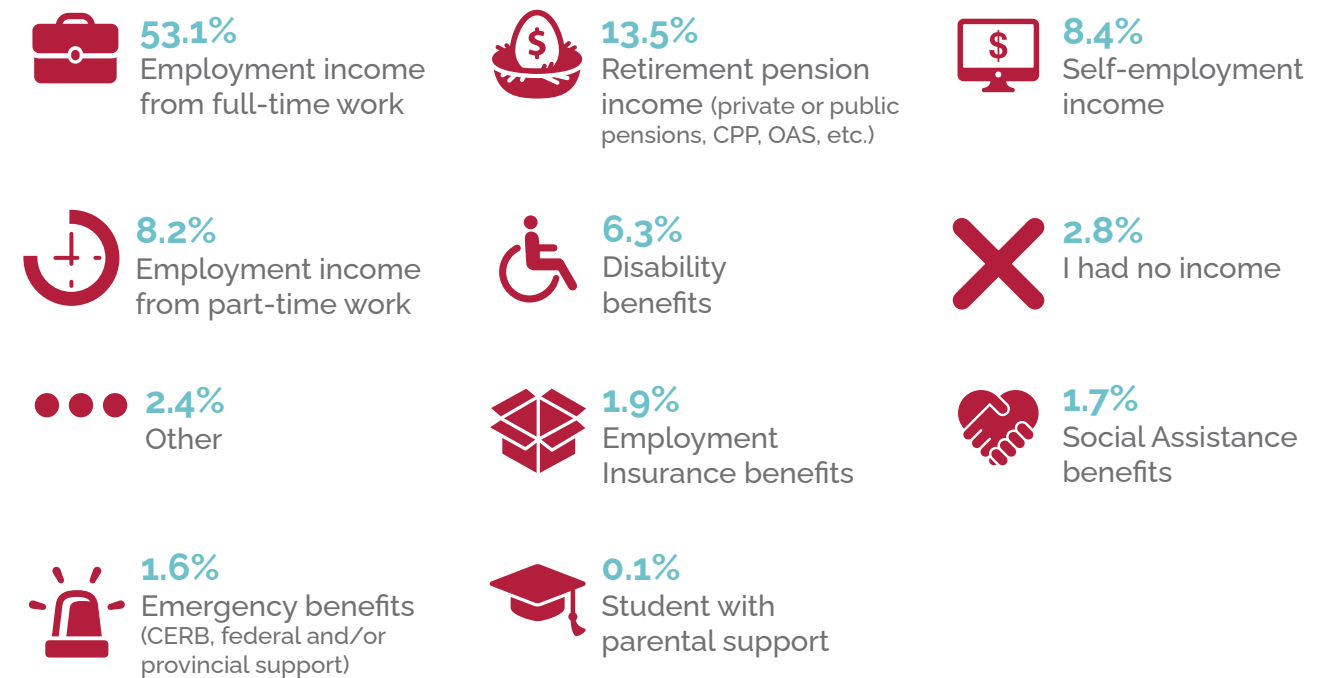
“Tried to help too many family members on a regular basis and when I finally realized this I was so far in debt I could not get out.”

The majority of BC consumers polled (including those who filed insolvency in the early-stages of the COVID-19 pandemic) indicated that their primary income source was derived from full-time work (53.1%) or self-employment (8.4%) at the time they sought debt management solutions.

Further highlighting the issue of “ageing with debt”, we note that 13.5% of respondents said their primary income source at the time of declaring insolvency was retirement pension income.

Comments and observations regarding consumers' debt-loads versus earnings are noted further in the following section of this report.

WHAT WAS YOUR PRIMARY INCOME SOURCE AT THE TIME YOU SOUGHT HELP FROM SANDS & ASSOCIATES? (CHOOSE ONLY ONE)



“OTHER” RESPONSES INCLUDED

“Husband's income and **child tax benefits.**”

“**Worksafe BC.**”

“**Worksafe BC.**”

“Student with **paid preceptorship.**”



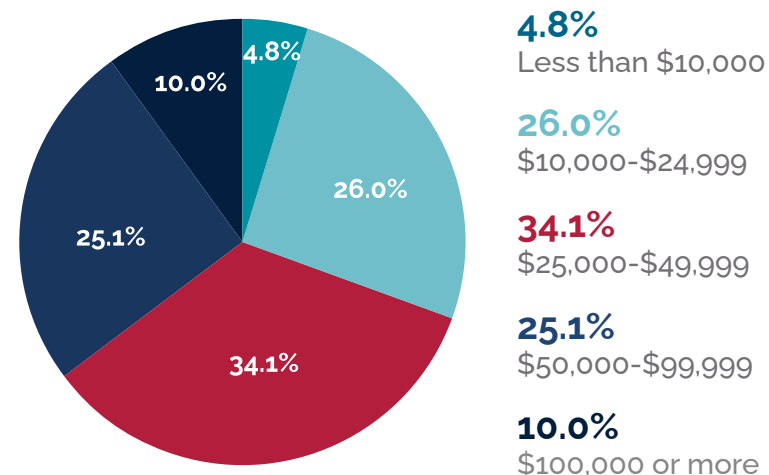
CONSUMER DEBT ANALYSIS

AMOUNTS AND TYPES OF DEBT

Consistent with past study findings, the highest proportion of BC residents (34.1%) indicated they were carrying between \$25,000 and \$49,999 of debt (excluding vehicle loans and/or mortgages) at the time they began a formal debt relief process with Sands & Associates.

