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## Some long-term costs of declaring personal bankruptcy

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I may be joining the growing list of individuals who declare personal bankruptcy. What are the long-term consequences of doing this, after I get back on my feet?

After your bankruptcy is discharged (which usually happens nine months after you declare bankruptcy, but might take as long as 21 months), the main long-term consequence is that your credit rating will be damaged.

Information about your bankruptcy will stay on your credit record for six or seven years after the discharge, says Laurie Campbell, executive director of credit counselling organization Credit Canada. If it's your second bankruptcy, it will stay on your record for up to 14 years, she says.

That means it could be very hard to get credit (such as a mortgage, mortgage renewal, or credit card), although that might be possible if you are near the end of that period.

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However, bankruptcy trustee Jeremy Kroll of A. Farber & Partners points out that if you don't declare bankruptcy, but you can't pay creditors on time, your credit rating could end up in just as bad shape - or worse - than if you filed.

Will my bankruptcy record make it hard to get a job?

Most potential employers will not know of your bankruptcy, although if they need to see your credit record to have you bonded, it will show up.

Some financial institutions may also want to see your credit record if you are applying for a sensitive job than involves handling money.

And information about your bankruptcy will stay on government databases indefinitely, so if someone wants to do enough digging, they will be able to find out about it even after it is erased from the credit bureau files.

Will any of my debts still be in place after I file?

While declaring bankruptcy will clear most of your debts, you will be left with some obligations. If you have been able to hang on to your house, you will have to keep up the mortgage payments. These could be higher than they were before bankruptcy, if you had to hand over the equity that was built up. You'll still have to pay off any student loans (if they are less than 10 years old) and keep up child or spousal support payments.

What assets can I hang on to through the process?

It depends on the province, but you can usually keep clothing and household items up to a certain value.

You might be able to keep your car, if it is not an expensive model.

Recent federal legislation also ensures that you can keep the money in your registered retirement savings plan, as long as it was in the plan for at least a year before you declared bankruptcy.

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