



# What is a bankruptcy?

A bankruptcy is an option for individuals who have explored all other options and need an honest chance to start over. It can also be an option for businesses which need an orderly method to wind-down.

Bankruptcy is a legal process, regulated by the *Bankruptcy and Insolvency Act*, and is administered by a Trustee in Bankruptcy. The purpose of the Act for individuals, is to permit an honest debtor to obtain a discharge or a release from his or her debts. Sometimes this release is subject to reasonable conditions.

Certain debts are not released by a bankruptcy. These include:

- > Court fines
- > Alimony and child support
- > Fraud
- > Certain student loans
- > Bodily harm debts, if the harm was intentionally inflicted

Once a declaration of all of your assets is made, you may be able to retain a large portion of your assets. Any non-exempt assets are dealt with by your Trustee and the proceeds are distributed amongst your creditors according to the Act.

There are certain duties that you must complete in order to obtain a discharge from your bankruptcy. These duties will be discussed in an upcoming article. If you have questions, do not hesitate to contact our office.

There is legislation pending which may change some of the rules in a Bankruptcy situation. If you are contemplating bankruptcy or any other option, you may wish to contact a Trustee to seek professional advice.

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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 fifth 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.*