HOW MUCH DEBT DID YOU HAVE WHEN YOU STARTED YOUR DEBT RELIEF PROCESS WITH SANDS & ASSOCIATES?

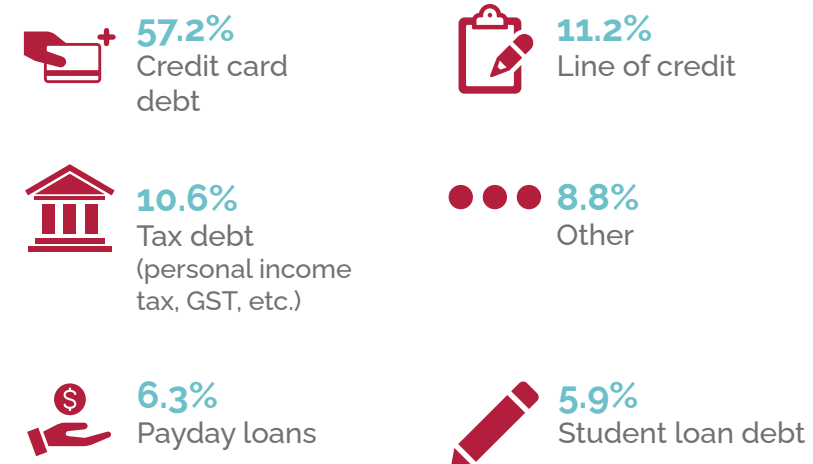
(Excluding your vehicle loan and/or mortgage)



More than half of study respondents (57.2%) stated that the main type of debt they were carrying was accumulated on credit cards, overwhelmingly outpacing other types of debt such as lines of credit (11.2%) and tax debt (10.6%). As illustrated on the following page, the traditionally high interest rates of credit card debt, insidious "snowball effect" of compounding interest and overall easy accessibility contribute to this debt-type's prevalence among insolvent consumers.

WHAT WAS THE MAIN "TYPE" OF DEBT YOU HAD?

(Excluding your vehicle loan and/or mortgage)



AMONG THE 8.8% OF RESPONDENTS WHO ANSWERED "OTHER", THERE WERE A WIDE RANGE OF TYPES OF DEBT REPORTED

"Instalment Loans."

"ICBC debt."

"Bank consolidation loan."

"Co-signed car loan for son."

"Business closed, we owed suppliers."



"I was 18 when I got my first credit card and my limit kept getting increased and I kept spending it. Not my proudest moments, I was young and didn't think of the impact it would have on my adult life."

Illustrative comparison of interest charges for two main types of credit card debts. Calculated using Government of Canada online Credit Card Payment Calculator ⁷ :	
\$20,000 Bank-Issued Credit Card Debt with Annual Interest Rate of 19.0%	\$20,000 Store-branded Credit Card Debt with Annual Interest Rate of 29.9%
Minimum Monthly Payments: \$10 or 3% of Balance Owning	Minimum Monthly Payments: \$10 or 3% of Balance Owning
Time to Pay Off: 27 years and 11 months	Time to Pay Off: 73 years
Interest Paid: \$22,124.69	Interest Paid: \$96,786.88

It is concerning to note that although the majority of respondents were working full-time or self-employed, their earnings ultimately proved insufficient to effectively pay off the debts they owed from credit extended to them. It's unclear whether lenders may be over-generous in their granting of credit or how often it occurs that original credit limits are exceeded by rising interest charges outpacing payments made by borrowers.

⁷ <https://itools-ioutils.fcac-acfc.gc.ca/CCPC-CPCC/CCPCCalc-CPCCCalc-eng.aspx>

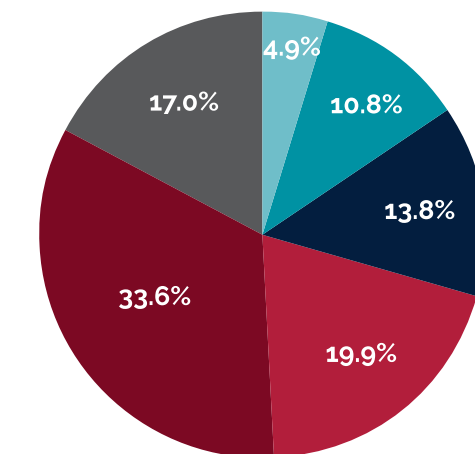
CREDIT RATING

Although credit scoring systems were originally designed as a measure for lender profitability and risk assessment, consumers often reference their credit scores in relation to their personal financial standing, contrary to the cautions of many financial professionals.

What looks good for your credit rating is not always good for your overall financial health, however. Many individuals are hesitant to seek financial relief from fear they will impact their ability to receive more credit, even though they may be unable to effectively repay their current debts. As Licensed Insolvency Trustees, Sands & Associates professionals often address concerns from individuals who feel they are in a catch-22 situation and frozen from taking action due to the impact on a credit score.

In defiance of the popular, perhaps dangerous, misconception that individuals reaching a point of declaring bankruptcy or seeking legal debt relief have very poor credit ratings, the 2020 BC Consumer Debt Study reflects that in fact almost 30% of respondents describe their credit rating as ranging between "good" and "excellent" at the time they started a Consumer Proposal or Personal Bankruptcy. Approximately one-third of respondents described their credit rating as "very poor".

