

→ Debt Management for Small Business Owners

Routine Management

All dues are current

Maintenance of Accounts Receivable and Payables

- Offer incentives to customers that encourage cash purchases and early repayment
- Negotiate volume and loyalty discounts with suppliers

Regular Review of Assets, Liabilities, and Expenses

- Consider small business loans with interest rates that are lower than conventional credit cards
- Sell equipment that is obsolete or rarely used

Want to know how your expenses compare to other Canadian small businesses?

Take a look at Industry Canada's SME Benchmarking tool:

<http://www.ic.gc.ca/eic/site/pp-pp.nsf/eng/home>

Review and Adjustment

Debt payments slightly behind due to recession or seasonal fluctuations

Negotiate with Creditors

- Call your credit card company and request lower interest rates. This is easily done with credit cards with low utilization or good payment history
- Consolidate all your high interest loans into a single loan payment

Access to 'Love Money'

- Consult friends and family for low-interest loans and capital investments

Credit Counseling

100% utilization of credit and falling behind on payments

Speak with a Credit Counselor

- Receive advice and feedback on the management of your debt. There are a number of nonprofit agencies in Alberta that offer free counseling online and in person

Enroll in an Orderly Payment of Debts program (OPD program)

- Join an OPD program that helps make monthly payments more manageable. Unlike bankruptcy, assets and wages are protected from seizure and garnishment

Credit counseling services in Alberta:

www.mymoneycoach.ca

www.creditcounselling.com

www.nomoredebts.org

The exclusive provider of the Orderly Payment of Debts program in Alberta is Money Mentors

Visit their website at

www.moneymentors.ca

Consumer Proposal

Over 120 days overdue on debt repayments

Liquidate business and establish new repayment plans with your creditors

- Seek the help of a bankruptcy trustee to propose new terms with creditors in the form of lower payment amounts or repayment of a percentage owed
- Only personal, non-incorporated debt may be considered for Consumer Proposals

Bankruptcy

Insufficient cash flow to service any debt

Declare formal bankruptcy

- Bankruptcy is a formal procedure governed by the Bankruptcy and Insolvency Act. With bankruptcy, you sign all of your assets, except those exempt by law, over to a trustee in bankruptcy who will sell or use them (e.g. swap, exchange) in order to pay your creditors.
- Bankruptcy temporarily bars individuals from becoming a director of a corporation

Visit the website for the Office of the Superintendent of Bankruptcy Canada for more information

www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br02049.html