MARITAL BREAKDOWN AND INSOLVENCY

By

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ABSTRACT

Introduction: Family breakdown can be challenging at anytime, even more during a recession due to economic instability, higher unemployment rates, and declines in real estate markets. Additionally, financial mismanagement, overuse and overextension of credit cards, and unexpected expenses, such as legal fees, can cause even more financial complications. As a result of financial strains and other contributing factors divorcing parties may file for insolvency. Although the correlation between marital breakdown and insolvency have been studied, less is unknown about the factors that might associate between family breakdown and insolvency. In particular, very little is known about the factors which might affect the decisions for insolvency among the insolvent individuals due to marital breakdown.

Objectives: 1) to determine how the sociodemographic, financial characteristics, and liabilities of individuals who filed for insolvency because of marital breakdown differ from individuals who filed for other reasons; 2) to determine if these characteristics differ by gender; 3) to determine whether these characteristics differ between 2007 and 2010 (pre- and post-recession) ,and 4) To explore whether debt –to- income ratio, reasons for insolvency and sex are associated with filing for bankruptcy versus consumer proposal.

Method: This is an analytical observational study based on two years of cross-sectional data. The study sample consistsed of 8,000 men and women aged at least 18 years of age, who filed for insolvency in either 2007 or 2010. Chi square tests and Mann Whitney Tests were performed to address the first three objectives, and logistic regression was used to address the last objective.

Results: Those who filed for insolvency because of marital breakdown were more likely to receive employment income, child support, spousal support, employment income benefit, and other income than those who filed for other reasons; they also had higher personal and household incomes overall. It was found that proportionally more women filed for insolvency due to marital breakdown than men did. Women were more likely than men to receive child support, or spousal support. They were also, more likely to have other sources of income, or receive social assistance than men. Women were less likely to be employed, had fewer bank loans and taxes, more credit card loans and student loans.

The real level of liabilities was slightly higher for individuals in 2010 relative to 2007. A smaller proportion of filers in all categories was employed in 2010 relative to 2007. Results showed that employment rate decreased for all groups between 2007 and 2010, and total debts increased even after adjusting for inflation.

In conclusion, women and those who listed marital breakdown as a reason for filing were more likely to choose bankruptcy than a consumer proposal. There was no relationship between economic variables and the decision to choose bankruptcy as opposed to a consumer proposal.

Keywords: insolvency, bankruptcy, consumer proposal, marital breakdown, income to debt ratio, sex, marital breakdown, Office of Superintendent of Bankruptcy, and Statistics Canada

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DEDICATION

I dedicate this thesis to my mother, Farideh, and my late father, Abbas, and my lovely son Pasha.

Mom, I could not have achieved anything in my life without your support and love. Dad, your memory is always with me and gives me strength.

Pasha, maybe, destiny and fate could have given you better mother, but nothing could have given me a better son than you. I love you and you are my heart.

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CHAPTER 1:INTRODUCTION

For better or worse, family breakdown is a reality for an increasing number of Canadian families. During these frequently difficult times, spouses are often particularly focused on valuing and dividing assets and properties. This process can be difficult for some couples and potentially even more difficult during times of economic instability (Cornell & Puc, 2009). Instead of distributing assets, couples are experiencing more difficulties about the distribution of debts (Cornell & Puc, 2009). Family breakdown can be even more challenging during a recession due to economic instability, higher unemployment rates, and declines in real estate markets (Cohen, 2014). Furthermore, financial mismanagement, overuse and overextension of credit cards, and unexpected expenses, such as legal fees, can cause even more financial complications. As a result of financial strains and other contributing factors divorcing parties may be forced to file for insolvency – either bankruptcy or a consumer proposal – during or after their breakup (Fisher, 2006).

Bankruptcy and a consumer proposal are similar in that they both offer relief from either all of or part of the individual's debt under the Bankruptcy and Insolvency Act (OSB, 2015a). Both methods of financial relief require creditors' satisfaction that the consumer is unable to meet her or his financial obligations (OSB, 2015c); however a consumer proposal is only available if the total amount of debt does not exceed $250,000, not including mortgage and secured debt on the principle residence. In cases where debt amount exceeds $250,000, or a consumer proposal gets rejected by the creditors or the judge, bankruptcy can be an option (OSB, 2015c). Additionally, both bankruptcy and consumer proposals must be handled by a trustee and both must receive a discharge from the Superintendent of Bankruptcy when the application for insolvency is acceptable and the debtor has complied with the conditions of the application.

The most common causes of bankruptcy in 2007 and 2010 were overuse of credit, unemployment, insufficient income, health concerns, and marital breakdown. Furthermore, the same five were the top reasons for consumer proposals (Duncan et al., 2012). Going through martial breakdown is often stressful for many individuals and the fact that most individuals do not have proper knowledge and understanding of the insolvency process makes it even harder on them (Del Boca & Rocia, 2001; Duncan & Hoffman, 1985, 1988; Fisher & Lyons, 2005;). Individuals worry about how their decision to file for insolvency will affect their future lifestyle and financial decisions.

While research on insolvency and its relationship to marital breakdown continues to be limited in Canada, a relationship between marital breakdown and insolvency outcomes has been suggested by previous research in the United States. Although Canada and the United States may seem similar due to proximity and some shared social norms, it cannot be assumed that the findings of research done in the United States will hold true in Canada. Studying Canadian families' socio-demographic characteristics and financial characteristics would help to highlight the potential risk factors for bankruptcy and consumer proposals during martial breakdown. Some research suggests positive relationships between marital breakdown and insolvency (Smock, 1993; Zagorsky, 2005) and it is common for people who go through marital breakdown to have financial difficulties. Research has also identified that younger men are more likely to file for insolvency, than women (Brighton & Connidis, 1982; Duncan et al., 2011; Hoyas & Micholas, 2011). However, research suggests this trend is beginning to shift as women filing for insolvency have been steadily increasing (Duncan et al., 2011; McGregor & Berry, 1998) due to lower paying jobs and lack of financial management knowledge (Morissette, et al, 2013).

In this data set there are 8000 individuals who filed for insolvency in 2007 and 2010, some filed due to marital breakdown and some filed due to other reasons. The main goal for the proposed study is to understand how financial strains, liabilities and socio-demographic characteristics of women/men who file for insolvency because of marital breakdown differ from women/men who file for insolvency for other reasons in this data set. We also examine whether risk factors differ between women and men who file because of marital breakdown, and whether these factors changed between 2007 and 2010. Finally, we examine whether sex, the reason for filing and the debt-to-income ration influences the decision to opt for bankruptcy as opposed to a consumer proposal.

This study has four main research objectives: 1) to determine how the sociodemographic, financial characteristics, and liabilities of individuals who file for insolvency because of marital breakdown differ from individuals who filed for other reasons; 2) to determine if these sociodemographic, financial characteristics, and liabilities among insolvent individuals due to other reasons and who filed due to marital breakdown differ by sex; 3) to determine whether these characteristics differ between 2007 and 2010 (pre- and post-recession) for insolvent individuals due to marital breakdown and insolvent women due to marital breakdown, and 4) to explore whether debt–to-income ratio, reasons for insolvency and sex are associated with filing for bankruptcy versus consumer proposal.

If individuals who file for insolvency because of marital breakdown differ in significant ways from those with other reasons for filing, then it might be important for credit counsellors to target the financial education material to this unique group. By comparing the results and outcomes of the research, it would be easier to understand how financial management and proper financial knowledge, before or during filing for insolvency, could assist an individual to utilize their knowledge to make a better decision regarding insolvency. Additionally, the results of this research emphasizes the important role of the financial counsellor who could help these individuals to determine the current and future risk and risk factors during and after filing for insolvency to assist them to understand the outcome of filing for insolvency. Financial counsellors are also able to offer advice with future debt management plans, budget planning and assist the individual to get back on track with their banking and build a new credit history

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CHAPTER II: KEY CONCEPTS

Bankruptcy and consumer proposal are two of the options that debtors can explore when dealing with excessive debt. It is necessary to understand what these options are, as there are advantages and disadvantages to both. Couples who are in a situation of excess debt and struggling within their relationship may find themselves filing for insolvency and divorce.

Insolvency

Many Canadians believe that any person who does not meet his or her financial commitments will be required to file for bankruptcy (OSB, 2015c). However, there are several other options available for individuals and families who are experiencing financial difficulties in order to solve their debt burden without pursuing more serious options. The debtor may, for instance, resolve her or his debt problems by using credit counselling or debt consolidation (OSB, 2015c). It is those individuals with more serious debts, who may need the option of filing for bankruptcy or a consumer proposal (Government of Canada, 2015a). A consumer proposal, which is an alternative to filing for bankruptcy, requires that debts, or some portions of them, be repaid to the creditors, whereas bankruptcy is relief from any secured and unsecured debt "subject to reasonable conditions" (OSB, 2015c, p. 23). The unfortunate truth for many individuals, however, is that bankruptcy is the only option available to them after a significant and extensive financial change, such as a divorce (OSB, 2015c).

Being insolvent is "the condition of being unable to pay debts as they become due or in the ordinary course of business, or having liabilities that exceed the total value of assets" (Office of the Superintendent Bankruptcy of Canada [OSB], 2015f, Appendix A). Insolvency is a legal process with a substantial effect on the division of assets, including the equalization of pensions and bank debts (such as credit cards, mortgages and loans) in a matrimonial separation or divorce, but excludes some financial responsibilities, such as child and spousal support payments (OSB, 2015g). When an individual begins this process, that individual is considered an insolvent person and will be required to liquidate his or her assets to pay off debts (OSB, 2015g). Rising levels of household debt have led to an increase in the number of insolvency procedures being undertaken by Canadian families who have experienced poor credit choices, consumer debt (credit cards and unsecured loans), and unemployment (MacGee, 2012). Moreover, mounting debt levels resulting in a family's inability to fulfill its financial obligations to creditors may result in the pursuit of insolvency procedures in one of two forms: bankruptcy or a consumer proposal, both of which are governed by the Bankruptcy and Insolvency Act (BIA) (OSB, 2015g).

When discussing bankruptcy and consumer proposals, it is important to understand the terms debtor and insolvent person. "In the context of the Bankruptcy and Insolvency Act, a debtor is a person who is insolvent, that is, he or she cannot pay off debt as it becomes due" (OSB, 2015d). An insolvent person "means a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under BIA amount to one thousand dollars, and (a) who is for any reason unable to meet his obligations as they generally become due, (b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or (c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due" (OSB, 2015a). Although the terms insolvent person and debtor are somewhat different in their meaning, the terms are used somewhat interchangeably.

Bankruptcy

Bankruptcy is a legal process regulated by the Bankruptcy and Insolvency Act (BIA), and it is the most serious of the legal financial relief options available to a person who seeks financial relief (OSB, 2015c).

Bankruptcy, the process by which a person may be discharged from most of his or her debts, is considered to be the most serious of the legal financial relief options regulated by the BIA (OSB, 2015c). This option exists to “permit an honest, but unfortunate, debtor to obtain a discharge from his or her debts, subject to reasonable conditions” (OSB, 2015c, p. 23). An insolvent person, such as a newly separated spouse who does not have any way to meet his or her financial commitments, can file for bankruptcy (OSB, 2015d). To be eligible to file for bankruptcy, individuals must be discharged from any prior bankruptcy (OSB, 2015c), and they cannot have what would be considered a high income according to the BIA’s guidelines or too many assets. To begin the first step in this process, a debtor must work with a registered insolvency trustee licensed by the Office of the Superintendent of Bankruptcy. The trustee then becomes the intermediary between the creditors and the debtor and works with the debtor to assess his or her financial situation and gives the best advice to resolve the financial strains (OSB, 2015c). Upon declaring bankruptcy, all assets are signed over to a licensed insolvency trustee (LIT), except the ones exempt by law (OSB, 2015c), such as property held in trust for someone else, GST credit payments, and essential family needs. Each province and territory also has its own exemptions (OSB, 2015c; Smith, 2002). The insolvency trustee becomes the intermediary between the creditors and the debtor, and any collection attempts at home or at work are not permitted. The trustee notifies the creditors of the action, which halts all lawsuits and collection efforts until they come to a mutual agreement. Debtors are then obligated to attend two credit counselling sessions to explore what led to their insolvency (OSB, 2015c). As part of the process when a debtor files for either bankruptcy or a consumer proposal, two forms, the Monthly Income and Expense Statement (Form 65) and the Statement of Affairs (Form 79) must be filed by the trustee with the Office of Superintendent of Bankruptcy [OSB] office (OSB, 2015c). The trustee works with the creditors while directly evaluating the debtor's assets to determine if they need to be sold or returned to the creditors (OSB, 2015c). All proceeds of the liquidation of assets are held in trust to satisfy creditors (OSB, 2015c). When the debtor has income in excess of the BIA's guidelines, a portion of her or his wages (surplus income) may be payable to the trustee in order to make payments to the creditors (OSB, 2015g).

If the bankruptcy application is approved, the debtor will be released from his or her obligations to repay the unsecured creditors. Unlike secured creditors, who take collateral for the extension of credit, such as when a house or a car is bought, unsecured creditors take no collateral or any security for the debt owed to them (OSB, 2015d). The discharged funds, which are legally released from bankruptcy, normally occurs nine months after the bankruptcy is granted or, in the case of a second bankruptcy, the process may take up to thirty-six months (OSB, 2015g). After being discharged, the debtor is absolved from having to pay any debts listed in the bankruptcy (OSB, 2015c). However, in a first or second bankruptcy, surplus income, which is personal income that exceeds what is considered necessary to maintain a reasonable standard of living as defined by the OSB, might be required to pay to the creditors, partially or in whole (OSB, 2015a).

Debtors are required by law to inform the trustee of any changes in their income or financial conditions during the period of bankruptcy (OSB, 2015c). After a debtor has complied with the terms and conditions of the application filed by his or her trustee at court, bankruptcy court then will decide to grant a discharged or withhold the application (OSB, 2015c).

Consumer proposal

To avoid bankruptcy an individual may choose to file a consumer proposal. A consumer proposal is only available if the total amount of debt does not exceed $250,000, not including mortgage and secured debt on the principle residence. A consumer proposal is an offer by the consumer to settle the debt for the same or lesser amount, over an extension of time under the Bankruptcy and Insolvency Act (OSB, 2015c). Similar to the bankruptcy process, a debtor must seek the help of a trustee. A consumer proposal application must also include a written statement of the debtor's financial situation and a logical explanation of the reasons why the individual is unable to pay his or her debts at the time of submitting the proposal (OSB, 2015c). The acceptance of the written proposal by the creditors is not necessarily guaranteed and consequently the consumer proposal can be rejected, in this case debtor should file for bankruptcy (OSB, 2015c).