HOW WOULD YOU BEST DESCRIBE YOUR CREDIT RATING AT THE TIME YOU STARTED YOUR CONSUMER PROPOSAL OR PERSONAL BANKRUPTCY?



4.9% Excellent Scores generally 800+	10.8% Very Good Scores generally 740-799
13.8% Good Scores generally 670-739	19.9% Fair Scores generally 580-669
33.6% Very Poor Scores generally 300-579	17.0% I don't know

CAUSES OF DEBT

A wide range of causes of debt were cited by survey participants, with five main categories emerging. One-fifth (20.4%) of survey respondents stated their debt was directly due to an overextension of credit and general financial mismanagement. Following this, survey respondents highlighted four other main causes of debt, particularly note-worthy is that each of these causes could be considered outside of an individual's general control: illness, injury or health-related problems (14.0%); overextension of credit due to costs of living outpacing income (11.4%); marital or relationship breakdown, and job-related / job loss (each at 10.8%).



AMONG THE 8.9% OF RESPONDENTS WHO ANSWERED "OTHER", THERE WERE A WIDE RANGE OF FACTORS THAT CAUSE DEBT:

"**Lawyer fees** for family law."

"**Death of my wife.** Loss of her income and raising two teens through to university."

"**No retirement benefits** from last employment. Inability to cope with the high cost of living."

"Child became **chronically ill.**"

"**My friend asked me to use my credit card** to borrow money for him."

"**Major property deficiencies** not declared from previous homeowner."

"**We had to move, rent went up,** no choice because of size of family, not enough work to keep up to cost of living in lower mainland."

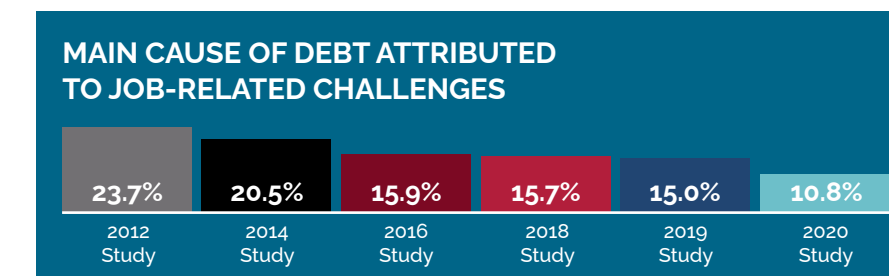
"**COVID-19.**"

"**Fertility treatments.**"

"**Self-financed my own business.**"

Perhaps owing to Canada's low pre-pandemic unemployment rates, 2020 marks the lowest number of respondents attributing the main cause of their debts to job-related challenges in the BC Consumer Debt Study's 8-year history. This observation combined with over three-in-five respondents who noted they were working full-time or self-employed at the onset of the debt relief process, may again signal that employment alone often proves ineffective in meeting repayment requirements on consumer debts, particularly when coupled with rising costs of living.

"I wish I had sought help and advice earlier. **Managing on my own I collapsed \$110,000 RRSP in an attempt to save my credit rating.** This ended up costing me not only my retirement fund but more than I earned working during all of 2018 in income tax."





ROLE OF COVID-19 PANDEMIC IN FINANCIAL CHALLENGES

“Increased spending not knowing what would happen during the pandemic, needed to upgrade computer to work from home, increased food supplies, emergency kit, etc.”

⁸ Source: Trading Economics

⁹ Source: Trading Economics

The ongoing COVID-19 pandemic has undeniably presented financial challenges for consumers around the globe. As the world continues to face a myriad of repercussions both short and long-term, the 2020 BC Consumer Debt Study offers a window into the pandemic’s role alongside consumer debt issues for British Columbians, as well as illustrating how a formal debt relief process can impact an individual’s ability to navigate unexpected events.

Of the total respondents surveyed in the 2020 BC Consumer Debt study, roughly 14% of overall respondents noted that they had filed their Consumer Proposal or Personal Bankruptcy following the COVID-19 pandemic’s major lockdown in BC during March 2020. Over half (54.4%) of study participants who filed formal debt relief processes following the onset of the COVID-19 pandemic stated that the pandemic contributed to their needing to seek debt relief.

Although far from over, the pandemic is notably consequential for indebted BC consumers, with study findings reflecting a key impact being the inability to continue servicing pre-existing debt loads due to interruptions in income.

At the final quarter of 2019, statistics such as Canada’s household savings rate of 3.6%⁸ (far below typically recommended savings rates ranging from 10-30%) coupled with household debts sitting at 173.1%⁹ of gross income may provide some insight into the ill-equipped state of many Canadians to withstand even a minor disruption to their regular income and/or expenses.

HOW DID THE COVID-19 PANDEMIC IMPACT YOUR DEBTS THE MOST?

(Choose all that apply)

Participants who said the COVID-19 pandemic contributed to their needing to seek debt relief.











"My bankruptcy ended days before the pandemic closures began. I am so relieved and fortunate I made that hard choice in Feb 2019. I would have been swimming in debt and stress throughout this whole Covid-19 process without having declared bankruptcy last year. I am very grateful."

HOW DO YOU FEEL YOUR CONSUMER PROPOSAL OR PERSONAL BANKRUPTCY IMPACTED YOUR FINANCIAL SITUATION DURING THE COVID-19 PANDEMIC UP TO NOW?

