



If I file for a proposal or bankruptcy, do I lose all of my assets?

The answer is no. Every province in Canada outlines the assets you are entitled to keep. These are called exemptions. There are also federal exemptions which apply in every province. Exemptions are only available to individuals, not incorporated businesses.

In Alberta, the *Civil Enforcement Act* outlines your exemptions. Generally, you are allowed to keep:

- > Necessary clothing for you and your dependents not exceeding \$4,000
- > Furniture and appliances that are necessities and not exceeding \$4,000
- > Personal motor vehicle not exceeding \$5,000 in equity
- > Principal residence with equity less than \$40,000 per household
- > If you require assets to earn your living, property not exceeding \$10,000 in value is exempt
- > Certain specific exemptions allowed for farmers

Other exemptions include:

- > Child/Tax Benefit cheques
- > Certain GST cheques
- > Certain pensions, RRSPs, life insurance policies

If your residence has less than \$40,000 in equity, you may keep your home when you file for bankruptcy, but it is still subject to continuing on with the mortgage payments. If your property exceeds the allowed exemptions, you should consult a Trustee for your options.

Income tax refunds are not an exempt asset and are generally turned over to the Trustee. If you have any questions about how your assets may be affected in a bankruptcy or a proposal, you may wish contact a Trustee to seek professional advice.

Donna Carson, CGA, CIRP, Trustee is a Senior Vice President with Meyers Norris Penny Limited in Calgary. For more information, call Donna at 403.538.3187 or email donna.carson@mnp.ca. Consultation calls and meetings are free and confidential. For more information, you can also visit www.mnpdebt.ca.

Meyers Norris Penny Limited Advisory Services will be providing a series of 10 articles relating to insolvency, bankruptcy and consumer proposals. This is the sixth 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 where we will have an archive of all previously published articles.