After meeting with the trustee to review the eligibility of the debtor to file a consumer proposal, the debtor can then work with the trustee who will prepare the Forms 65 and 79. Submitting these completed forms is considered 'an application' to the Office of the Superintendent of Bankruptcy (OSB, 2015h). Upon determining an individual's assets, debts and financial situation, the trustee files the signed Forms with the Official Receiver at the OSB. After filing the documents, the trustee has ten days to send the debtor's financial report to the OSB, the debtor, and each creditor (OSB, 2015c). The written proposal contains the trustee's judgment of both the viability of the proposal and the capability of the individual to adhere to the terms of the proposal. The report also lists the individual's debts, creditors and assets. At the same time, creditors have 45 days to either reject or accept the trustee's proposal (OSB, 2015h). When the majority of creditors accept the trustee's proposal, the consumer proposal is successful and the individual is required to comply with the proposal terms (OSB, 2015c). However, if the consumer proposal is rejected, the trustee will re-examine the financial situation and advise the individual on how else to proceed, such as filing for bankruptcy (OSB, 2015c).

The next step in this process occurs when the proposal is approved by the courts if the creditors accept the trustee's proposal. The approved proposal becomes a court order that is a legally binding document between the debtor and the creditors (OSB, 2015h). Conversely, the courts can reject the proposal if the judge believes the proposal is not fair to all parties or it is not reasonable and practical. In that case, creditors can take further steps to collect their money (OSB, 2015h). Upon acceptance of his or her consumer proposal and meeting all the required terms, such as making all required payments, and completing all duties in the proposal, the individual is legally released from the debt at that time and receives a certificate of full performance (OSB, 2015h). If individuals are not successful in obtaining a consumer proposal or they do not meet the criteria, they may file for bankruptcy (OSB, 2015c). A consumer proposal process usually involves an arrangement to pay the outstanding debt over a period of time that may not exceed five years.

The two distinct advantages of a consumer proposal as opposed to a bankruptcy are: a) that debtors can retain some assets, and b) whereas a consumer proposal makes a pejorative impact on the debtors' credit rating and it is not as harsh as the impact caused by bankruptcy (OSB, 2015i). As a result, many debtors choose this option to avoid the harsher penalties associated with bankruptcy, such as prolonged periods of bad credit. (OSB, 2015h).

Family Breakdown

Financial trouble can cause tension in a couple's relationship, and conversely, a family breakdown can contribute to financial troubles. Serra (2009) found one of the common risk factors of bankruptcy and consumer proposals in 5,773 Canadian individual insolvencies in 2005-2007 was marital breakdown along with other reasons such as overextension of credit cards, financial mismanagement, insufficient income or loss of income, health reasons, and involvement in a failing business. It has been shown that family breakdown, especially divorce, can be associated with a bankruptcy or a consumer proposal (Compton, 2011; Dew & Stewart, 201; Serra, 2009). Crompton (2011) also suggests that divorced and separated people are more likely than single individuals and married couples to file for bankruptcy as they believe their net financial benefit from filing may increase due to immediate release from their debt load. However, in the long run, filing for insolvency can cause more difficulties in recovering economically among divorced or separated people, and these individuals can have relatively weaker financial situations compared to married couples (Crompton, 2011).

Former couples may also have joint debt during a separation and, with having only one income after separation, they may not be able to manage their financial obligations or budget properly. Some may need to pay for alimony and child support during or after the divorce (Moreno, 2007). Child and spousal supports as well as the division of assets and debts, both during and after a marital breakdown, can have a direct impact on an individual's financial situation, and particularly so during an economic crisis.

Divorce in Canada

Family law is an area of divided legislative responsibility in Canada, as outlined in the

Constitution Act, 1867. While the Constitution Act “reserves the area of divorce to the Federal Parliament, it grants jurisdiction with respect to property and civil rights to the provincial legislatures” (Douglas, 2008, p. 2). The jurisdiction to legislate in the area of substantive divorce law, such as support and custody, is exclusive to federal law, while the divorce process falls under provincial and territorial laws (Department of Justice, 2015).

In some provinces, marriage and divorce law was originally under provincial jurisdiction and integrated from the English Matrimonial Causes Act of 1857 from the Parliament of the United Kingdom. Divorce law was reformed in the four Western provinces and the Northern territories in the early 20th century and was practiced until 1968 in British Columbia, Alberta, Saskatchewan, Manitoba, the North West Territories and the Yukon. The Divorce Act was introduced by the Federal Government in 1968 (Douglas, 2008), and it gives the Parliament of Canada jurisdiction to regulate divorce (Divorce Act, 2015). The Act established that a permanent marriage breakdown based on important grounds of adultery, desertion, or cruelty should permit divorce and that divorce be equally offered to husbands and wives (Douglas, 2008). Just after the Divorce Act was introduced in 1968, family law became an area of separated legislative responsibility in Canada (Douglas, 2008).

In 1976 reforms in family law were recommended and approved by the Law Reform Commission of Canada in order to decrease the enmity and hostility of the traditional divorce process and reduce the conflicts between spouses. It was recommended that the three grounds of breakdown of marriage be removed and be replaced with a single ground of breakdown in marriage (Douglas, 2008). Furthermore, the Divorce Act significantly changed the grounds of divorce again in 1985. According to the section (8) of the Divorce Act, spouses should live separately for at least one full year in order to file for a divorce, except in circumstances where a spouse has committed adultery or perpetrated physical or sexual cruelty against the other spouse. Divorce petitions can be filed by one or both spouses and divorce matters can be heard before a provincial court, which has jurisdiction to hear the petition for divorce (Douglas, 2008). In addition, under section (11) of the Divorce Act 1985, divorce cannot be granted until the reasonable arrangement for support of any children of the marriage has been made (Douglas, 2008).

According to the Divorce Act of 1985, a divorce application can be obtained when the grounds for divorce are determined and parties have lived separately for one year. The application should be filed at the provincial court house either by the individuals or their lawyers jointly if the divorce is uncontested (both partners agree to the reason for divorce) or separately if the divorce is contested (partners do not agree on the reasons) (Government of Canada, 2015). An outline of child custody, parenting agreement, financial support and division of assets and properties should be filed with the application. The Divorce Registry in Ottawa will review the application, and after clearance from the Divorce Registry, the other spouse should be served within thirty days of receiving the divorce paper.

Lawyers play a key role in the divorce process. According to section (9) of the Divorce Act 1985, Family Law lawyers duties are to advise clients regarding reconciliation and negotiating or mediating the issues in the divorce proceeding. Lawyers should also advise on items such as spousal and child support, division of assets and debt, and child custody (Fletcher et al., 2006). Mediation can be helpful if parties are willing to resolve the outstanding issues without going to trial (Allen, 1998). Mediators also have important roles and responsibilities in the collaborative divorce process and can be requested by both parties. If there is any dispute or disagreement between the parties, mediators have the responsibility to promote excellent decision-making skills and fairness (Brumley, 2004). Although Webb, the founder of Collaborative Divorce, did not involve any other professionals in the settlement process other than attorneys, California took collaborative divorce a step further by involving a mental health coach, a financial specialist, and a child advocate in the divorce process (Brumley, 2004, Maggio, 2006). All professional standards and ethics, including confidentiality, must be practiced by the group of professionals, and spouses need to waive confidentiality to all the members of the team so the team can communicate more effectively (Maggio, 2006).

This legal process can help spouses avoid lengthy litigation, the unknown outcome of going to court, and can save time and money. The mutual agreement reached between spouses is based on the parties' needs and requests. Spouses are required to sign a Collaborative Law Participation Agreement (CLPA) just before starting the divorce (Brumley, 2004). According to the signed CLPA, their existing lawyers would not have any right to represent the clients in any further litigation if either of the spouses wished to take the matter to litigation; in cases where the spouses do not agree with the results of mediation, new attorneys should be hired (Fletcher et al, 2006). Although collaborative divorce can be practical in some cases, it is not suitable for all divorce cases. For instance, if there is abuse or hostility between parties, it may be better for spouses to use the traditional divorce process (Fletcher et al, 2006). Alberta was one of the earliest province in Canada to begin to explore collaborative divorce in 1998 and followed by British Columbia in early 2000 (Macfarlane, J, 2004). Other provinces slowly followed suit over the course of the next 10 years, however this practice has not been well adopted throughout Canada (MacFarlane, J, 2004).

Division of Assets

Each province and territory has its own definition of and legislations in family assets. For the purpose of this paper the province of Manitoba was the primary model for launching divorce law, thus more of the focus is on Manitoba. Family assets in Manitoba are defined as ‘an asset owned by two spouses or common-law partners or either of them and used for shelter or transportation, or for household, educational, recreational, social or aesthetic purposes, including, without restricting the generality of the foregoing’ under the Family Property Act (Manitoba Laws, 2016, p 2). The Family Property Act is provincial legislation, that defines the family home as “property in which a spouse or common-law partner has an interest and that is or has been occupied by the spouses or common-law partners as their family residence” (Manitoba Laws, 2016, p 3). The family home, which is also called the matrimonial home, is normally the most significant asset that a couple owns and which needs to be divided between spouses upon separation. Other family assets, such as rental properties, business and corporation assets, money in financial institutions, insurance, and vehicles also need to be divided between parties during the divorce process. However, there are some assets that can be excluded from division, such as a gift or inheritance received during marriage to either spouse (Manitoba Laws, 2016). The division of assets and liabilities can be a collaborative process without the adversarial nature found in many divorce cases, and while it may be the ideal outcome to divide the net-positive in half, not all breakups can attain that level due to different arrangement between the spouses (Moreno, 2007). After considering all valued assets, debts and liabilities are subtracted from the actual value of the assets and divided between the spouses based on their negotiated agreement. (Wendrich, 1997). In order to determine how to divide assets during a divorce, the last day of cohabitation is the evaluation date; this means that all assets, debts and liabilities should be calculated and considered as of that date. In Manitoba, under the Family Property Act (The Matrimonial Property Act was renamed the Family Property Act in 2004), all debts and liabilities will be deducted from each spouse's assets, and half of the difference should be paid to the spouse with less money. This process is called dividing the net-positive in half through which each spouse takes his or her negotiated amount (Wendrich, 1997).

The Common-Law Partners and Related Amendments Act

There is no single definition of common-law marriage or partnership in Canada; the legal definition falls under provincial jurisdiction. In Manitoba, the Province passed the reorganization of Common-Law Partners Law in 2001, under which a couple of the same sex or different sex is legally considered married, without officially registering their marriage as a religious or civil marriage (Manitoba Justice, 2014). In 2002, the Charter of Compliance Act amended 56 acts in order to make them compliant with the Canadian Charter of Rights and Freedoms (Manitoba Justice, 2014). One of the amendments, which came in to effect on January 1, 2003, was to give common-law partners the same rights as married couples to use and/or divide family assets upon separation under the Family Property Act. The Common-Law Partners' Property and its related Amendments Act which took effect in 2004 changed The Marital Property Act to The Family Property Act (Manitoba Justice, 2014). In order to qualify as common-law partners under the Family Property Act in Manitoba, the couple must have lived together for over three years, or for a year if they have a child together, or have their relationship registered under the Vital Statistics Agency (Manitoba Justice, 2014). During separation, common-law couples have legal rights comparable to married couples under provincial family law, such as financial support and child custody (Manitoba Justice, 2014). If their common-law relationship is registered in the Vital Statistics Agency, they need to register the dissolution and live apart for a full year in order to be legally separated, just like a married couple. However, if their relationship has not been registered, they are usually required to have lived apart for three years in order to be called separated (Manitoba Justice, 2014).

CHAPTER III: LITRITURE REVIEW

In this section, the current literature on sociodemographic, financial, and liability factors related to sample population and financial obligations during and after separation is reviewed. Understanding sociodemographic characteristics, such as sex, age, number of households, employment, and education is also worth noting as financial literacy and ability to earn an income are additional factors that affect people and their ability to sustain a livelihood post-divorce. The ability to sustain and effectively manage money, and earn a living allows a person to meet their financial obligations. The inability to meet these obligations, especially after or during divorce, can lead to a debtor filing for insolvency. It is interesting to note that in 2008, consumer proposal files were accounted for 6.4% of insolvency files, however, those numbers raised to 47.9% in 2015 (Government of Canada, 2017). This could be as a result of better education regarding consumer proposal vs bankruptcy or new changes on consumer proposal laws and regulations in 2009, which was increasing the amount of to $250,000.00 from $80, 000,00 not including mortgage. This change allow people with debt equal or lesser than $250,000.00 file for a consumer proposal as opposed too bankruptcy. However, debt is not the only determining factor to declare insolvency. There are many contributing factors such as income, age, sex etc. That can affect the decisions of individuals to file for insolvency.

Some research suggests that financial difficulties and a national economic crisis, such as a recession, will also increase the odds of divorce (Hardie & Lucas, 2010; White & Rogers, 2000). However, other research suggests that there is a drop in the divorce rate during a recession, at least temporarily, due to an unemployed family member and/or a lack of financial resources (Free, 2010). Cohen (2014) corroborates these findings and highlights that the most recent recession had a negative effect on the divorce rate in the United States, meaning that the divorce rate dropped in 2008 and reverted to the expected level post-recession, in 2011.

Sex and insolvency

Research suggests the financial roles of men and women are not necessarily equal. Role theory has developed over time helps to explain gender roles in society and part of the theory describes financial management from a gender perspective (Hindin, 2007). Individuals have different roles in life and that these roles come with prescriptions on how individuals should behave (Van der Horst, M, 2016). Economics, sociodemographic factors and migrations in recent years have shifted roles of men and women to a similar pattern (Sayer, L.C. 2006). Kesler (1980) explains how men held the financial and economic power within families in the 19th and 20th centuries because, unlike husbands, relatively few wives owned properties or businesses. Statistics Canada studied real wages of the Canadian worker 1981-2011 and the legacy of men making more money and having greater income than women continues (Statistic Canada, 2015d). Traditional gender roles can play a significant role in financial literacy, as proving financial decision maker for the family has been a male domain (Woodyard & Robb, 2012). While more women have joined the work force, they still make less money on average when compared to men working in the same position in the same field. This study shows women's wages amounted to 92% of men's wages in 2011 among the worker between the age of 17-64 (Morissette, Picot & Lu, 2013).