(Choose the statement that best describes, choose only one)

All participants of 2020 BC Consumer Debt Study.

-  **34.1%** Filing has allowed me to manage my finances, and my income has not been impacted by the pandemic
-  **32.3%** Filing has allowed me to manage my finances even though my income has been impacted due to the pandemic
-  **14.8%** I don't think filing had any impact on my financial situation through the pandemic to date
-  **9.6%** My Consumer Proposal or Personal Bankruptcy was finished before the COVID-19 pandemic began but being debt-free put me at an advantage to manage during the pandemic
-  **5.1%** Other
-  **4.1%** Filing has negatively impacted my ability to manage my finances during the pandemic

Peeling back statistics of debt-loads and insolvency rates to peer into the very human elements of finances is an important component of annual BC Consumer Debt Studies undertaken by Sands & Associates. As industry-leaders we continue to take aim at dismantling preconceived ideas of "who has a debt problem" and strive to normalize and de-stigmatize conversations about financial literacy and promote healthy attitudes towards money.

SIGNS OF DEBT PROBLEMS

One of the most striking findings to illustrate how financial challenges can manifest themselves is the statistic that two-thirds of participants in the 2020 BC Consumer Debt Study claimed that 'overwhelming stress' was how they knew their debts were becoming a problem. More "transactional" signs of a debt problem reported were 'only making minimum payments,' reported by 59.5% of respondents, followed by 'accumulating more debt,' noted by 44.5% of participants. These top-most reported signs of a debt problem are consistent with previous years' study findings.

Further insights into the often-severe consequences experienced by study participants as they grappled with their debt problem are detailed in the following section.

HOW DID YOU KNOW YOUR DEBTS WERE BECOMING A PROBLEM?

(Choose all that apply)

-  **66.5%** Overwhelming stress
-  **59.5%** Only making minimum payments
-  **44.5%** Accumulating more debt
-  **38.1%** Collection calls, letters or court notices
-  **28.9%** Bouncing cheques or missing payments
-  **27.4%** Using credit to make debt payments
-  **20.0%** Being turned down for a bank consolidation loan
-  **6.4%** Wage garnishment or bank account seizure
-  **2.6%** Other

BEHIND THE DEBT

"Chasing good credit score, took on too much debt."

"...the credit card interest eventually made it impossible to keep up on the increasing minimum monthly payment on it."

"Consolidation loan would be way too much to afford. I wouldn't be any better off..."



"It was definitely **debilitating to my mental health**. It is that deep fear that I won't ever be able to leave my parents home, build a future, or be responsible period."

"**I couldn't see a future** very well as I was always recovering from the past."

Notably, many consumers may have looked to their creditors for solutions to debt, as roughly two in five respondents took on, or attempted to take on, more debt by way of using payday loans and/or consolidation loans while dealing with debts without professional debt management assistance. More than a quarter (29.9%) of respondents said they 'borrowed from family or friends' to make a debt payment, which most professionals would recommend against as it often adds a fraught emotional dimension to the already stressful situation of being in debt.

DID YOU EXPERIENCE ANY OF THE FOLLOWING WHILE DEALING WITH YOUR DEBTS ON YOUR OWN? (Choose all that apply)



IMPACTS OF DEBT

The reflections of debt study participants on the impact of their debts highlights many of the sad realities thousands of BC consumers face each year. The far-reaching effects of a debt problem are demonstrated here in vivid detail.

More than 3 in 4 respondents said their debt-stress resulted in anxiety or depression – what's more, roughly 1 in 6 people said the stress of debt resulted in them experiencing thoughts of suicide.

DO YOU FEEL THE STRESS OF DEBT RESULTED IN YOU EXPERIENCING ANY OF THE FOLLOWING? (Choose all that apply)

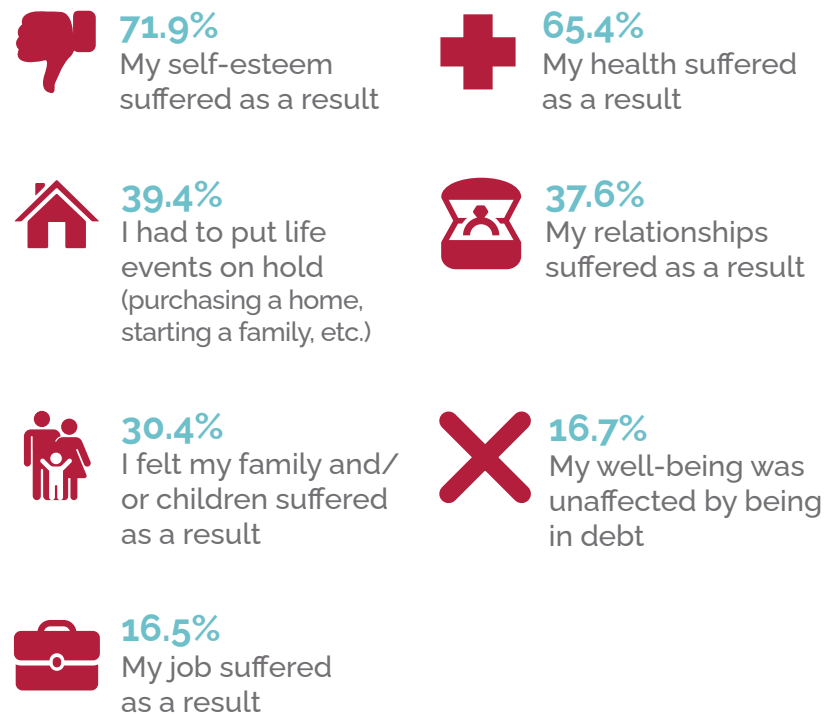




"...feeling like you are going deeper in debt by simply living each day (and being super frugal) was depressing! and took a lot to figure out it wasn't all my fault."

