

Sands & Associates

**2012 BC CONSUMER
DEBT STUDY**

REPORT ON FINDINGS



Sands & Associates

Proposal Administrators & Trustees in Bankruptcy

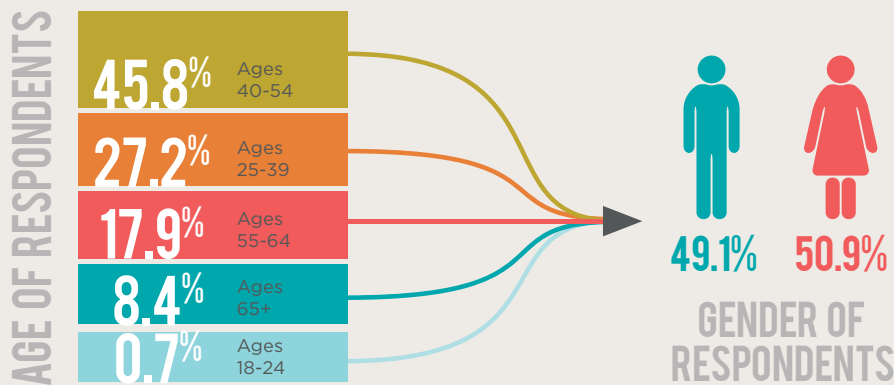
INTRODUCTION:

Sands & Associates' 2012 BC Consumer Debt Study is an annual study profiling trends and key information regarding the consumer debt levels of British Columbians, specifically focused on markets throughout Vancouver and the Fraser Valley. The 2012 BC Consumer Debt Study is the only B.C.-specific study to survey nearly 7,000 debtors from the area and analyze key findings regarding debt levels, causes of insolvency and financial outlook after filing bankruptcy or a consumer proposal with Sands & Associates. The first annual study took place in October 2012, and is intended to run annually.

A full summary of Sands & Associates services and locations can be found at www.sands-trustee.com

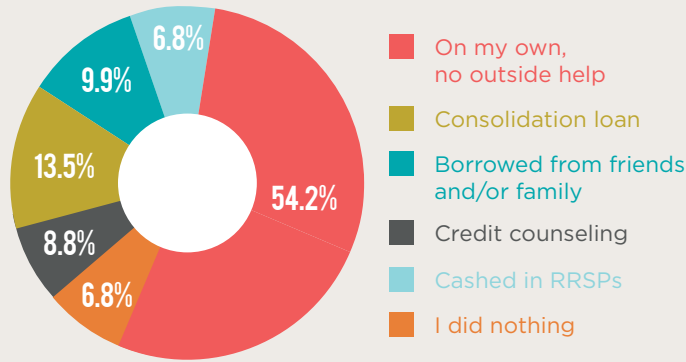
1. DEMOGRAPHICS:

The 2012 BC Consumer Debt Study showed that individuals between the ages of 40-54 comprised the largest proportion of consumer proposal or bankruptcy filings, followed by the 25-39 year age group. In contrast, 18-24 year olds comprised less than 1% of total filings, presenting an opportunity to continue financial education of the young as a preventative measure. Of those surveyed, males and females were evenly split, with males making up 50.9 percent of respondents in debt and women 49.1 percent.



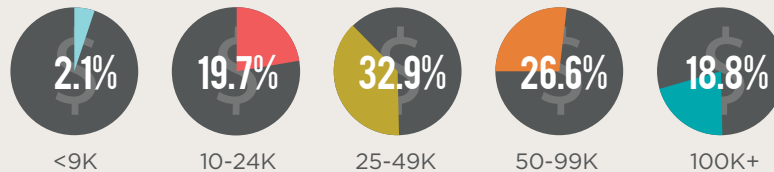
2. DEBT HISTORY:

The study found that more than half of B.C. residents in debt, 54.2 percent, reported taking the onus on themselves to resolve their financial issues before seeking help from a licensed Trustee. Nearly 7% of respondents attempted to deal with financial troubles by cashing in their RRSPs, which are considered exempt in bankruptcy. Had these individuals been better informed about bankruptcy laws in Canada, they would have known that they could preserve these RRSPs, thereby putting them on better financial footing following their bankruptcy.