Research found men's unpaid work has been slightly increased while women paid work has also been increased (Berk, 1985; Hoschchild, 1989; Shelton, 1992). These changes in gender roles can be in response to society norms, economics, and socio-demographic factors and bargaining theory, which emphasizes rationalizing the new roles of men and women. Both men and women can have the unpaid job of child care at home; however, according to the 2010 Census, women spent 50.1 hours per week on average providing child care to children age fourteen and under at home compared to their male counterparts at 24.4 hours per week (Statistics Canada, 2015b). Tasks such as laundry, meal preparation, and other household responsibilities are considered to be unpaid work if one spouse, often female, chooses to stay home and are typically female tasks (Statistics Canada, 2015b). For the same period (maternity leave) of time that mothers are home, women often do not develop the recognized work skill set, and the time away from work usually has an adverse effect on the probability of reintegrating into the workforce (Kabeer, 2012). The result of this division of labour and power within the household is that, despite increased engagement in the workforce, women often continue to make less money than their male partners in dual-earner families. Hence, unpaid work at home and making less money may put women in the weaker financial situation upon separation, since doing domestic tasks and labor is still part of being a 'good mother' and wife in most societies (Riggs, 1997). Although the wage gap can help to explain the discrepancy between men and women's financial influence within a relationship, it is not the only factor that affects it.

Despite the recent improvements in women's overall economic well-being compared to men, there is still a gender gap in the level of financial knowledge of women and men in general (Woodyard & Robb, 2012), and women are still less likely than men to be the primary financial decision makers in their families, which can lead to an increase in couples' disagreements and struggles in marriages (Dew & Dakin, 2011).

In 2014 survey done among Canadian by Drolme, Canadian men had more financial literacy knowledge than women (43% versus 31%), and women were less likely had accurate knowledge regarding investing than men. Interestingly, gender differences were more noticeable amongst older Canadians with university education. Individuals with higher incomes also had better knowledge regarding financial management and literacy (Drolme, M, 2016).

Bernasek. A& Bajtelsmit (2012) ran a survey on university faculty employed at five Colorado universities in spring, 2000. They found that the majority of married couples claimed sharing financial decision making on saving and investments, but 26% of those couples claimed the man was the primary financial decision maker compared to 12% of couples that claimed the woman was the primary financial decision maker, 62% of the couples said saving and investment decisions were made jointly. These numbers are significant because even in communities where the couples are earning good wages and have higher than average education, men still make more of the financial decisions within the household.

While gender roles, income differences, and social norms often result in the man making the financial decisions in households, there is mixed support on sex differences in regards to actual financial practice and knowledge (Ishida, 2003). Some researchers have found that male college students in the United States have more financial knowledge and more information regarding personal loans and investment options than female students (Danes & Hira, 1987; Davies & Lea, 1995; Markovich & DeVaney, 1997; Volpe et al. 1996; Xiao et al., 1995). Such knowledge can lead them into stronger financial positions due to such preparedness. Additional research has found that female students have more credit cards, carry more debt, and engage in riskier credit card behaviour, but at the same time, some female students knew more about overall financial management, had more budget plans, and kept more bills and receipts than male students (Danes & Hira, 1987; Davies & Lea, 1995; Hayhoe et al.1999; Hayhoe et al., 2000; Lyon, 2004). These findings imply that though women are more knowledgeable than their male counterparts, they have not developed the skills to apply this knowledge. Indeed, it does not appear overly easy to make a list of financial strengths and weaknesses for each sex.

Age and insolvency

According to Statistic Canada (2017a), 15.8% of entire population are between the age of 19-29, 20.2% are between the age of 30-44 and 42.4% are 45 and older. Age plays a significant role in Canadian family income and debt loads. The average income for men over the age of 16 was $47,000 in 2008, compared to $30,100 for women (Statistics Canada, 2015a). People aged 45-54 had the highest average income for both sex in 2008, with men earning $63,700 average and women earning $40,900 on average (Statistics Canada, 2015a). Average income declined after the age of 54 in both groups. According to the report published by Statistics Canada, family units with the age of their major income earner between 35-44 had the highest debt load and senior family units (aged 65 or older) had the lowest debt loads in both 1999 and 2012, although as mentioned earlier in this paper, there was a decline in income after the age of 54 (Uppal & LaRochelle-Côté , 2015). It is interesting to note, that although there is a clear discrepancy in wages between men and women, their average income grew proportionally at the same rate, approximately 25% (Uppal & LaRochelle-Côté, 2015).

Number of dependents and insolvency

Hoyes and Michalos created profiles for insolvent debtors by analyzing two years of data and identify at-risk groups and different cause of insolvency in Ontario and prepare a report on Ontario insolvent which is called Joe Debtor. No current data and research on number of dependents has been found using OSB and Canadian data. Their completed study, done in Ontario, concluded that sixty percent of debtors had an average household size of three people with 14 percent of lone parents (Hoyes & Michalos, 2011). However, in the latest Joe Debtor released in 2017, 43% of insolvent individuals are lone-parent with the average dependents of 1.7 in Ontario (Hoyes & Michalos, 2017). It is unknown to us whether or not an increase in the number of dependents increases the risk of insolvency.

Region and insolvency

Statistics Canada 2011 (2017b) reported that 38.4% of the Canadian population resides in Ontario, followed by 23.6% in Quebec, 17.6% in the Prairies provinces, 13.14% in British Columbia, and 6.95% in Atlantic Canada. Furthermore, Statistics Canada also shows the total number of insolvencies filed in Canada that year was 122,198, which included 10.9% insolvency in Atlantic Canada, 34.1% in Quebec, 31.2% in Ontario, 15.5% in the Prairies, and 8% insolvency files for British Columbia for 2011 (Government of Canada, 2018).

Employment and insolvency

Not surprisingly, the average income is low for insolvent individuals. Allen and Damar found 16 -19 percent of individuals who filed for bankruptcy and 7-8 percent of individuals filed a consumer proposal, were unemployed between 1998-2009 (2011). Although unemployment rate has declined from 1977 to 1997, (from 39 percent and to 25 percent) for insolvent individuals (Brighton & Connidis, 1982; Schwartz, 1999); unemployment remains as one of the key factors for insolvency (Allen & Damar, 2011).

Financial Obligations and Marital Breakdown

It is well known that financial difficulties may diminish marital happiness and increase arguments (Dew & Dakin, 2011). Marital conflict can be caused by internal factors to the relationship and by external factors such as economic pressure, a low level of security in society, and many other reasons (Dew & Stewart, 2012). Financial difficulties present an obvious source of pressure and stress on families and are often more complicated than simply providing a source of disagreement. Control over money is among the most critical factors in a marital union (Dew & Dakin, 2011). Addressing financial disagreement and understanding financial power for each individual in a marriage is as important as understanding other marital problems, such as communication, when discussing marital breakdown (Dew & Dakin, 2011).

Financial difficulties can have a negative effect on couples' financial behaviors and their relationships (Dew & Dakin, 2011). One way that couples or individuals cope with their financial difficulties is to forgo practicing sound financial management behavior or to avoid financial counseling (Drew & Xiao, 2013). Sound financial management has been defined as wisely tracking money and provident money management (Dew & Xiao, 2013). However, during financial difficulties couples often pay the minimum payments on credit cards or may even stop paying them at all (Dew& Xiao, 2013). Discarding sound financial management can help families in the short run, but it will negatively affect them in the long term, so to its effect on their credit rating and their assets (Dew & Xiao, 2013). In order to help their clients meet their financial obligations, financial planners and counselors often suggest that their clients practice sound financial management behaviors to avoid future financial challenges. Nonetheless, the unfortunate reality, according to Dew and Xiao (2013), is that when families commit to practicing sound financial management, it can cause marital conflict which can harm the relationship. This is likely due to families engaging in difficult conversations which cross boundaries as described in Role Theory and the power balance between men and women within a family (Dew & Xiao, 2013).

It is common for individuals who go through the divorce process to be financially weakened from the high legal costs associated with a protracted divorce (Allen, 1998; Tiso, 2011). Although some individuals may receive some type of supplementary income, such as child and/or spousal support, they still often rely primarily on one income, and there can be a major drop in income and assets in their households as well as long and short-term debts after divorce (Fisher & Lyons, 2006). As such, they may not be able to recover financially and claim bankruptcy (Del Boca & Rocia, 2001; Sullivan, Warren, & Westbrook, 2000).

It is also worth noting that although a couple's net worth might be small, the partners may find themselves having a lengthy court battle over the custody of the children, which can often eat away at the remaining assets (Del Boca & Rocia, 2001). Concluding the divorce with the establishment of a new household, the spouse with the lower or lack of income may not be in a position to meet his or her new financial obligations such as paying for credit cards and a mortgage (Allen, 1998), which can lead the individual to file for bankruptcy.

Some research suggested a positive correlation between marital problems and financial difficulties (Del Boca & Rocia, 2001; Duncan & Hoffman, 1985, 1988; Fisher & Lyons, 2005; Hoffman & Duncan, 1995; Lyons, 2003; Page & Stevens, 2004; Smock, 1993; Zagorsky, 2005). Financial strains cause financial disagreements, which elevate the tension between spouses and eventually becomes a contributing factor to a divorce and, subsequently, increases the odds of having to declare bankruptcy. Fisher and Lyons (2006) suggest that, although there are variety of factors that can cause households to file for insolvency, divorce in particular, "imposes high costs on the family (e.g., lawyer fees) causing bankruptcy to become a financially viable option or lawyers cross market products during their counseling" (p. 36), meaning that lawyers educate their clients regarding the options surrounding filing for bankruptcy.

Researchers have studied the association between marital breakdown and filing for insolvency over the years. Fisher and Lyons (2006) investigated the joint decision to file for divorce and for bankruptcy. Data from the 1989–1995 Panel Study of Income Dynamics were used to estimate traditional probability models for divorce and bankruptcy. The authors concluded that the probability of divorce did not considerably affect the probability of bankruptcy. Equally, the probability of bankruptcy did not seem to significantly affect the probability of divorce (Fisher & Lyons, 2006). Although there can be other factors that affect the decision to file for bankruptcy after divorce such as a drop in income or wealth, or an increase in debts, or bankruptcy may have been needed by a household even before a divorce (Fisher & Lyons, 2006). Therefore, Fisher and Lyons argue "the increase in the percent of filers that are divorced is not necessarily related to divorce being a contributing factor to bankruptcy" (p. 48). As Fisher and Lyons have suggested, that although there is a relationship between marital breakdown and insolvency, there is no conclusive evidence that there is a direct relationship (2006). In their findings when controlling for endogeneity there was no significant relationship between divorce and insolvency. This view is opposed by Canadian researcher, Crompton (2011) who states, "divorce plays a significant contributory role in bankruptcy, and a recent study found that divorced bankrupts generally have more difficulty recovering economically than married bankrupts" (p 51). Though their views do not align, it is worth noting that marital strain and financial strain causes stress on a relationship. The relationships that do fail and result in divorce cause further financial strain. Therefore, financial strains can put spouses into a situation where they may need to explore filing for insolvency (Dew &Stewart, 2012). However, studying the effects of divorce in bankruptcy is still of value because of the resulting pressures put on individuals' post-divorce and the conflict within a relationship leading up to separation and ultimately divorce. During these periods of conflict, many financial decisions can be made which may have negative financial effects ultimately leading to bankruptcy.

Debt load and debt-to-income-ratio

Excessive debt is one of the primary risk factors when filing for consumer proposal or bankruptcy. Therefore, it is important to define consumer, debt-to-income-ratio, debt load and national debt loads as these are key indicators for debtors when filing for consumer proposal or even bankruptcy. Debt-to-income-ratio is total debt divided by gross income, debt load is the total money owing on mortgages, credit cards, student loans or any other loan and it "can be measured as the amount of debt owed for every $100 held in assets" (Chawla & Uppal, 2014, p.2). Debt loads for households in Canada have increased in 2012 when compared to 2005 and 1999 (Statistics Canada, 2014). Canadian Press (2015 December 14) reported National debt-income-ratio in Canada in 2015 was 163.7% and national debt load in 2015 was $1.89 trillion.

The 2012 Survey of Financial Security collected useful data on the debts and assets of Canadian families and individuals in 1999, 2005 and 2012 and compared the results of those years with each other. The survey showed that the "median net worth of a Canadian family unit was $243,800 in 2012, up 44.5% from 2005 and almost 80% more than the 1999 median of $137,000, adjusted for inflation" (Chawla & Uppal, 2014, p. 1). As mentioned previously the largest asset for Canadian families was typically their principle's residence, this holds true in 1999, 2005 and 2012. Although the principle's residence represents, on average, one third of the entire assets of the family, 77.0% ($1.0 trillion) of debt owed by Canadian families in 2012 was in mortgages, which was unchanged from 1999 (Chawla & Uppal, 2014).

The median value of mortgages on principal residences increased between 1999 and 2012 by 66.5% and by 41.6% from 2005 to 2012 (Statistics Canada, 2014). Total debts from lines of credit increased from $33.2 billion in 1999 to $77.5 billion in 2005 and to $144.9 billion in 2012. The median line of credit debt more than doubled between 1999 and 2012, from $6,600 in 1999, to $10,200 in 2005, and to $15,000 in 2012 (Chawla & Uppal, 2014). The survey also indicated that 40% of Canadian families carried an outstanding balance on credit cards in 1999, 2005 and 2012, but the median amount of the outstanding balance went up by 25% in that time period. The closing balance in 2012 was $144.9 billion (Chawla & Uppal, 2014).

The rising individual debt load and national debt load is a strong indicator for a growing trend in financial instability. As individuals, find themselves in riskier situations with unsustainable debt, the likelihood of insolvency increases (Chawla & Uppal, 2014). This growing trend ought to be a warning sign for provincial and national lawmakers, as this unsustainable trend will lead to a weakening of the economy. Moreover, as discussed previously, increased debt leads to increased stress in a marriage, which can lead to divorce.

There is a positive correlation between marital problems and financial difficulties (Del Boca & Rocia, 2001; Duncan & Hoffman, 1985, 1988; Fisher & Lyons, 2005; Hoffman & Duncan, 1995; Lyons, 2003; Page & Stevens, 2004; Smock, 1993; Zagorsky, 2005). Those unable to fulfil their obligations to loan or credit repayment either due to lack of financial knowledge or fiscal mismanagement may end up filing for insolvency. The individual debt and national debt load have been steadily increasing for years; increasing debt has positive correlation with to the increasing numbers of files for insolvency. The erosion of family net worth and the increase in individual and family debt has put considerable financial strain on families (Fisher &Lyons, 2006) and suggests that such financial strain is one of the factors that contribute to divorce and to filing for insolvency.

This research aimed to characterize the differences between socio-demographics characteristics, financial characteristics, and liability characteristics of adult Canadian individuals who seek insolvency because of marital breakdown and adult Canadian individuals who filed for insolvency for other reason.

