



Case Study: Employment Concerns

Meet Cynthia

Cynthia is 31, single with no dependents and is working under contract that is up for renewal.

Location: Toronto Ontario

Cynthia has worked in marketing since she graduated from school and is currently working under contract with a Toronto ad agency. The problem is her current contract will soon end and her employer will not be renewing it. She has been looking for work but is worried something may not come soon enough to allow her to keep up with the rent on her Yonge & Bloor apartment and her debt payments.

The Challenge

Cynthia has no assets and no savings and her current concern is being able to pay rent. When she does work she makes about \$3200 net take home but she is not sure she will be able to match that with her next job. She would prefer not to file for bankruptcy as some new employers have asked to run a credit check and she's not sure what they will think about a bankruptcy appearing on her credit report.

HER DEBTS

Credit Cards	\$18,000
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Total Unsecured Debts	\$18,000
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HER ASSETS

Personal Effects	\$1,000
Furniture	\$2,000

Value for Creditors	\$0
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The Solution

When we originally meet with Cynthia one of the first things we talked about was the urgency of her situation. With 6 months more to run in her employment contract she was able to keep up with her rent and minimum payments for now. Because she really wanted to file a consumer proposal and avoid bankruptcy she agreed if she found new employment at close to her same pay she would file a consumer proposal.

If she didn't find work, Cynthia would remain in her holding pattern. Without employment she may not be able to afford the minimum bankruptcy payments but with no wages to garnish she could hold off filing until she found a job.

If she found work, but at a reduced income level, Cynthia would consider bankruptcy. As she has not been bankrupt before, if her income was below the surplus income threshold, she would be eligible for discharge in the minimum period of 9 months as long as she completed her duties.

When she was leaving her initial consultation Cynthia said she already felt relieved. She appreciated that we reviewed all options with her and that she now had a plan and something to work toward.

UPDATE: Cynthia called us back in just 2 months saying she had found full time employment at close to her original earnings. Since her income was now assured, she did end up filing a consumer proposal to eliminate her unsecured debt. She was actually able to shorten her payment period to just 36 months so was quite pleased that she would be finished in just 3 years.

It's Best to Consider All Your Options.

No one solution will work for everyone and you shouldn't feel pressured into making a choice. At Hoyes Michalos we always explain all your options. Call us at 1-866-747-0660 or contact us through our email by clicking on the contact us button on our website.

We're Here to Help.

Contact one of our trustees at any of our offices across Ontario by calling **1-866-747-0660** or visit hoyes.com

Hoyes, Michalos & Associates

1-866-747-0660

hoyes.com

*names and some details changed for privacy

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