"I was worried about my health and knew I couldn't work two jobs anymore to make my payments."

HOW WOULD YOU SAY BEING IN DEBT AFFECTED YOU? (Choose all that apply)



From physical health to personal relationships to emotional well-being, the pressures and strain of a money problem can devastate virtually all aspects of an individual's day-to-day life. Over two-thirds of study participants said their self-esteem suffered as a result of being in debt, and 65.4% said their health suffered as well, with a host of physical and psychological repercussions. Nearly 70% of respondents also indicated that their relationships with family and others were negatively impacted by being in debt.

Beyond the overwhelming stress, debt also impacted respondents by preventing them from moving forward with milestone life events and caused strain both at home and in the workplace.

"I was in a very dark place. I literally felt like I was mentally drowning when I thought about all the debt I had accumulated and even the thought of getting help took months for me to reach out for because I thought I failed at being an adult. I was totally embarrassed and I did think about taking my life to make it easier."



DEALING WITH DEBT

"I didn't want to hurt my credit score."

"I didn't know bankruptcy could address tax debt."

¹⁰ Source: 2019 BC Consumer Debt Study

The following section of this report highlights aspects of consumer debt problems and impacts of finding solutions that are important to acknowledge and understand in order to identify areas of public financial literacy that need further attention, as well as offer truly empathetic support.

DELAYING HELP

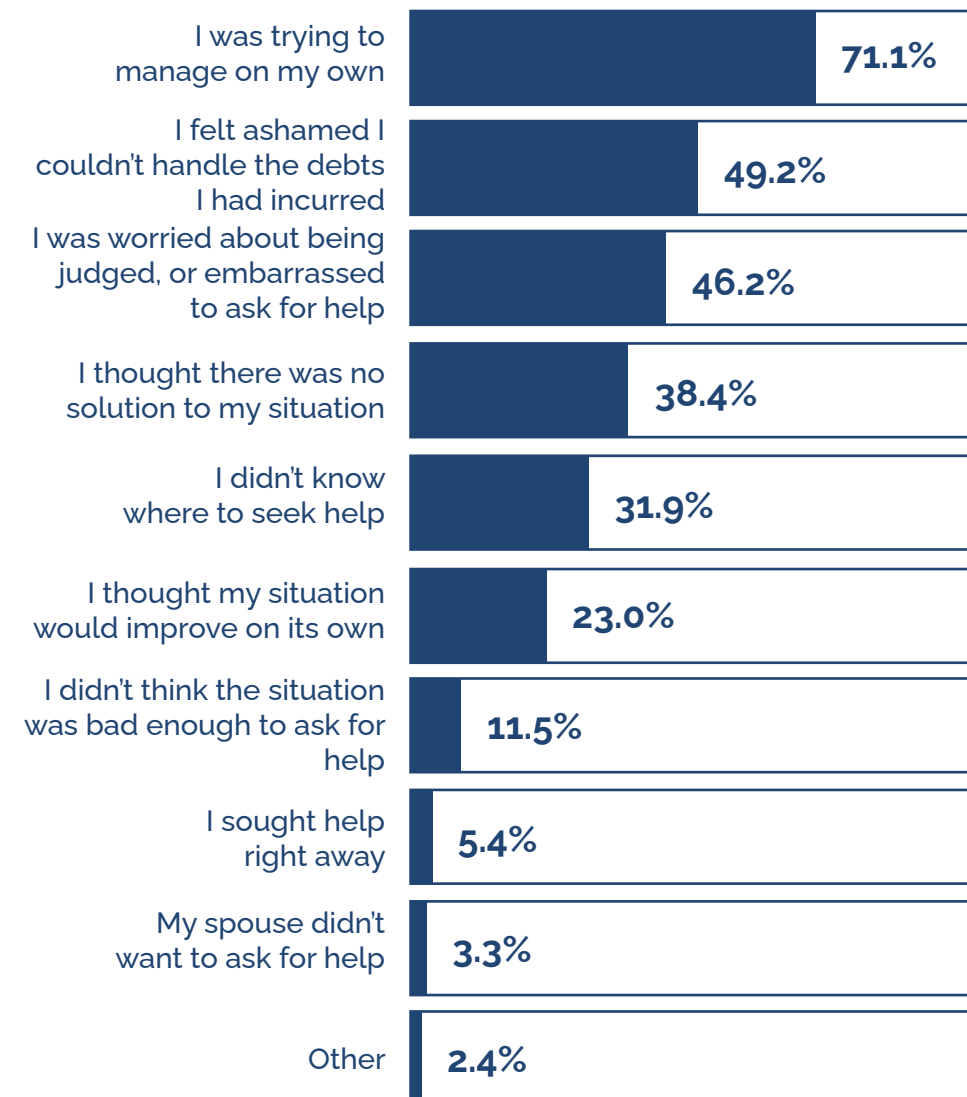
Despite what is often a daily worry about debts,¹⁰ roughly 95% of debt study respondents say they delayed seeking professional debt help.