CHAPTER IV: METHOD

Study Design

This was an analytical observational study based on two years of cross-sectional data (2007 and 2010).

Data Source

This study involved analysis of secondary data collected by the Office of Superintendent of Canada in 2007 and 2010 (pre- and post-recession) (Duncan et al., 2010). Office of Superintendent of Canada owns the data. The data accessed through the authors of profiles of Canadian households undertaking insolvency procedures pre- and post-recession final report (2012).

Study Sample

The study sample consisted of 8,000 men and women aged at least 18 years of age, who filed for insolvency in either 2007 or 2010 (4,000 each year). Office of Superintendent of Bankruptcy chose this sample randomly from 10 provinces in Canada (not the territories) in 2007 and 2010. All the individuals were independent from each other in this sample. Dollar values were adjusted for inflation in both years (Duncan et al., 2010).

For the purpose of the proposed study, the study sample was divided into two groups: 1) those who were insolvent as a result of divorce/separation (n = 1,341) and 2) those who were insolvent for reasons other than divorce/separation (n = 6,659) (e.g., unemployment, insufficient income, over use of credit cards, gambling, student loan, health reasons, accidents, garnishment and legal actions, relocation, tax liabilities, and business failure). The reason for insolvency was drawn from form 79 and form 65. Among the group of insolvent individual filed for insolvency 39% of population filed just for marital breakdown as single reason, the rest of group had one or more reason including marital breakdown to file for insolvency, such as marital breakdown, health problems and over extension of credit card debt. I used all data with single or multi reason for this group as long as their primary reason for insolvency was marital breakdown.

Study Variables

Cause of proceeding. To classify the study population into two groups, I recoded my study population according to whether individuals list marital breakdown as a cause of proceeding. Note that individuals may be divorced or separated without listing marital breakdown as a cause of insolvency. Those who had marital breakdown as the cause of insolvency formed one group, and was coded as “1”. Individuals who did not have marital breakdown as the cause of proceeding will form the second group, and was coded as “2”.

Socio-demographic Variables. The following categorical variables were used to describe the study participants’ socio-demographics characteristics:

Sex. Study subjects’ sex was defined based on subjects’ self-reported data as either woman, coded as “1”, or man, coded as “2”.

Age. Study subjects reported their age at the time of filing. For the purpose of this research project, study subjects’ age was defined as an ordinal variable, classifying individuals into one of the following categories: 1) those who were between the ages of 18 and 29, 2) those who were between the age of 30 and 44, 3) those who were between the age of 45 and 54, and 4) those who were 55 years of age or older.

This age classification was chosen because it is found that people who were between the ages of 35 and 44 had the highest debt load, and those who were between the ages of 45 and 54 had the highest average income, and income declined after the age of 54 (Uppal &LaRochelle-Cote, 2015).

Marital status. Study subjects were classified into one of the following two categories based on their marital status at the time of filing: 1) Non-divorced including those who were either married, or common law, or widowed, or never married coded as “1”, 2) Divorced including those who were either divorced, or separated coded as “2”. Note that individuals coded “2” included both those who filed for insolvency as a consequence of marital breakdown and those whose divorce or separation was incidental to their insolvency proceedings.

Household size. Study subjects were classified into one of the following three categories based on their household size: 1) those who lived in households with 1-2 members coded as “1”; 2) those who lived in households with 3-4 members coded as “2, and 3) those who lived in households with more than 4 members coded as “3”.

Number of children under the age of 18 year. Study subjects were classified into one of the following two categories based on their number of children under the age of 18 years at the time of filing: 1) those that had 0-2 inclusive children under the age of 18 coded as “1”; and 2) those that had at least 3 children under the age of 18 years.

Region. Study subjects were classified into one of the following five categories based on their region of residence: 1) British Columbia coded as “1”; 2) Prairie Provinces including Alberta, Saskatchewan, and Manitoba coded as 2”; 3) Ontario coded as “3”; 4) Quebec coded as “4”; and, 5) Atlantic Canada coded as “5”.

Employment Status: Study subjects were classified into one of the following categories based on their employment status: 1) those who were employed full-time coded as “1”; 2) those who were employed part time coded as “2”; 3) those were self-employed coded as “3”; 4) those who were unemployed code as ‘3’; 4) those who were laid off coded as “4”; 5) those who are on leave coded as “5”; 6) individuals who were on maternity or paternity leave coded as “7”; 8) who were on long /short term disability or illness coded as “8”; 9) those who were students, coded as “9”, and 10) those who were home maker coded as “10”; and 11) who their employment status was not known, coded as “11”. There was enough data to run test on this categorical variable.

Financial Variables. The following continuous variables were used to describe the study participants’ financial characteristics:

Individuals ‘total income: Individuals’ monthly income from each source and all sources together (employment, self-employment, pension annuities, child support, spousal support, employment insurance benefits, social assistance, and other) was used to determine study subjects’ income level. Personal annual income and household income were both collected individually in the data set as a separate variable.

Total Debt: Liability were deemed as the sum of bank loans, total loan from individual (personal loan from other individuals), total finance company loan, total credit cards loan both from bank and other issuer, total credit cards from other issuers, total mortgages, total taxes, total student loan, total pay day loan, and total other loan reported.

Uncompleted data and negligible numbers have been removed from the data prior to running the tests.

Data Analysis

To address the first research objective, which was "to determine how the sociodemographic, financial characteristics, and liabilities of individuals who file for insolvency because of marital breakdown differ from individuals who filed for other reasons", I divided the study sample into two groups: 1) those who were insolvent as a result of marital breakdown and 2) those who were insolvent for reasons other than marital breakdown. Next, I ran frequencies to describe the study participants' socio-demographic characteristics including their age, sex, household size, number of dependent under the age of 18, region, and employment status. Financial characteristics which are monthly income from employment, monthly self-employment income, monthly pension annuities, monthly child support, monthly spousal support, monthly employment insurance benefits, monthly social assistance, and monthly other income; and liabilities characteristics which are sum of bank loans; total loan from individual (personal loan from other individuals), total finance company loan, total credit cards loan both from bank and other issuer, total credit cards from other issuers, total mortgages, total taxes, total student loan, total pay day loan, and total other loan reported . Then I compared socio-demographics variables, financial variables, and liability variables between the two study groups using appropriate statistical tests.

1. I calculated mean, median and standard deviation of monthly income, and conducted a t-test to determine if the observed differences were statistically significant.
2. Ownership of debt instruments was not skewed, and therefore I calculated the mean, median, and standard deviation. Since the distribution for the variables were not skewed and normally distributed, t-test was used to answer the first objective.
3. The proportion of each group holding particular debt instruments calculated, and t-test used to determine whether these proportions differ significantly between those were insolvent as a result of marital breakdown and those wo were insolvent as a result of

other reasons.

4. I used chi-squared test to determine whether there are significant differences between the two study groups (i.e., those were insolvent as a result of marital breakdown and 2) those who were insolvent for reasons other than marital breakdown) in terms of their socio-economic characteristics.

To answer the second objective for this research, which was "to determine if these sociodemographic, financial characteristics, and liabilities among insolvent due to other reasons and who filed due to marital breakdown differ by sex", I divided the study population into two groups based on their sex (females and males), and repeated all the above analyses on sex-disaggregated data (i.e., for men and women separately) with the expectation of not using t-test for liabilities. Since the debt and liabilities data were highly skewed, and therefore I calculated median, mean, and standard deviation. The distributions for the variables were highly skewed and were not normally distributed; in this case Mann-Whitney test was used to understand whether total debt, differed amongst the two groups of my study. This test is often considered the nonparametric substitute for the t-test.

The third research objective was to determine whether these characteristics differ between 2007 and 2010 (pre- and post-recession) for insolvent men due to marital breakdown and insolvent women due to marital breakdown

To address this objective, I split the data into two files by year 2007 and 2010 for those who filed because of marital breakdown. Then repeat all the above tests on each file separately and compare the results to see if socio-demographics characteristics variables, financial characteristics variables, and liability variables of insolvent individual due to marital breakdown have been changed from 2007 to 2010 between the group of insolvent individual due to marital breakdown and group of insolvent women due to marital breakdown. However, with having a highly skewed distribution for liabilities, Mann-Whitney test has been used to understand whether total debt, differed amongst the two groups of my study. Statistical significance at level of 5% was used to determine the significant differences.

The fourth research objective was "to explore whether debt –to- income ratio, reasons for insolvency and sex are associated with filing for bankruptcy versus consumer proposal". To address this objective, multivariate regression modeling was used. Since the outcome of interest was a binary variable (filing for bankruptcy versus consumer proposal), logistic regression modeling was the appropriate analytical technique to use. The potential exploratory variables included in the model were those that were found to be statistically significantly associated with filing for either bankruptcy or consumer proposal in bivariate analyses. Odds ratios and their 95% confidence intervals were used to identify the significant determinants.

SPSS version 26 was used to for data analysis.

CHAPTER V: RESULTS

In this chapter, a description of the study sample is presented, including their socio-demographic, financial, and liabilities characteristics. This section will be followed by the analytical results to address the stated research objectives.

Description of Study Population

The study sample of individuals who filed for insolvency in 2007 and 2010 consisted of 8,000 individuals who were 18 years of age and older living in the ten provinces of Canada, excluding Nunavut, the Northwest Territories and the Yukon. As for the province of residence, 41.8% reported living in Ontario, 28.5 % lived in Quebec, 11.4% lived in Prairie Provinces, 9.3% in Atlantic Canada, and 9.0% lived in British Colombia. Men constituted the majority of insolvents, which was about 56.4%. Approximately 65% of insolvents were between the ages of 30-54 years old. Nearly 70% of insolvents reported living in 1-2 person households. 64.6% of insolvents were full-time employed at the time, while about 15 % of insolvents were unemployed or laid off. 4.9% of insolvents had a prior consumer proposal, while 15.4% of insolvents had a prior bankruptcy. I did not count any data with less than 5 counts.

To address the study objectives, the study sample was divided into two groups:

1. Those who were insolvents due to marital breakdown (divorced and/ separation)
2. Those who were insolvents due to other reasons

Among those individuals who filed for insolvency, 16.8 % of entire population filed for insolvency due to marital breakdown and 83.2% filed for insolvencies due to other reason.

First Objective

The first study objective was to determine how the socio-demographic, financial characteristics and liabilities of individuals who file for insolvency because of separation and/or divorce (marital breakdown) differ from individuals who filed for other reasons.

Socio-demographic characteristics

The socio-demographic characteristics of insolvent debtors are reported in Table (1a). In this study, insolvents filing for insolvencies due to marital breakdown and insolvents filing for insolvencies due to other reason are significantly differed on the characteristics of sex, age groups, main activity, and household size.

Most people in both groups were employed full-time; however, a smaller proportion were employed full-time among those who filed for other reasons (62.4%), in comparison with those who filed due to marital breakdown (75.1%). Both rates are higher than national employment rate (60.1) in 2017. A higher proportion were unemployed and laid off (14.8%) among households who filed for other reasons compared to the insolvent group due to marital breakdown (11.5%), whereas the national unemployment rate is 6.2% in 2017 (Statistic Canada, 2017a)

Among those in the sample who filed because of marital breakdown, men and women were almost equally represented (50.3% women). Men were more prevalent among those who filed for other reasons (57.8% men) than those who filed for reason of divorce/separation. Men constituted 49.1% of the entire population in 2016 and 49.6% in 2011 (Statistics Canada, 2017b).

In both groups, the majority of insolvent individuals were aged 30-44, comparing 53.5%

of insolvents due of marital breakdown to 38.6% due to other reasons. Individuals between 18-29 were slightly more likely to file for other reasons (15.3), than for marital breakdown (12.0%). Similarly, individuals aged 55 or older filed for insolvency due to marital breakdown (9.5%) less often than for other reasons (22.7%). According to the latest Census in Canada, 20.2% of Canadian population was aged 30- 44, 30.6 % was aged 55 and older and 13.7% was aged 20-29 (Statistics Canada, 2017b). Also 53% of individuals filing a consumer proposal or filing for bankruptcy were between 30 and 49 years of age in 2011.

In both groups, the majority of insolvents' household size is 1-2 members, comparing 74.0% of filers due to marital breakdown to 69.1% due to other reasons.

Interestingly majority of insolvent individual resided in Ontario with 42.3% of insolvent individuals due to other reasons and 39.4% of insolvents due to marital breakdown and according to Statistics Canada, 21.5% of Canada population lives in Ontario for the year of 2011(Statistics Canada, 2017c) which is lower than the population of filers in both groups. British Columbia followed by Atlantic Canada represented the lowest proportion in groups, respectively 8.9% and 9.1% for insolvent individuals due to other reasons and 9.9% and 10.3% for insolvent individuals due to marital breakdown. Over 93% in both groups had 0-2 children under the age of 18.

Sources of income by reason for filing

Table (1b) shows the proportion of each study group that received each type of income. According to table 1b, an estimated 60% of insolvents due to other reasons received income from employment compared to 73.9% for insolvents due to marital breakdown. Approximately 16.2% of insolvent due to other reasons received pension annuities, 3 % received child support, 0.6 %

received spousal support, 6.5% received employment insurance benefit, 5.9 % received social assistance, 6.4 % had self-employed income, 20 % claimed having other income, 94% had personal annual income, and household annual income was 96%.   It was also observed insolvent individuals due to marital breakdown had 6.9 % for pension annuity, 10.5 % received child support, 2.4 % received spousal support, 7.3 % collected employment insurance benefit, 4.7 % received social assistance, 6.1 % had self-employed income, 25.6% claimed receiving other income, 96.5 had personal annual income, and 97% had household annual income.

Some households did not report any kind of income for both groups. One possibility could be that some people (such as commercial real estate brokers) have very sporadic income and there might be some years when they do not claim any income, but live off savings. Alternatively, some might live outside of the country and not claim any income in Canada.

Differences in financial characteristics

Table (1c) reports the mean, median, and standard deviation of income from different sources for insolvent individuals by reasons of filling. The pattern of income received by the two groups differs significantly.

Employment income of insolvents due of marital breakdown averaged $2,251.50 per month in comparison with $2,055.66 per month income from insolvent employment because of other reasons. Personal annual income from insolvent individuals due to marital break down averaged $27,211.42 in comparison with $23,591.87 for insolvent individuals due to other reasons.

Pension annuities income for insolvents due to other reason is $1,207.70 in comparison to $1,030.30 for insolvents due to marital breakdown. Social assistance income for insolvents due to other reasons is $767.09 compared to $633.09 for insolvents due marital breakdown. The other income by insolvents due marital breakdown averaged $620.38, down from $751.77 for insolvents due to other reasons.

