



## How long does a proposal or a bankruptcy last and what are my responsibilities?

There are two types of proposals. The more common Consumer Proposal is to creditors, which can last up to five years. The length of time will depend on the amount of debt you are proposing to repay, what you can afford and what your creditors will agree to accept. The second type, or Division 1 Proposal, is generally used by incorporated businesses or individuals with larger amounts of debt. There is no limit on the length of time that this type of proposal can run.

If this is your first bankruptcy, you will be automatically discharged after nine months. The exception to this would be when a creditor, your Trustee or the Superintendent in Bankruptcy, objects to your discharge. If this is not your first bankruptcy, your discharge application will be decided by the courts after reviewing the Trustee's recommendations. This hearing usually occurs within 10-12 months following the date of your bankruptcy.

Your responsibilities will include:

- > Filing a statement of your affairs (sworn statement of your assets, liabilities, etc.)
- > Attending two counselling sessions
- > Making a monthly payment, if applicable to your situation
- > Turning over your credit cards
- > Staying current with your income taxes and GST returns if you are self-employed
- > Providing the information to file certain tax returns
- > Reporting to the Trustee on a monthly basis

The Trustee will advise you of any other responsibilities you may have in order to obtain your discharge. There are changes pending to the legislation which may affect the length of time a bankruptcy may last. If you are considering this or a proposal option, you may wish to seek professional advice from a Trustee to understand what your most viable option is.

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*Meyers Norris Penny Limited Advisory Services will be providing a series of 10 articles relating to insolvency, bankruptcy and consumer proposals. This is the ninth article in the series. Raising awareness and educating the public is the best way to prevent consumers and businesses from serious financial dilemmas. Our series of articles will address the early warning signs to flag, explore options in a financial crisis and explain the truth behind bankruptcy, proposals and legal actions. If you miss any of these published articles in the series, you can visit our website [www.mnpdebt.ca](http://www.mnpdebt.ca) where we will have an archive of all previously published articles.*