Although many individuals said they delayed seeking assistance because they 'thought there was no solution to their situation' (38.4%) or 'didn't know where to seek help' (31.9%), an overwhelming number were prevented from reaching out for support due to shame, fear of judgement, or a personal resolve to manage independently.

These findings are deeply troubling; without knowledge of the legal resources available to BC residents, as well as social acknowledgement of the normalcy of a debt problem, far too many are suffering under the often debilitating impacts of overwhelming debt.

WHAT WERE THE REASONS YOU WAITED TO SEEK PROFESSIONAL DEBT HELP?

(Choose all that apply)



"Did not understand that I could have declared bankruptcy and **settled my debt separate to my spouse...**"

"I repeatedly asked my creditors to work out a payment schedule. They refused."

"Everybody I spoke to wanted to see me succeed, but at the time I only **thought I'd be labeled for shame.**"

"**Honestly it was pride** and I really wish I knew the relief it has given me and done it sooner."



"Making the first appointment with your office was the best thing I ever did for myself"

SENTIMENTS ON FILING

More than 7 in 10 respondents polled in the 2020 BC Consumer Debt Study said they felt extremely satisfied about their choices to file a Consumer Proposal or Bankruptcy to deal with their debts and would recommend the options to others. A further 21.9% said they felt mostly happy with the outcome of their decision.

This majority positivity is perhaps unsurprising when taking into consideration the poignant "then and now" shifts highlighted by study participants in the following sections of this report.

HOW DO YOU FEEL ABOUT YOUR CHOICE TO FILE A CONSUMER PROPOSAL OR BANKRUPTCY TO DEAL WITH YOUR DEBTS?



CHANGES IN FINANCIAL OUTLOOK & ATTITUDES

When considering the bleak outlooks and circumstances often associated with the weight of debt problems, one can assume that the resolution of these overwhelming dilemmas may lead to remarkable personal changes, with a sense of broadening possibilities and positivity.

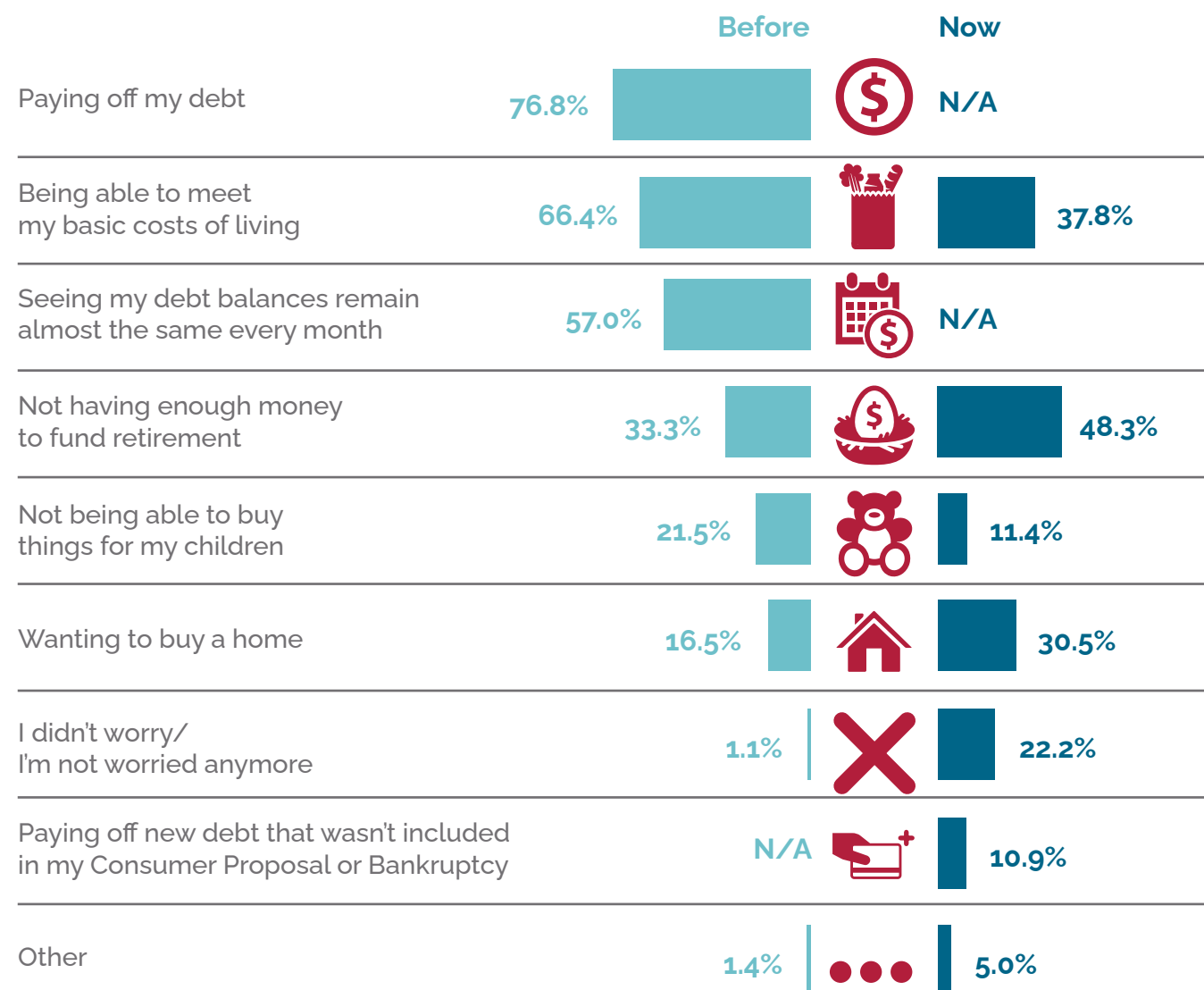
Responses from participants in the 2020 BC Consumer Debt Study illustrate how dominant debt had become in their lives prior to finding a debt solution: more than three-quarters (76.8%) of respondents said paying off their debt worried them most, as well as over half (57.0%) saying they worried seeing their debt balances remain almost the same every month.