Mean income from child support and spousal support are significantly higher in the group of insolvents due to marriage breakdown.

Mean household annual income of both groups is close to the national average of $30,180 in 2010 and $33,920 in 2015.

Type of debt by reason for filing

Table (1d) shows the proportion of each study group that had each type of debt. According to table (1d), an estimated 22.4% of insolvents due to other reasons had mortgage debt, 57.3% had bank loans, 40.3% had financial institutions loans, 77 % had credit card debt (bank or trust company), 62% had credit card debt from others, 38 % had tax debt, 11.3 % had student loans, 3% had loans from individuals, 42.1% had other loans, and 6.4% had payday loans. As expected, 100% of this group had unsecured debt, and 45% had secured debt.

According to table (1d), an estimated 25.7 % of insolvents due to marital breakdown had mortgage debt, 64.5% had bank loans, 48 % had financial institutions loans, 76.7 % had credit cards debt (bank or trust company), 60.8 % had credit card debt from others, 41 % had tax debt, 9.1 % had student loans, 4.2 % had loans from individuals, 72.3% had other loans, and 7.6 had payday loans. Once again, 100% had unsecured debt and 52.6% had secured debt.

Differences in liabilities characteristics

According to t-test used for all debt comparisons shown in table (1e), five types of debt were significantly higher among the group of insolvents due to other reasons -- mortgage, credit cards, taxes, total secured and unsecured debt. Similar to Duncan (2012) mortgage still constitutes the highest average amount of debt for both groups which is $177,097.11 for insolvents due to other reasons compared to $155,152.52 for insolvents due marital breakdown.

The average level of debts owed on credit cards (bank or trust company) is $17, 078. 47 compared to $14,279.62 for insolvents due to marital breakdown. The average taxes owed by insolvents due other reasons are $28,784.34 compared to 11,880.14 for those filing because of marital breakdown.

Average total unsecured debt and secured debt are higher in the group of insolvents filing for other reason ($ 62,185.76 compared to $50,470.77.4, and $ 99,881.55 compared to $88, 836.23.

The total, average levels of debts, either using mean or median, for all the debt are higher for the group of insolvents due to other reasons with the exception of bank loan, which had higher.

Table 1a.Socio-demographic characteristics by reason for filing

Characteristics	***Reason for Insolvency***				
	Other Reason		Divorce/ Separation		P-value
	Count	% within Other Reason	Count	% within Divorce/ Separation	
Main Activity					0.000
Employed full time	4158	62.40	1007	75.10	
Employed part time	129	1.90	31	2.30	
Self employed	301	4.50	46	3.40	
Unemployed & laid off	988	14.80	154	11.50	
Retired & pensioner	600	9.00	23	1.70	
Maternity - paternity leave &home maker	86	1.30	17	1.30	
long/short time disability &illness &WCB	186	2.80	30	2.20	
Student	63	0.90	15	1.10	
No /unknown answer	148	2.20	18	1.30	
Total	6659	100.00	1341	100.0	
Region					.097
BC	590	8.90	133	9.90	
Prairie Province	744	11.20	170	12.70	
Ontario	2814	42.30	527	39.40	
Quebec	1901	28.60	370	27.70	
Atlantic Canada	609	9.10	138	10.30	
Total	6658	100.00	1338	100.00	
Sex					.000
woman	2807	42.20	675	50.30	
man	3849	57.80	666	49.70	
Total	6656	100.00	1341	100.00	
Age Group					.000
18-29	1018	15.30	161	12.00	
30-44	2570	38.60	717	53.50	
45-54	1556	23.40	335	25.00	
+54	1512	22.70	128	9.50	
Total	6656	100.00	1341	100.00	

Continued:

Characteristics	***Reason for Insolvency***				
	Other Reason		Divorce/ Separation		P-value
	Count	% within Other Reason	Count	% within Divorce/ Separation	
Household size					.000
1-2 members	4600	69.10	992	74.00	
3-4 members	1597	24.00	305	22.70	
+4 members	462	6.90	44	3.30	
Total	6659	100.00	1341	100.00	
Number of children under 18					.437
0-2 Children under 18	6242	93.70	1255	93.60	
At least 3 children under 18	417	6.30	86	6.40	
Total	6659	100.00	1341	100.00	

Note: Chi-Square test of significant used for all comparisons.

Table 1b.The number and percent of income of insolvent individuals by reason of filing

Source of income	***Reason of filing***			
	Other reasons		***Divorced/ Separated***	
	N (6659)	Percent of receiving income	N(1341)	Percent of receiving income
Employment income	3994	59.98	990	73.83
Pension annuities	1078	16.19	92	6.86
Child support	197	2.96	141	10.51
Spousal Support	40	0.60	32	2.39
Employment Insurance benefits	432	6.49	98	7.31
Social Assistance	386	5.80	63	4.70
Self-employment income	429	6.44	82	6.11
Other income	1334	20.03	343	25.58
Personal annual income	6200	93.11	1294	96.50
Household annual income	6397	96.07	1302	97.09

Table 1c .Financial characteristics of insolvent individual by reason for filing

Source of income	***Reason of filling***								p-value
	Other reasons				***Divorced/ Separated***				
	N	Median	Mean	Std. Deviation	N	Median	Mean	Std. Deviation	
Employment income	3994	1,971.64	2,055.66	948.40	990	2,147.91	2,251.50	975.84	.000
Pension annuities	1078	1,114.97	1,207.70	751.17	92	890.00	1,030.39	784.77	.031
Child support	197	334.35	427.55	283.52	141	400.00	480.36	313.34	.107
Spousal Support	40	421.59	561.50	484.08	32	646.51	821.95	840.67	.104
Employment Insurance benefits	432	1,399.57	1,286.25	460.77	98	1,406.00	1,292.40	463.48	.905
Social Assistance	386	707.20	767.09	356.46	63	600.00	633.09	249.18	.000
Self-employment income	429	1,512.00	1,644.80	1,103.18	82	1,418.85	1,607.28	1,663.51	.797
Other income	1334	500.00	751.77	770.78	343	420.06	620.38	636.79	.001
Personal annual income	6200	21,969.39	23,591.87	11,982.27	1,294	25,579.41	27,211.42	12,510.76	.000
Household annual income	6397	26,781.42	29,894.70	16,171.56	1,302	27,160.63	29,199.19	14,816.67	.129

Note: All dollars are in 2010 constant dollars. T. tests used for all comparison.

Table 1d, .The number and percent of debt type for insolvent individuals by reason of filling

Type of debt	***Reason of filing***			
	Other reasons		***Divorced/ Separated***	
	N (6659)	Percent of having debt	N (1341)	Percent of having debt
Mortgage	1492	22.41	345	25.73
Bank loans	3818	57.34	865	64.50
Financial loans	2683	40.29	644	48.02
Credit cards (bank or trust company)	5131	77.05	1028	76.66
Credit cards from others	4124	61.93	815	60.78
Taxes	2534	38.05	549	40.94
Student Loans	749	11.25	122	9.10
Loans from individuals	198	2.97	56	4.18
Other loans	4214	63.28	970	72.33
Payday loans	429	6.44	102	7.61
Total unsecured debt	6659	100.00	1341	100.00
Total secured debt	3001	45.07	706	52.65

Table 1e, .Liabilities variables of insolvent individual by reason for insolvency

Type of debt	***Reason of filling***								
	Other reasons				***Divorced/ Separated***				p-value
	N	Median	Mean	Std. Deviation	N	Median	Mean	Std. Deviation	
Mortgage	1492	155,377.20	177,097.11	130,299.14	345	131,069.81	155,152.52	113,309.79	.004
Bank loans	3818	13,418.60	23,656.74	53,479.36	865	16,404.04	25,120.15	40,410.42	.449
Financial loans	2683	7,836.32	12,403.93	18,544.80	644	8,429.37	11,925.30	14,397.63	.476
Credit cards (bank or trust company)	5131	10,657.40	17,078.47	21,111.30	1028	9,173.10	14,279.62	15,175.35	.000
Credit cards for others	4124	5,224.22	9,084.53	11,982.02	815	5,167.79	8,955.53	12,852.58	.781
Taxes	2534	2,612.11	28,784.34	190,227.97	549	1,567.26	11,880.14	56,522.60	.000
Student Loans	749	10,082.60	14,674.73	14,855.52	122	9,462.34	13,929.70	15,055.17	.608
Loans from individuals	198	6,269.06	25,499.01	84,112.09	56	6,288.37	17,598.76	28,928.00	.490
Other loans	4214	4,189.27	26,582.29	289,483.37	970	4,007.14	16,837.49	87,795.27	.300
Payday loans	429	1,044.84	1,573.52	1,583.73	102	1,097.09	1,455.78	1,187.96	.481
Total unsecured debt	6659	34,551.67	62,185.76	287,732.26	1341	36,170.38	50,470.77	89,623.90	.006
Total secured debt	3001	32,600.00	99,881.55	126,564.08	706	28,501.66	88,836.23	111,588.53	.021

Note: All dollars are in 2010 constant dollars. T. tests used for all comparison

Second Objective

The second objective of this study was to determine whether sociodemographic characteristics, financial characteristics and liabilities differ by sex in both groups. In order to address this objective, the study sample was divided into two groups, a) insolvent individuals due to marital breakdown and b) insolvent individuals due to other reasons. Data for each group were analyzed by sex. Bivariate analysis and Chi Square tests were used to determine statistically significant differences between the groups.

Socio-demographic characteristics

Table (2a) reported the socio-demographic characteristics of insolvent individuals by sex. Insolvent women differed significantly on the characteristics of main activity, age, and household size. Full-time employment constituted the majority of women in both groups; however, a larger proportion of women were employed full-time in the insolvents group due to marital breakdown (72%), compared to other reasons (58.6%), whereas the national women employment full-time was 52% in 2014 (Statistics Canada, 2014). A higher proportion of women who claimed insolvency for other reasons were retired and pensioners (9.9%); in comparison only 1.2% of insolvent women due to marital breakdown were pensioners.

In both group, the majority of insolvent women were aged between 30 and 44. Fewer insolvent women over the age of 54 had cited marital breakdown as a cause.

The majority of women who filed for insolvency in both groups had the household size of 1-2 members. The national average of household size according to Canada Censes 2016 is 2.4 (Statistics Canada, 2017).

Insolvent women in both groups did not differ significantly on the region, and number of children under the age of 18, characteristics (Table B2). The majority of insolvent women resided in Ontario, 42.3% of insolvent women due to other reasons, compared to 39.4% of insolvent women due to marital breakdown. British Columbia followed by Atlantic Canada had the lowest proportion of insolvent women in both groups. The majority of insolvent women in both groups had zero to two dependents age 18 or under.

Insolvent men who filed for insolvency for other reasons differed significantly on characteristics of main activity, age group, and household's size from men who filed for marital breakdown. Most men in both groups worked full time -- 65.3% for insolvent men who filed for other reasons, compared to 78.2% who filed because of marital breakdown. Whereas very few insolvent men were on paternity leave in either group. Most insolvent men were in the age group of 30-44 --54.2% who cited marital breakdown, compared to 38.8% of the others. In both groups, the majority of insolvent men lived in households with 1 or 2 people. 68.7 % of those with other reasons had household size of 1-2, compared to 82.1% of insolvent men due to marital breakdown.

Insolvent men in both groups did not differ significantly in region and household members under the age of 18, (Table B1). In both groups, the majority of insolvent men lived in Ontario (40.5% due to other reasons and 37.7% due to marital breakdown) followed by Quebec (31.2% due to other reasons and 31.7% due to marital breakdown). The minority of insolvent men lived in British Colombia (8.3% due to other reasons and 7.4% due to marital breakdown), followed by Atlantic Canada provinces (8.7% due to other reasons and 9.6 due to marital breakdown). In both groups, the majority of men had 2 or fewer children the age of 18 or younger (94% due to other reasons and 95.6% due to marital break down).

Sources of income by sex and reason for filing

Table (2b) shows the proportion of each study group that received each type of income. According to table 2b, 57.4% of insolvent women due to other reasons received income from employment compared to 71.3% for insolvent women due to marital breakdown. Approximately 18% of insolvent women due to other reasons received pension annuities, 6% received child support, 1.3% received spousal support, 6.3% received employment insurance benefit, 8.1 % received social assistant, 4.2% had self-employed income, 30.6% claimed having other income, 94% had personal annual income, and household annual income was 97.2%. However, it was also observed that insolvent women due to marital breakdown had 7.7% for pension annuity, 19.4% received child support, 4.4% received spousal support, 6.5% collected employment insurance benefit, 7.3% received social assistance, 6.5% had self-employed income, 41.78% claimed receiving other income, 97.3% had personal annual income, and 98.2% had household annual income.

According to table 2b, 62% of insolvent men due to other reasons received income from employment compared to 76.4% for insolvent men due to marital breakdown. Nearly 14.9% of insolvent men due to other reasons received pension annuities , 0.7% received child support, 0.13% received spousal support,6.6% received employment insurance benefit, 4.1% received social assistance, 8% had self-employed income, 12.3% claimed having other income, 92.8% had personal annual income, and household annual income was 95.3%. On other hand, insolvent men due to marital breakdown had 6% for pension annuity, 1.5% received child support, 0.3% received spousal support, 8.1% collected employment insurance benefit, 2.1% received social assistance, 5.7% had self-employed income, 9.1% claimed receiving other income, 95.7% had personal annual income, and 95.9% had household annual income.

In conclusion, more women seem to earn income from child support, spousal support, pensions, other income, and social assistance, whatever the reason for filing, than men do. Women have less income from employment, self-employment income, than men do

Some households did not report any kind of income for both groups.

Differences in financial characteristics;

Table (2c) reports the mean, median, and standard deviation of income from different sources for insolvent women and men by reasons of filling. T-test was performed for all comparisons among insolvent women filing due to other reasons the distribution of income (mean) of employment income, social assistance, personal annual income, and household annual income are significantly different from the insolvent women filing due to marital breakdown.

Employment income of insolvent women due of other reasons averaged $1,816.3 per month compared to $1,951.4 per month income from insolvent women due marital breakdown. Social assistance income for insolvent women due to other reasons is $760.9 compared to $643.0 for insolvent women due marital breakdown. Personal annual income from insolvent women due to other reasons averaged $21,202.4 lower than $25,276.0 for insolvent women due to marital breakdown. Household annual income for insolvent women due to other reason averaged $28,703.7, up from $ 27,120.0 for insolvent women due to marital breakdown.