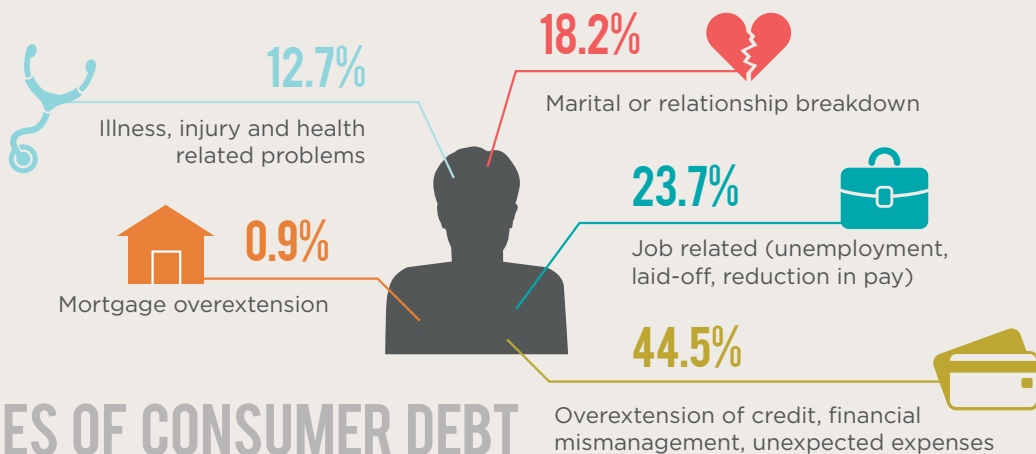
WHAT DID RESPONDENTS TRY BEFORE COMING TO SANDS & ASSOCIATES?

Of those with unmanageable debt-loads, the largest proportion held between \$25,000 to \$49,000, and a smaller, but substantial percentage (26.6 percent) held between \$50,000 to \$99,000.



HOW MUCH DEBT DID BC CONSUMERS HAVE BEFORE THEY FILED FOR BANKRUPTCY OR MADE A CONSUMER PROPOSAL?

The main contributors to extreme debt loads? 44.5 percent reported an overextension of credit, financial mismanagement and unexpected expenses as the leading cause of financial distress. Job-related issues, such as unemployment or a reduction in pay ranked as key contributors to unmanageable debt, followed by marital or relationship breakdown. It is interesting to note is that less than 1 percent of respondents reported mortgage overextension as a major contributor to financial insolvency, a stark contrast to the recent phenomenon of mortgage issues in the United States.



CAUSES OF CONSUMER DEBT

3. SENTIMENT:

All debtors profiled in this survey sought help with Sands & Associates, B.C.'s largest firm of licensed Trustees and Proposal Administrators. Prior to their experience with Sands & Associates, a staggering 87.9 percent of people did not have a positive outlook on their financial future. After filing for bankruptcy or filing a consumer proposal, 80.3 percent reported that they now have a positive outlook on their finances and believe their financial future looks bright and stress free.



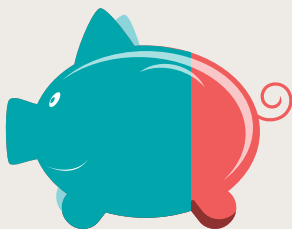
4. SOLUTIONS:

Of the B.C. debtors surveyed, 79.5 percent filed bankruptcy while only 20.5 percent filed a consumer proposal, demonstrating there is much more room for education around consumer proposals as an option for financial aid. When it came to seeking third-party assistance, it was most common, at 39.8 percent, for respondents to first hear about their financial options from a friend or family member – even furthering the appeal for additional education and assistance around identifying financial red flags and informing individuals of their options. Well informed consumers could avoid years of struggle by seeking help earlier and preventing debt loads from reaching a level that requires filing bankruptcy.

Additionally, on a 'per capita' basis in comparison to the rest of Canada, BC consumers generally file consumer proposals at less than 60% the rate of Ontarians and nearly 20% below the Canadian average, furthering demonstrating that BC consumers are less informed when it comes to debt solutions.

WHAT RESPONDENTS FILED

79.5%
Bankruptcy



20.5%
Consumer Proposal

HOW RESPONDENTS HEARD ABOUT SANDS & ASSOCIATES?

39.8%
Friend/referral

33%
Google/Internet

23.8%
Advertising

1.9%
News media

1.5%
Social media

5. CONCLUSION:

The results of the 2012 BC Consumer Debt Study show that an equal number of males and females and those between the ages 40-54 hold the largest proportion of high debt loads in B.C. – with typical debt loads reaching between \$25,000 to \$49,000. Most accumulated this debt due to overextension of credit or unexpected expenses and attempted to remedy their situation on their own before seeking help from a licensed Trustee. Prior to seeking help, the common sentiment amongst this majority was that they would never be debt-free. However, with the help from a licensed Trustee, the majority felt they now had a bright financial future, free from the stress of debt.

One of the major findings from the 2012 BC Consumer Debt Study is that a high percentage polled, 79.5 percent, filed bankruptcy. From this, it can be deduced that increased public education around financial management, how to identify financial red flags that could lead to uncontrollable debt and increased awareness on Consumer Proposals as an option of debt relief, would be beneficial. Consumer Proposals are an effective, less severe alternative to bankruptcy. However, financial problems need to be identified before becoming completely unmanageable for one to qualify. Through continued education of the public, specifically the younger demographics, we should see a decrease in the proportion of bankruptcies versus consumer proposals in the future and an improvement in the overall financial health of the B.C. consumer.

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