Although 37.8% of study participants say they worry even now about meeting living costs, this is a sharp decrease from more than two-thirds (66.4%) of individuals who worried about being able to meet their basic costs of living prior to resolving their indebtedness.

After receiving professional debt help, consumers' attention dramatically shifted to allow consideration of important financial goals such as funding retirement, or even wanting to buy a home.



WHAT WORRIED YOU MOST ABOUT MONEY BEFORE FINDING A DEBT RESOLUTION, AND WHAT WORRIES DO YOU HAVE NOW?
(Choose all that apply)



Perhaps one of the most important changes associated with seeking and receiving professional debt help is the positive impact on respondents' attitudes and approaches to money matters reported in this study.

65% of survey respondents said their experience allowed them to improve their budgeting and/or savings skills, as well as increase their confidence in day-to-day financial management; more than half (53.2%) said they now have a better understanding about credit and borrowing.

It is our hope that the ripple effects of this improved confidence will support the sharing of knowledge and financial skillsets between British Columbians. Indeed, findings of the 2020 study point to this promise, with almost half (48.9%) of survey participants saying they are now more open in discussing finances with others, and 40.4% having gained financial skills and/or knowledge to share with others.

"Honestly, I thought at one point I would have to send my daughter to live with her dad as I couldn't provide for her properly. Worst feeling ever."

"Worried that whatever I was receiving would be seized."

"Ruining my already very stable credit."



"I feel more in control.
Not fighting with spouse over funds"

"I have learned that **there is help.**"

"Thanks to this little journey, **I've grown a lot.**
I have even been able to give myself a proper structured game plan to move to England to be with my partner."

IN WHAT WAYS DO YOU FEEL YOUR EXPERIENCE RECEIVING PROFESSIONAL DEBT HELP HAS IMPACTED YOUR ATTITUDE OR APPROACH TO MONEY MATTERS? (Choose all that apply)



65.0%
I have improved my budgeting and/or savings skills



64.3%
I am more confident in my day-to-day financial management



53.2%
I have a better understanding about credit and borrowing



48.9%
I am more open in discussing finances and general money matters with others (spouse, family, friends, etc.)



40.4%
I've gained financial skills and/or knowledge to pass on to others (children, family, friends, etc.)



5.3%
I don't think my experience has changed my attitude or approach

As Licensed Insolvency Trustees with more than 30 years' experience in helping individuals confront and ultimately solve their debt problems, we believe there is often a restorative effect found within a supportive debt relief process.

We are proud to offer a platform within our annual study where British Columbians who have faced overwhelming personal challenges, fears and uncertainty can offer their own words of advice with others, based on their own deeply personal experiences.

Many of the heartfelt sentiments shared by individuals reflect recurring messages of reassurance, encouraging others in similar situations to overcome feelings of shame or embarrassment, and ultimately move forward from a position of strength. We share these words of wisdom to provide a beacon of hope to others who may be currently struggling with debt.

PERSONAL ADVICE

"I will see people who have declared bankruptcy **in a different light.**"

"**I feel better about myself** and more in control of my finances."

KNOWING WHAT YOU KNOW NOW, WHAT IS ONE ACTION YOU WOULD HAVE DONE DIFFERENTLY IN MANAGING YOUR DEBT?

(Highlight of responses received)

"I would have done this consumer proposal sooner. I have lived with this **student loan hanging over my head** for over 20 years..."

"I wouldn't have **chased a good credit score.**"

"Less credit, more into savings, start a retirement fund. **Not always accept the offers for credit,** very enticing especially when they say it builds your credit."

"I should never have gotten a credit card and line of credit with my bank. These two things enabled me to **easily and quickly incur debt.**"

"As a couple **we should have reached out earlier and shared our financial situation with our children** and sought professional advice."

"Wouldn't have used **personal credit cards to fund business operations.**"

"Dealing with my debt **sooner.**"

"Not using credit cards so much and not accepting the **constant offers to increase my credit limit.**"

"**Seek professional help earlier.**"

"I would have been much kinder to myself. **Negative self talk did not help** and only made the situation worse."

"Spoken to my friends or family about my situation. **The discussion of financial matters needs to be normalized!**"

"Be more **prepared for emergencies.**"

"**Have a safety net and nest egg.** Having more financial independence and stability. Never to rely on a partner for finances in the event of relationship breakdown."

"Avoid credit cards beyond a low amount simply to pay for things online as necessary that can be paid off immediately. Or, have a prepaid card instead. Much better option. **Money spent is money that already exists.**"

"**Paid more attention** to spending. The debt crept up on me!"