Interestingly, the average income from child support and spousal support were higher in the group of insolvent women due to marriage breakdown than insolvent women due to other reasons, however, the observed difference was not statistically significant.

In comparison, among insolvent men due to other reasons, employment income, social assistance, other income, and personal annual income differ significantly with insolvent men due to marital breakdown. Monthly income from employment averaged $2,217.10 for insolvent men due to other reasons compared to $2,535.10 for insolvent men due to marital breakdown. Social assistance income was $775.90for insolvent men due to other reasons in comparison with $629.70 for insolvent men due to marital breakdown. Other income averaged $703.20 for insolvent men due to other reasons, up from $417.90 for insolvent men due to marital breakdown, and personal annual income was $25,345.60 for insolvent men due to other reasons, lower than $29,207.60 for insolvent men due to marital breakdown.

Mean household annual income for insolvent women due to other reasons is $28,703.70 and $27,120.00 for insolvent women due to marital breakdown. It is obvious that mean household annual income for women in both groups were lower than mean household annual average for insolvent men in both groups ($30,779.30 due to other reasons and $31,356.40 due to marital breakdown).

Type of debt by sex and reason for filing

Table (2d) shows the proportion of each study group that had each type of debt. According to table (2d), an estimated 20.59% of insolvent women due to other reasons had mortgage debt, 55.86% had bank loans, 36.73% had financial institutions loans, 79.12% had credit cards debt (bank or trust company), 66.12% had credit cards debt from others, 31.71% had tax debt, 14.86% had student loans, 2.53% had loans from individuals, 59.21% had other loans, and 6.59% had payday loans. As expected, 100% of this group had unsecured debt, and 40.72% had secured debt.

According to table (2d), insolvent women due to marital breakdown had 25.48% mortgage debt, 61.63% had bank loans, 46.07% had financial institutions loans, 79.41% had credit card debt (bank or trust company), 65.59% had credit card debt from others, 35.7% had tax debt, 13.93% had student loans, 4.15% had loans from individuals, 70.22% had other loans, and 8.15% had payday loans. Once again, 100% had unsecured debt and 49.78% had secured debt.

According to table (2d), 23.69% of insolvent men due to other reasons had mortgage debt, 58.43 % had bank loans, 42.92% had financial institutions loans, 75.55 % had credit card debt (bank or trust company), 58.92% had credit card debt from others, 42.66% had tax debt, 8.63% had student loans, 3.3% had loans from individuals, 66.3% had other loans, and 6.34% had payday loans. As expected, 100% of this group had unsecured debt, and 48.22% had secured debt.

According to table (2d), 25.98% of insolvent men due to marital breakdown had mortgage debt, 67.42 % had bank loans, 50% had financial institutions loans, 73.87% had credit cards debt (bank or trust company), 56.91% had credit cards debt from others, 46.25% had tax debt, 4.2% had student loans, 4.2% had loans from individuals, 74.47% had other loans, and 7.06% had payday loans. Once again, 100% had unsecured debt and 55.56% had secured debt.

It would be interesting to note the different kinds of debt women had relative to men. More women seem to have more credit cards from other sources debt, student loan, and payday loans, whatever the reason for filing, than men do. At the same time, women owe less than men on bank loans and taxes do.

Differences in liabilities characteristics

I used Mann Whitney test to compare liability characteristics between the two groups of study, since the distribution of debt was highly skewed and t-test could not be performed. All debt comparisons shown in table (2e), four types of debt differed significantly among the group of insolvent women due to other reasons and those due marital breakdown, which are mortgage, bank loan, total secured and unsecured. Similar to Duncan (2012) mortgage still accounts for the highest mean debt for both groups, which is $175,602.5 for insolvent women due to other reasons compared to $147,787.5 for insolvent women due marital breakdown. Interestingly mean mortgage debt for insolvent men due to other reason ($177,915.1) constituted highest debt for all insolvent women and men in both groups.

The mean bank loan was $20,806.9 for insolvent women due to other reasons; lower than $24,238.4 for insolvent women due to marital breakdown. The mean total unsecured debt and secured debt both are higher in the group of insolvent women due to other reason than the group of insolvent women due to marital breakdown, which respectively are $ 51,089.9 to $45,117.7, and $91,548.3 to $89,436.9.

Four types of debts were significantly different for insolvent men in both group; bank loan, credit cards (issued by banks or trusted company), and taxes. The mean bank load is slightly higher in insolvent men due to marital breakdown ($25,937.1), compared to mean of bank loan for insolvent men due to other reasons ($25,624.8). The mean taxes owed by insolvent men due other reasons is $33,633.0 compared to insolvent men due to marital breakdown, which is down to $11,957.2.

The total, average (mean) levels of debts for all the debt are higher for the group of insolvent men due to marital breakdown and other reasons with the exceptions of student loans which had the higher average for insolvent women due to marital breakdown ($14,255.0).

Table 2a-.Socio-demographic characteristics of insolvent man and woman by reason for filing

Characteristics	***Women***					***Men***				
	Reason of filling				P-value	***Reason of filling***				P-value
	Other reasons		Divorce/ Separation			Other reasons		Divorce/ Separation		
	Count	**% within Other Reason**	**Count**	**% within Divorce/ Separation**		**Count**	**% within Other Reason**	**Count**	**% within Divorce/ Separation**	
Main Activity					.000					.000
Employed full time	1644	58.60	486	72.00		2513	65.30	521	78.20	
Employed part time	76	2.70	22	3.30		53	1.40	9	1.40	
Self employed	77	2.70	25	3.70		224	5.80	21	3.20	
Unemployed & laid off	466	16.60	78	11.60		521	13.50	76	11.40	
Retired & pensioner	278	9.90	8	1.20		321	8.30	15	2.30	
Maternity - paternity leave &home maker	80	2.90	16	2.40		6	0.20	--	--	
long/short time disability &illness &WCB	88	3.10	19	2.80		98	2.50	11	1.70	
Student	32	1.10	11	1.60		31	0.80	--	--	
No /unknown answer	66	2.40	10	1.50		82	2.10	8	1.20	
Total	2807	100	675	100.00		3849	100.00	666	100.0	
Region					.115					.324
BC	271	9.70	84	12.50		319	8.30	49	7.40	
Prairie Province	308	11.00	80	11.90		436	11.30	90	13.50	
Ontario	1254	44.70	27	41.00		1559	40.50	251	37.70	
Quebec	698	24.90	1590	23.60		1201	31.20	211	31.70	

Atlantic Canada	275	9.80	74	11.00		334	8.7	64	9.6	
Total	2806	100.00	673	100.00		3849	100.00	665	100.00	
Age Group					.000					.000
18-29	393	14.00	96	14.20		625	16.20	65	9.80	
30-44	1076	38.30	356	52.70		1493	38.80	361	54.20	
45-54	646	23.00	157	23.30		909	23.60	178	26.70	
+54	691	24.60	66	9.80		820	21.30	62	9.30	
Total	2806	100.00	675	100.00		3847	100.00	666	100.00	
Household size					.000					.000
1-2 members	1952	69.50	445	65.90		2646	68.70	547	82.10	
3-4 members	679	24.20	208	30.80		917	23.80	97	14.60	
+4 members	176	6.30	22	3.30		286	7.40	22	3.30	
Total	2807	100.00	675	100.00		3849	100.00	666	100.00	
Number of children under 18					.063					.054
0-2 Children	2620	93.30	618	91.60		3619	94.00	637	95.60	
At least 3 children	187	6.70	57	8.40		230	6.00	29	4.40	
Total	2807	100.00	675	100.00		3849	100.00	666	100.00	

Table 2b.the number, percent of income of insolvent women and men by reason of filling

	Woman (3482)				***Man (4515)***			
	Reason of filing				***Reason of filing***			
	Other reasons		Divorced/ Separated		Other reasons		Divorced/ Separated	
Source of income	N(2807)	Percent of receiving income	N(675)	Percent of receiving income	N(3849)	Percent of receiving income	N(666)	Percent of receiving income
Employment income	1611	57.39	481	71.26	2382	61.89	509	76.43
Pension annuities	505	17.99	52	7.70	573	14.89	40	6.01
Child support	170	6.06	131	19.41	27	0.70	10	1.50
Spousal Support	35	1.25	30	4.44	5	0.13	--	--
Employment Insurance benefits	177	6.31	44	6.52	255	6.63	54	8.11
Social Assistance	227	8.09	49	7.26	159	4.13	14	2.10
Self-employment income	119	4.24	44	6.52	310	8.05	38	5.71
Other income	859	30.60	282	41.78	475	12.34	61	9.16
Personal annual income	2627	93.59	657	97.33	3572	92.80	637	95.65
Household annual income	2729	97.22	663	98.22	3667	95.27	639	95.95

Table 2c-.Financial characteristics of insolvent woman and man by reason for filling

	Women					***Men***				
	Reasons on for filling				p-value	***Reasons on for filling***				p-value
Source of income	Other Reasons		Marital Breakdown			Other Reasons		Marital Breakdown		
	Mean (std.dv)	Median	Mean (std.dv)	Median		Mean (std.dv)	Median	Mean (std.dv)	Median	
Employment income	1816.3 (810.6)	1741.5	1951.4 (883.8)	1836.0	.002	2217.1 (999.4)	2089.7	2535.1 (974.7)	2367.6	.000
Pension annuities	1117.5 (712.0)	1030.2	922.6 (823.1)	577.3	.065	1287.2 (778.0)	1199.0	1170.5 (727.9)	1122.1	.356
Child support	428.2 (292.0)	325.0	469.1 (289.7)	400.0	.228	423.2 (224.3)	365.0	627.3 (537.9)	443.0	.271
Spousal Support	598.9 (492.0)	428.4	847.5 (862.3)	666.5	.151	300.0 (359.5)	214.0	438.8 (177.3)	438.8	.638
Employment Insurance benefits	1163.5 (435.6)	1154.0	1162.1 (466.8)	1264.3	.985	1371.5 (459.3)	1510.0	1398.6 (436.7)	1518.1	.692
Social Assistance	760.9 (371.0)	712.6	634.0 (255.0)	643.0	.023	775.9 (335.6)	700.0	629.7 (236.7)	592.4	.047
Self-employment income	1203.6 (878.4)	1044.8	1259.6 (920.6)	1249.4	.722	1814.2 (1134.6)	1658.4	2009.8 (2182.4)	1671.7	.377
Other income	619.1 (605.6)	433.0	594.2 (609.3)	420.5	.549	991.6 (957.8)	703.2	741.4 (744.9)	417.9	.019
Personal annual income	21202.4 (10347.0)	20061.0	25276.0 (11101.1)	23904.0	..000	25345.6 (12774.4)	23766.0	29207.6 (13536.4)	27583.9	.000
Household annual income	28703.7 (15794.3)	25200.0	27120.0 (12597.1)	24960.0	.006	30779.3 (16394.7)	27720.0	31356.4 (16548.7)	28586.9	.415

T-test were used for all calculation

Table 2d.The number, percent of debt type of insolvent woman and man by reason of filing

	Woman				***Man***			
	Reason of filing				***Reason of filing***			
	Other reasons		Divorced/ Separated		Other reasons		Divorced/ Separated	
Type of debt	N(2807)	Percent of had debt	N(675)	Percent of had debt	N(3849)	Percent of had debt	N(666)	Percent of had debt
Mortgage	578	20.59	172	25.48	912	23.69	173	25.98
Bank loans	1568	55.86	416	61.63	2249	58.43	449	67.42
Financial loans	1031	36.73	311	46.07	1652	42.92	333	50.00
Credit cards (bank or trust company)	2221	79.12	536	79.41	2908	75.55	492	73.87
Credit cards from others	1856	66.12	436	64.59	2268	58.92	379	56.91
Taxes	890	31.71	241	35.70	1642	42.66	308	46.25
Student Loans	417	14.86	94	13.93	332	8.63	28	4.20
Loans from individuals	71	2.53	28	4.15	127	3.30	28	4.20
Other loans	1662	59.21	474	70.22	2552	66.30	496	74.47
Payday loans	185	6.59	55	8.15	244	6.34	47	7.06
Total unsecured debt	2807	100.00	675	100.00	3849	100.00	666	100.00
Total secured debt	1143	40.72	336	49.78	1856	48.22	370	55.56

Table 2e-.Liabilities variables of insolvent woman and man by reason for filling

Type of debt	***Woman***					***Men***				
	Reasons for filling				P-Value	***Reason for filling***				P-Value
	Other Reasons		Marital Breakdown			Other Reasons		Marital Breakdown		
	Mean (std.dv)	Median	Mean (std.dv)	Median		Mean (std.dv)	Median	Mean (std.dv)	Median	
Mortgage	175602.50 (134534.6)	154566.1	148787.5 (105636.3)	129891.5	.013	177915.1 (127706.5)	155507.8	161480.7 (120429.6)	140009.0	.096
Bank loans	20806.9 (54876.3)	12395.0	24238.4 (46637.1)	15112.5	.001	25624.8 (52409.4)	14609.0	25937.1 (33662.4)	17659.9	.003
Financial loans	11745.4 (18984.9)	7313.9	11151.5 (14353.4)	8358.7	.386	12814.9 (18258.6)	8207.2	12647.9 (14251.7)	9403.6	.210
Credit cards (bank or trust company)	15449.3 (18304.9)	10000.0	13660.2 (14500.4)	8992.8	.103	18323.6 (22957.0)	11460.9	14954.4 (15865.4)	9702.3	.008
Credit cards from others	8464.7 (10591.9)	5015.2	7804.2 (10223.9)	5007.6	.092	9591.8 (12989.9)	5497.8	10280.0 (15236.3)	5423.4	.759
Taxes	13998.7 (90788.1)	1461.9	11781.7 (79494.9)	1307.8	.323	33633.0 (186495.7)	3624.0	11957.2 (27814.9)	1714.6	.000
Student Loans	14505.6 (15092.0)	10000.0	14255.0 (13676.6)	10224.2	.786	14887.1 (14572.9)	10448.4	12837.6 (19232.3)	6573.4	.174
Loans from individuals	12696.1 (17140.9)	6321.3	9022.7 (10005.2)	4807.5	.544	32656.6 (103702.6)	6269.1	26174.8 (38105.2)	13356.6	.345
Other loans	24855.9 (333740.9)	3699.0	12807.3 (31954.9)	3393.7	.806	27706.6 (256653.3)	4784.2	20688.9 (118671.3)	4844.8	.613
Payday loans	1529.9 (1563.2)	1039.6	1272.0 (962.8)	1025.0	.708	1606.6	1044.8	1670.9 (1386.6)	1188.0	.665
Total unsecured debt	51089.9 (306063.5)	31214.7	45117.4 (58324.8)	32575.0	.026	68935.5	37484.8	55896.5 (112602.3)	39969.5	.137
Total secured debt	99355.5 (124303.4)	28000.0	89034.6 (108737.8)	24425.0	.333	100058.8	33816.7	88656.0 (114262.4)	29307.8	.632

Mann-Whitney test used for all the comparison all values in 2010 dollars.

