

Glossary

Assets: Things you own that have value, such as art, jewellery, antiques, a car, or a house

Bankruptcy: A legal process where you declare that you cannot pay back your debts

Collections agency: A private company that creditors pay to collect unpaid debts. The person who calls you about your debt is a collections agent

Consolidation loan: A loan that combines all of your debts, at a lower rate of interest. You use the loan to pay off all of the high-interest debt. You make regular payments on the lower-interest consolidation loan

Consumer proposal: A legal process where you work with a bankruptcy trustee to make an offer to pay your creditors less than you owe them. If they approve the offer, and the Court approves the plan, you must pay your creditors within five years or less

Debt repayment plan: A realistic plan for getting your debt under control

Discharge: Being relieved of your debts through bankruptcy

Harassment: Using fear and pressure to make you pay your debt. Creditors are not allowed to harass you

Insolvent: Unable to pay your debts

Leverage: Using other people's money to build your own financial health in the long term

Renegotiate: Work with a creditor to change the terms of a debt so that it is easier for you to repay

Wage garnishment: Taking money from your wages. Some loans have terms that allow the creditor to garnishee or take money directly out of your paycheque if you have failed to pay a debt.