"Saying no to spouse when he wanted to draw on my lines of credit. **Never use your credit to assist someone else.**"

"I would have **looked for different ways to fund my post secondary education** instead of relying on a line of credit..."

"Staying on top of finances by **keeping a record of spending,** Not procrastinating on payments and being realistic about how much disposable money I really had. Planning for odd expenses, miscellaneous expenses and yearly expenses."

"Making sure my spouse and I were **on the same page** about money habits."

"The very first time that I realized I was incurring more debt, in order to cover the payments, **I should have immediately sought out professional advice and help.** Delaying and hoping it would all work out somehow was in hindsight wrong. Delaying only added to my stress level."

"One action I would have done differently would have been to **thoroughly review my income and expenses on a monthly basis.** Had I been doing this I would have seen the warning signs before I got too far into trouble."



IF YOU COULD OFFER ADVICE TO SOMEONE TRYING TO DEAL WITH THEIR DEBTS OR FACING A SIMILAR SITUATION, WHAT WOULD IT BE?

(Highlight of responses received)

"**Don't ignore it**, look into your options and take control."

"Having an amazing credit score **isn't worth being in constant stress** and missing out on life."

"Ask for help and don't be embarrassed, **it's life-changing to not have to worry** or stress anymore."

"Don't wait. **Your closest relationships and not to mention your health will be the ones that suffer most.** It's easier to get the help you need and there are more people than you think in the same situation. Your sense of pride is nothing compared to the freedom you will feel when the debt (you thought would never) will disappear!"

"There is a way out of debt, **you just have to admit that you are having trouble** and then commit to the challenge of clearing it."

"**If you have to use your credit card to pay bills, you are headed for financial problems** which will be out of control very quickly. You have to change something before it is too late, and too late comes in a very short time."

"Even if you can pay them the minimum payment each month **seek help before something of an urgent matter happens** making things worse."

"Don't procrastinate in seeking accurate professional advice, separate from your spouse, from a trustee about your personal best move in financial difficulties. **Yours and your spouse's best options may be different.**"

"**You won't be doing this alone.** They are there to help you not judge you. Be kind to yourself. Seek mental health support."

"**Don't forget the savings.** Even a little bit off every source of income to create a contingency fund. Reprioritize spending to include savings for a bill if needed."

"**Keep your head up.**"

"Do it sooner rather than later. **Attempting to handle debt you can't afford simply keeps you in more debt.** Reduce the debt to plan and create the future."

"**Be open and honest** with yourself about your situation!"

"**Everyone deserves help and it's there for you.** Don't let yourself and the people important to you go on stressing about trying to fix something that you probably aren't going to be able to fix yourself. Nothing to be embarrassed about, just another life lesson we gotta learn"

"Learn and use **financial literacy skills.**"

"**Don't borrow more than what you can comfortably pay back** if you were to lose all or part of your income."

"You can't "think" your way out of debt - **take action!**"

"**Release your shame about debt.** It happens to so many people. The important thing is how you move forward."

"**Sometimes things are out of your control,** and the trustee is the first place to go to get clarity."

"**Don't worry about the status of bankruptcy on your credit.** With all the debt, you don't have good credit anyways. This way you will get out of debt and build credit faster."

"Do not use your credit to help someone else acquire things. **Do not borrow against your home.**"

"**Never be too proud** to seek assistance when needed..."

"Find out your options and then decide on how to handle things. **The process is not as scary as you might think.** You are treated very respectfully. Never blaming you for your situation, just guidance to help make things better."

"Educate yourself on the importance of financial and credit knowledge. **Don't be afraid to ask questions when you don't understand something,** because the more that you know and understand, the better you'll be at managing your personal finances. Learn from my mistakes and don't put yourself through years of stress and anxiety all for the sake of trying to leave the problem to deal with at a later date."

"If things aren't improving in a short amount of time, **start looking for help** instead of letting it continue to get worse."

"**Pay with cash** for most things, or only put on credit what you can pay off at the end of the month."

"**You don't have to go into debt** even though it looks as if debts are normal and everybody has it."

"We don't get training on how to manage credit cards and debt. **Actually learning it is empowering.**"

"There are solutions, and **once you know your options you can make the right decision** for you."

"...just because you get approved for additional credit, **it does not mean you have to take it on!**"

"Talk with friends and family about your money situation. Many people have struggled with finances at some point so it makes the problems seem normal when you **share your experience with other people.**"

CONCLUSION

As insolvency professionals we are keenly aware that thousands of British Columbians each year face difficult financial circumstances, with debt problems spreading across virtually every demographic. Furthermore, many professionals are bracing for a boom in insolvency filings anticipating financial implications of the ongoing COVID-19 pandemic.

Combining historic causes of debt, many of which are already beyond an individual's control, with the yet unknown long-term fallout of the global COVID-19 pandemic paints a dreary forecast at what challenges may be to come across the province. Yet in recognizing our great privilege in assisting consumers in removing debt as an obstacle in their lives, creating space for the pursuit of goals and success, we find optimism and purpose, wielding our unique insights, skills and knowledge to help our clients achieve a better financial future.

As we remain committed to assisting our fellow British Columbians in need, we appeal to professionals across the financial sector and government policy makers to collaborate alongside now debt-free consumers to amplify public awareness of debt issues, conversation around reputable resources and solutions to financial challenges, and ultimately, support in solving financial crises.

You are not alone – we are here to help.



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