Third Objective

The third objective of this study was to determine whether sociodemographic characteristics, financial characteristics and liabilities differ by year of filing for insolvency for those who filed because of marital breakdown. First, I examined all people who filed due to marital breakdown in 2007 and compared them to all people who filed due to marital breakdown in 2010. Then I examined specifically women who filed due to marital breakdown in 2007 and compared them to women who filed due to marital breakdown in 2010.

Socio-demographic characteristics

Table (3a) reported the socio-demographic characteristics of insolvent individuals and groups by year of filing for insolvency, and for people who filed due to marital breakdown in both year and in the second part report is on socio-demographic characteristics of insolvent individuals by year of filing for insolvency for women who filed due to marital breakdown. Bivariate analysis and Chi Square tests were used. For some data I used Fisher Exact Test due to the small number of people.

Insolvent people due to marital breakdown differed significantly on the characteristics of main activity and age by year for filing. Full-time employment constituted the majority of people in both groups. A higher proportion of people who claimed insolvency in 2010 were part-time employed, self-employed and unemployed/laid off.

In both groups, the majority of insolvent people were aged between 30 and 44. Fewer insolvent people over the age of 54 and between 18-29 had filed for insolvency in both years.

Insolvent people in both groups did not differ significantly by region, household size, and number of children under the age of 18.

Insolvent women who filed for insolvency in 2007 differed significantly on characteristics of main activity from women who filed for insolvency in 2010. Most women in both groups worked full-time 76.4% in 2007 and 67.7% in 2010% .Whereas very few insolvent women were on maternity leave in either group, student, retired and pensioner, and long/short term disability. More women were employed part-time, self-employed and unemployed in 2010 as well.

Insolvent women in both groups did not differ significantly in region, age, and household size, household members under the age of 18.

Sources of income by year for insolvent individuals and women due to marital breakdown in 2007 and 2010

Table (3b) shows the proportion of each study group that received each type of income.

Differences in financial characteristics for both groups by year

Table (3c) reports the mean, median, and standard deviation of income from different sources for insolvent people due to marital break down and insolvent women due to marital breakdown in 2007 and 2010. T- tests were performed for all comparisons. Among insolvent people filing in 2007 the distribution of income (mean) of employment income, spousal support, other income, personal annual income, and household annual income are significantly different from the insolvent people filing in 2010.

In comparison, among insolvent women due to marital breakdown in 2007, employment income, social assistance, spousal support, personal annual income, and annual household income differ significantly with insolvent women due to marital breakdown in 2010.

Interestingly, the average income from spousal support is higher in both groups in 2007, spousal support is statically significant in the both groups and both years. Child support is not statically significant different in either group.

Type of debt by insolvent individuals and women due to marital breakdown by year of filing

Table (3d) shows the proportion of each study group by year that had each type of debt. It would be interesting to note the different kinds of debt people and women due to marital breakdown in 2007 had relative to the same group in 2010. According to bar shape more insolvent people due to marital breakdown seem to have more mortgage, bank loans, credit cards from bank and other sources debt, taxes, student loan, debt from individual and total secured debt in 2010 in both group. Women have less secured debt in 2007; however, mortgage debt was higher in 2010.

Differences in liabilities characteristics for both groups by year

I used Mann Whitney test to compare between the two groups of study, since the distribution of debt was highly skewed and t-test could not be performed. All debt comparisons shown in table 15, five types of debt differed significantly among the group of insolvent people due to marital breakdown in 2007 and 2010, which are mortgage, bank loan, credit cards (bank or trusted company), and total secured and unsecured debts. Similar to Duncan (2012) mortgage still accounts for the highest mean debt for both groups, which is $127,496.99 in 2007 and $172,081.84 in 2010. Interestingly mean mortgage debt for insolvent people due to marital breakdown constituted highest debt for both groups in both years.

Three types of debts were significantly different for insolvent women due to marital breakdown in both years; credit cards (issued by banks or trusted company), total unsecured, and secured debt. Mortgage debt constituted the highest amount of debt for this group in both years.

Table 3a.Socio-demographic characteristics of insolvent individuals and women due to marital breakdown by year

Characteristics	***People who filed due to marital breakdown***					***Women who filed due to marital breakdown***				
	2007		2010		p-value	2007		2010		p-value
	Count	Percent in year	Count	Percent in year		Count	Percent in year	Count	Percent in year	
Main Activity					.000					.036
Employed full time	552	80.60	455	69.40		253	76.40	233	67.70	
Employed part time	9	1.30	22	3.40		6	1.80	16	4.70	
Self employed	9	1.30	37	5.60		6	1.80	19	5.50	
Unemployed & laid off	68	9.90	86	13.10		33	10.00	45	13.10	
Retired & pensioner	10	1.50	13	2.00		--	--	5	1.50	
Maternity - paternity leave &home maker	10	1.50	7	1.10		10	3.00	6	1.70	
long/short time disability &illness &WCB	13	1.90	17	2.60		9	2.70	10	2.90	
Student	9	1.30	6	0.90		7	2.10	--*	--	
No /unknown answer	5	0.70	13	2.00		--	--	6	1.70	
Total	685	100.00	656	100.00		331	100.00	344	100.00	
Region					.618					.244
BC	61	8.90	72	11.00		37	11.20	47	13.70	
Prairie Province	89	13.00	81	12.40		40	12.10	40	11.70	
Ontario	277	40.50	250	38.20		149	45.20	127	37.00	
Quebec	191	27.90	179	27.40		70	21.20	89	25.90	
Atlantic Canada	66	9.60	72	11.00		34	10.30	40	11.70	
Total	684	100.00	654	100.00		330	100.00	343	100.00	
Age Group					.038					.415

18-29	85	12.40	76	11.60		53	16.00	43	12.50	
30-44	387	56.50	330	50.30		177	53.50	179	52.00	
45-54	159	23.20	176	26.80		72	21.80	85	24.70	
+54	54	7.90	74	11.30		29	8.80	37	10.80	
Total	685	100.00	656	100.00		331	100.00	344	100.00	
Household size					.132					.303
1-2 members	517	75.50	475	72.40		220	66.50	225	65.40	
3-4 members	142	20.70	163	24.80		97	29.30	111	32.30	
+4 members	26	3.80	18	2.70		14	4.20	8	2.30	
Total	685	100.00	656	100.00		331	100.00	344	100.00	
Number of children under 18					.657					.410
0-2 Children	639	93.3.0	616	93.90		300	90.60	318	92.40	
At least 3 children	46	6.70	40	6.10		31	9.40	26	7.60	
Total	685	100.00	656	100.00		331	100.00	344	100.00	
Sex					.140					
Woman	331	48.30	344	52.40		331	48.30	344	52.40	----
Man	354	51.70	312	47.60		--	--	---	---	
Total	685	100.00	656	100.00		331	100.00	344	100.00	

Fisher's Exact Test*Data was less than 5, there were not counted

Table 3b.the number, percent of income and p-value of insolvent individuals and women due to marital breakdown by year

Source of income	***People who filed due to marital breakdown***					***Women who filed due to marital breakdown***				
	2007		2010		p-value	2007		2010		p-value
	N(685)	Percent of receiving income	N(659)	Percent of receiving income		N(331)	Percent of receiving income	N(344)	Percent of receiving income	
Employment income	527	76.93	463	70.26	.000	246	74.32	235	68.31	.000
Pension annuities	41	5.99	51	7.74	.298	26	7.85	26	7.56	.050
Child support	74	10.80	67	10.17	.732	65	19.64	66	19.19	.565
Spousal Support	16	2.34	16	2.43	.067	14	4.23	16	4.65	.043
Employment Insurance benefits	39	5.69	59	8.95	.121	20	6.04	24	6.98	.187
Social Assistance	34	4.96	29	4.40	.321	25	7.55	24	6.98	.327
Self-employment income	41	5.99	41	6.22	.428	18	5.44	26	7.56	.445
Other income	170	24.82	173	26.25	.049	138	41.69	144	41.86	.556
Personal annual income	657	95.91	637	96.66	.007	320	96.68	337	97.97	.023
Household annual income	660	96.35	642	97.42	.010	323	97.58	340	98.84	.042

Table 3c.Financial characteristics of insolvent individuals and women due to marital breakdown by year of filing

Source of income	***People who filed due to marital breakdown***						***Women who filed due to marital breakdown***					
	2007			2010			2007			2010		
	Mean	Std. Dev	Median	Mean	Std. Dev	Median	Mean	Std. Dev	Median	Mean	Std. Dev	Median
Employment income	2133.23	891.71	2037.44	2386.13	1048.37	2275.00	1820.43	833.64	1706.23	2088.50	915.26	2000.00
Pension annuities	922.22	724.88	629.64	1117.34	826.57	975.00	693.34	623.19	491.08	1151.90	940.45	890.00
Child support	496.00	335.16	417.94	463.09	288.87	400.00	484.23	298.81	417.94	454.30	281.92	400.00
Spousal Support	1031.46	1027.93	715.72	612.44	557.03	450.00	1116.12	1074.72	870.35	612.44	557.03	450.00
Employment Insurance benefits	1231.45	531.02	1274.71	1332.69	412.75	1464.66	1068.77	489.86	1116.41	1239.86	441.98	1367.50
Social Assistance	639.44	219.27	657.73	625.64	284.10	585.00	648.51	235.55	708.40	618.98	278.10	588.50
Self-employment income	1455.86	1181.54	1358.30	1758.71	2039.77	1485.00	1215.58	1127.29	1097.09	1290.15	768.94	1322.50
Other income	553.09	622.22	389.20	686.51	645.76	477.00	575.78	655.76	417.94	611.86	562.83	425.50
Personal annual income	26277.84	11166.30	24800.39	28174.32	13702.91	26508.00	24445.46	10566.35	22662.65	26064.72	11546.54	24744.84

Household annual income	28093.82	12962.97	26267.79	30335.55	16439.78	27852.00	26310.48	12086.74	23919.72	27889.13	13034.78	26271.84

Table 3d.The number, percent of debt and p-value of insolvent individuals and women due to marital breakdown by year

Type of debt	***People who filed due to marital breakdown***					***Women who filed due to marital breakdown***				
	2007		2010		P-Value	2007		2010		P-Value
	Count	Percent of debt	Count	Percent of debt		Count	Percent of debt	Count	Percent of debt	
Mortgage	131	19.12	214	32.47	.002	62	18.73	110	31.98	.187
Bank loans	428	62.48	437	66.31	.023	198	59.82	218	63.37	.117
Financial loans	356	51.97	288	43.70	.511	168	50.76	143	41.57	.371
Credit cards (bank or trust company)	508	74.16	520	78.91	.000	258	77.95	278	80.81	.015
Credit cards for others	409	59.71	406	61.61	.190	217	65.56	219	63.66	.392
Taxes	271	39.56	278	42.19	.271	108	32.63	133	38.66	.073
Student Loans	60	8.76	62	9.41	.641	43	12.99	51	14.83	.349
Loans from individuals	26	3.80	30	4.55	.588	12	3.63	16	4.65	.767
Other loans	509	74.31	461	69.95	.826	236	71.30	238	69.19	.548
Payday loans	66	9.64	36	5.46	.284	38	11.48	17	4.94	.267
Total unsecured debt	685	100.00	656	99.54	.000	331	100.00	344	100.00	.002
Total secured debt	331	48.32	375	56.90	.000	147	44.41	189	54.94	.011

Mann-Whitney Test used for all comparison

Table 3e .Liabilities variables of insolvent individuals and women due to marital breakdown by year of filing

	People who filed due to marital breakdown						***Women who filed due to marital breakdown***					
Type of debt	2007			2010			2007			2010		
	Mean	Std. Deviation	Median	Mean	Std. Deviation	Median	Mean	Std. Deviation	Median	Mean	Std. Deviation	Median
Mortgage	127496.99	80445.24	116906.44	172081.84	126599.46	145000.00	130537.42	77017.64	121724.22	159073.95	117858.11	135693.18
Bank loans	21338.79	24548.83	15388.10	28823.62	51166.91	17600.00	19596.89	21129.05	14382.79	28454.03	60965.61	16483.25
Financial loans	11963.82	13454.95	8515.47	11877.68	15507.64	8324.75	9785.54	9050.59	8244.33	12756.35	18976.37	8500.00
Credit cards (bank or trust company)	12890.30	15310.82	8176.59	15636.87	14932.03	10882.00	12170.68	14101.88	8016.57	15042.55	14751.65	10139.73
Credit cards for others	8928.61	14390.82	5015.25	8982.64	11107.56	5231.00	7699.30	10372.39	4701.79	7908.09	10097.25	5046.00
Taxes	12243.32	75276.14	1668.61	11526.11	28228.56	1415.50	17679.44	117097.29	1567.26	6992.54	17247.22	1051.00
Student Loans	11680.45	10062.99	9024.31	16106.40	18489.60	9731.30	11908.42	10621.29	10448.43	16233.49	15633.93	10000.00
Loans from individuals	21631.27	33739.42	9926.01	14103.91	24052.89	5325.00	8201.00	8230.07	5328.70	9639.06	11382.89	4557.50
Other loans	19690.52	118274.03	4255.13	13687.39	27743.42	3872.00	14348.53	39621.70	3729.57	11279.00	21830.62	3028.87
Payday loans	1422.45	1232.62	959.17	1516.89	1115.73	1257.99	1249.96	1062.62	948.20	1321.16	716.77	1175.00

Total unsecured debt	49405.13	118525.24	32808.07	51583.51	41954.06	40010.00	43226.35	73568.70	30283.05	46936.97	38347.78	37347.67
Total secured debt	63549.74	83329.93	18985.84	111155.77	127593.16	67004.78	68207.11	85515.06	16717.49	105233.84	121602.23	65001.00

Forth Objective

The fourth research objective was to determine whether debt-to-income ratio, the reasons for insolvency and sex are associated with filing for bankruptcy versus consumer proposal.

Logistic regression

The bivariate analyses of people who filed for insolvency showed some significant differences in the types of incomes and debts held by women and men, and by people who filed because of marital breakdown and those who filed for other reasons. However, although these differences were statistically significant, they were not likely to have influenced the decision about whether to seek a consumer proposal as opposed to bankruptcy. One would expect this decision to be driven primarily for financial reasons, with those in the financial difficulty seeking bankruptcy while those with greater capacity to manage their debt load seeking consumer proposals. Therefore, the primary independent variable that we used was the debt-to-income ratio. A consumer proposal should be preferred by an applicant because it imposes fewer restrictions on their life after insolvency. We expected that a higher debt-to-income ratio will be associated with bankruptcy, while a lower debt to income ratio will be associated with consumer proposal

The second model adds reason for filing to the equation. If this is significant, then I can conclude that those who file for insolvency because of marital breakdown are either receiving different financial advice or bring different knowledge to the decision.

The third model adds sex as an independent variable. If the decision is driven primarily by financial variables, then sex should not be a significant predictor of insolvency behaviour. If, however, sex is significant then sex is somehow influencing the decision, either through the advice the insolvent receives or the knowledge he or she brings to the decision.

In order to answer this question, I used multivariate analysis and ran a logistic regression to identify whether these three variables are associated with the type of insolvency. Because the two outcomes of interest were binary variables, I used multivariate analysis and ran a logistic regression to identify whether these three variables are associated with the type of insolvency. This method was used to determine the variables that were significantly associated with the probability of the outcome. Odds ratio (output) provided a measure of association that indicates how strongly absent or present of a factor can be associated with the outcome. Odds ratio of 1 indicates there is no association between the two variables. An odds ratio less than 1 indicates that the presence of a factor decreasing the likelihood of an occurrence of the outcome and odds ratio of higher than 1 indicates that the presence of a factor increasing the likelihood of occurring the outcome. In this study 95% confidence intervals (CIs) was reported to determine the significant factors. The results at the 0.05 level was considered to be statistically significant.

The dependent (outcome) variable was consumer proposal vs bankruptcy; bankruptcy was coded 1 and consumer proposal was coded 0.

All models were estimated using the logistic regression (SPSS version 26)

Model 1

Model 1 had one independent variable—the debt-to-income ratio, which was calculated by dividing the total amount of liabilities (debt) by Household Annual Income. When the individual's debt-to-income ratio was greater than the median, it was coded 1 and when the individual's debt-to-income ratio was less than the median, it was coded 0.

Model 2

Adding to model 1, the reasons for insolvency, based on coding other reasons =1, divorced =0.

Model 3

Then sex was added to the model 2 by coding women = 0 and man =1.

I ran logistic regression for the last time and the three models are displayed in table 16.

Results

The debt-to-income ratio was not significantly associated with a greater odd of reporting bankruptcy vs. consumer proposal. However, according to the model 2, those who are in trouble because of marital breakdown are more likely to declare bankruptcy (as opposed to consumer proposal) than those who file for other reasons. In fact, among those with marital breakdown the odds for filling bankruptcy was 1.368(1/.731) times larger than those with the other reason of insolvency.

Based on model 3, for insolvent women the odds for filling bankruptcy are 1.28(1/.785) times larger than the odds for men who file bankruptcy. Moreover, women are more likely than men to choose bankruptcy. (Model 1: [OR = .975; 95% CI = 877-1.084.; p = .000], Model 2: [OR = .731; 95% CI =.630-.848; p = .000], and Model 3: [OR = .785; 95% CI = .704-.875; p = .000] respectively).

Logistic Regression

Predictor variables	Model 1			Model 2			Model 3		
	Odds Ratio	P-Value	95% CI. for odds Ratio	Odds Ratio	P-Value	95% CI. for odds Ratio	Odds Ratio	P-Value	95% CI. for odds Ratio
Constant	3.202	.000		4.160	.000		4.683	.000	
Debt to Income Ratio(1)	.975	.634	.877-1.084	.978	.676	.879-1.087	.989	.835	.889-1.100
Reason of insolvency(1)				.731	.000	.630-.848	.745	.000	.641-.865
Sex Woman (1)							.785	.000	.704-.875

***p<0.01, **p<0.001.**

CHAPTER VI: DISCUSSION AND CONSLUSION

Researchers have suggested that there is a relationship between divorce and insolvency; however, some found no conclusive evidence that there is a significant relationship between divorce and insolvency (Crompton, 2011; Dew & Stewart, 2012; Fisher & Lyons, 2006). Current Canadian studies focused more on socio- demographics of insolvent individuals rather than correlation between marital breakdown and insolvency (Del Boca & Rocia, 2001; Duncan & Hoffman, 1985, 1988; Fisher & Lyons, 2005; Hoffman & Duncan, 1995; Lyons, 2003; Page & Stevens, 2004; Smock, 1993; Zagorsky, 2005).

Some research suggests that there is a positive correlation between marital problems and financial difficulties (Del Boca & Rocia, 2001; Duncan & Hoffman, 1985, 1988; Fisher & Lyons, 2005; Hoffman & Duncan, 1995; Lyons, 2003; Page & Stevens, 2004; Smock, 1993; Zagorsky, 2005) and those who are unable to fulfil their obligations to loan or credit repayment either due to lack of financial knowledge or financial mismanagement may end up filing for insolvency.

This paper is the first to look at marital breakdown in Canada and its relationship to insolvency, taking into account socio-demographic factors and the liabilities and financial characteristics of debtors. This study was also the first to explore whether sex, the debt-to-income ratio, and marital breakdown are associated with the choice to file for bankruptcy rather than a consumer proposal. By contrast, with previous studies that have focused on insolvency and divorce, this study focused on socio demographic characteristics, income, and liabilities of those who filed for insolvency in 2007 and 2010.

Several findings emerged. First, we found that socio-demographic factors play a role for those filing for insolvency (Brighton & Connidis, 1982; Duncan et al., 2011; Hoyas & Micholas, 2011). Those most likely to file for insolvency for any reason were aged 30-44. These findings are consistent with the report published by Statistics Canada, family units with the age of their major income earner between 35-44 had the highest debt load and senior family units (aged 65 or older) had the lowest debt loads in both 1999 and 2012. Mortgage debt was the highest form of debt for all groups, which is not surprising since the largest asset for Canadian families was typically their principal residence (Chawla & Uppal, 2014).

Those who filed because of marital breakdown were younger, on average, than those who filed for other reasons, more likely to be employed full or part-time and more likely to have dependent children in the home. Contrary to some previous research, insolvent individuals due to marital breakdown had higher rates of employment income and full-time employment (Fisher & Lyons, 2006). Proportionally there were more full-time employed individuals, fewer laid off and unemployed, retired, homemakers, and students in the group of insolvent due to marital breakdown. This may be partly due to the age demographic. People under age 29 and over the age of 54 were more likely to file for reasons other than marital breakdown, and were also more likely to be out of the labour force than those between 30 and 54. Individuals who listed marital breakdown as a cause of filing for insolvent, were mostly in the 30 -54 age bracket (75.5%).

Proportionally more people received employment income, child support, spousal support, employment income benefit, other income, and more personal and household annual income among those who filed because of marital breakdown than among those who filed for other reasons. This group also had higher incomes than those who filed for other reasons. They also had less debt of almost all kinds with the exception of bank loans compared to the other group.

People who become insolvent because of marital breakdown may need more financial education and training in order to make improved financial decisions. Since they are younger overall, more likely to be employed and have dependent children in the home, they may also face particular barriers to accessing financial advice. The fact that their incomes tend to be higher and their debts lower than those who file for other reasons also suggests that they may be more financially resilient, and more able to build stronger financial resources after the insolvency than those who file for other reasons. In any case, advice targeted towards their needs may be a good investment.

Role theory was discussed in this study, and it is believed that roles have significant influence on persons 'behaviours, beliefs, and attitudes' (Hindin, 2007). In this study, individuals with different financial roles have different perspective in terms of how sex could play a role in financial management. Although roles of men and women in terms of employment and financial responsibilities have become more similar in recent year (Sayer, L. C. 2006), we found that there are still more employed men than employed women.

Proportionally more women filed for insolvency due to marital breakdown than men did. Women were more likely to receive child support, spousal support, more likely to have other income, and more likely to receive social assistance than men. Women are less likely to be employed. Women had fewer bank loans and taxes, more credit card loans and student loans. This is interesting because credit cards and payday loans are especially bad debts due to their higher interest rate. Women are less likely to have secured debt than men are. Secured debt (such as line of credit against mortgage) is usually lower in interest rate. These findings are consistent with research which suggests that women are more affected by financial stresses than men (Woodland, 2012). Additional research has also suggested that women have more credit cards, carry more debt and engage in riskier credit card behaviours in the United Stated (Danes &Hira, 1987; Davies & Lea, 1995; Hayhoe et al., 1999Lyon, 2004). It is impossible to know from this study whether credit card use among women was higher because of financial illiteracy and mismanagement as some have suggested (Del Boca & Rocia, 2001) or because they cannot access bank loans. This is an important point to follow up in future research because it could have an impact on the kind of financial literacy material that should be developed.

The third objective for this research was to determine whether socio-demographic characteristics, financial characteristics and liabilities differ by year of filing for insolvency for those who filed because of marital breakdown. Data shows 685 insolvent individuals filed due to marital breakdown in 2007 compared with 656 files in 2010. One might think that due to recession more individuals must have filed for insolvency due to marital breakdown in 2010, however, it is not realistic to conclude recession has not effected the number of insolvency files in 2010 compared to 2007, since, the data for this study was chosen randomly by the OSB. Results show that employment rate decreased for all groups between 2007 and 2010, and total debts increased even after adjusting for inflation. Interestingly all group had more secured debt in 2010.

Next we compared factors associated with risk of filing for bankruptcy versus consumer proposal. Most people might expect that the choice someone in financial difficulty makes between filing a consumer proposal and filing for bankruptcy might be due to financial factors. However, our analyses did not confirm this. The debt-to-income ratio did not have any significant effect on the choice. Moreover, interest rates were low throughout the period under consideration, so that debt servicing charges were not influencing the choice either. This is an important finding because a consumer proposal has fewer restrictions and implications for financial decision-making going forward. Therefore, one would expect that anyone who qualified would choose a consumer proposal and that bankruptcy would be a matter of last resort. This strongly suggests that there is a role for better advice for all insolvents from financial advisors.

When reasons for insolvency were added to the model, marital breakdown was significantly associated with a preference for bankruptcy versus consumer proposal. Since those filing because of marital breakdown were in relatively better financial circumstances than those filing for other reasons, this result is counterintuitive. It strongly suggests that the financial advice received by those facing insolvency is lacking.

Finally when sex was added to the model, it showed more women would likely declare for bankruptcy versus consumer proposal. Since we controlled for financial circumstances, there is no good reason for sex to be associated with the choice of how to deal with insolvency. These findings imply a need for better financial advice so that women do not make an unnecessary choice of bankruptcy which has harsher penalties and exposes them to risk of losing most of their assets.

One limitation of this research is that we do not know why people make what seemed to be disadvantageous choices. This may be due to lack of counselling or inaccurate education on wealth management, or it could be that people who are separating or divorcing are just looking for finality. No matter how negative the consequences, bankruptcy offers a sense of closure. Even though it looks more advantageous to choose credit proposal, there might be a tendency for those who are divorcing to “just end everything”—to start a with a clean slate. Whatever their reasoning, the decision to seek bankruptcy rather than consumer proposal may contain the ability of applicants to recover from the financial consequences of marital breakdown. Credit counsellor should make these consequences clear.

All people are in need of counselling and access to information regarding financial wellbeing when going through a divorce. As such, it is recommended that through the divorce process, men and women are encouraged and provided direct access to those who can offer wealth and debt counselling and offer the necessary strategies and advice as how best to deal with the upcoming challenges. Since the present study is based on the OSB cross-sectional data, it was not possible to determine causal association between family breakdown and insolvency.

Significance of the Study

Several stakeholder groups can benefit from the findings of this particular study. Financial counseling and credit counsellors who normally work at financial institutes such as banks and credit unions can help these particular individuals by educating them about financial problem solving skills, immediate and long-term financial goals, budget planning, record keeping, and debt management. To the extent that the knowledge and needs of those who file for insolvency because of marital breakdown differ from the knowledge and needs of the larger insolvent population, financial advisors would be well advised to develop strategies suited specifically to this group. Similarly, if the socio-demographic and financial characteristics of women differ from those of men, specific strategies may be required to best meet the needs of women such as better access to financial counselling and sound financial management practice.

By promoting collaborative divorce in Canada, families who are going though marital breakdown would have better access to different professionals prior too facing divorce. They would be benefiting from consulting with different professionals such as financial counselors, family therapists, child psychologists, and trained mediators.

Study limitations

Like most research, this study has some limitations. First, a random sample of 8,000 insolvent consumers was drawn by OSB in 2007 and 2010; since this random sample was collected just from Canada provinces and territories were excluded, it does not represent the entire population who had filed for insolvency in 2007 and 2010 and Canadian territories were not part of the sample. Also, every individual in this set of data have already claimed insolvency and this limits the ability to compare the profile of insolvent individuals with individuals who had not filed for insolvency with the same financial and socio-demographic characteristics. Second, this is a cross-sectional data set and this cannot help us to understand the cause and effect of bankruptcy and consumer proposal challenges over a period of time. Third, Consumer Insolvency Act was changed in 2009 (increasing the total amount of debt from $80,000 to $250,000 in order to be able to claim a consumer proposal) which could affect the number of people who filed for consumer proposal instead of bankruptcy in 2010 data set. There was a limitation in available variables in both years, if there was additional funding I would like to collect more data on socio-demographic variables such as immigrant status, ethnicity and liability variable such as legal fees during family breakdown, and financial variables such extra saving before claiming insolvency, and assets to better understand the challenges of disadvantages of our population.

Knowledge Translation, Dissemination, and Target Population

In order to practice better financial management, some people seek help from financial counselors who can help with debt management by encouraging responsible financial behaviors and strengthening financial planning skills (Molina, 2011). Individuals who are experiencing financial difficulties and going through or have already gone through marital breakdown (especially women) may receive substantial benefit from financial and credit counselling. Understanding the impact of financial and socio-demographic characteristics on divorced women can assist financial planners and financial counsellor to provide coordinated prevention, education, and financial management supports for these individuals and their families to improve the quality of their lives. Since women are less likely to file for consumer proposal, all other things equal, they would then require more financial literacy training to learn about different options of debt management. Women should be encouraged to file for consumer proposal rather than bankruptcy. The fact that they are not filing for consumer proposal suggests that the financial material available to them is not well written or well targeted. They might require different sorts of information than larger pool of insolvents, including information that emphasizes on the benefits of consumer proposal and explains the risk of various types of debt better.

Ethics

The study was approved by the Health Research Ethics Board (HREB) of the University of Manitoba, and the Office of Superintendent of Bankruptcy.

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APPENDIX

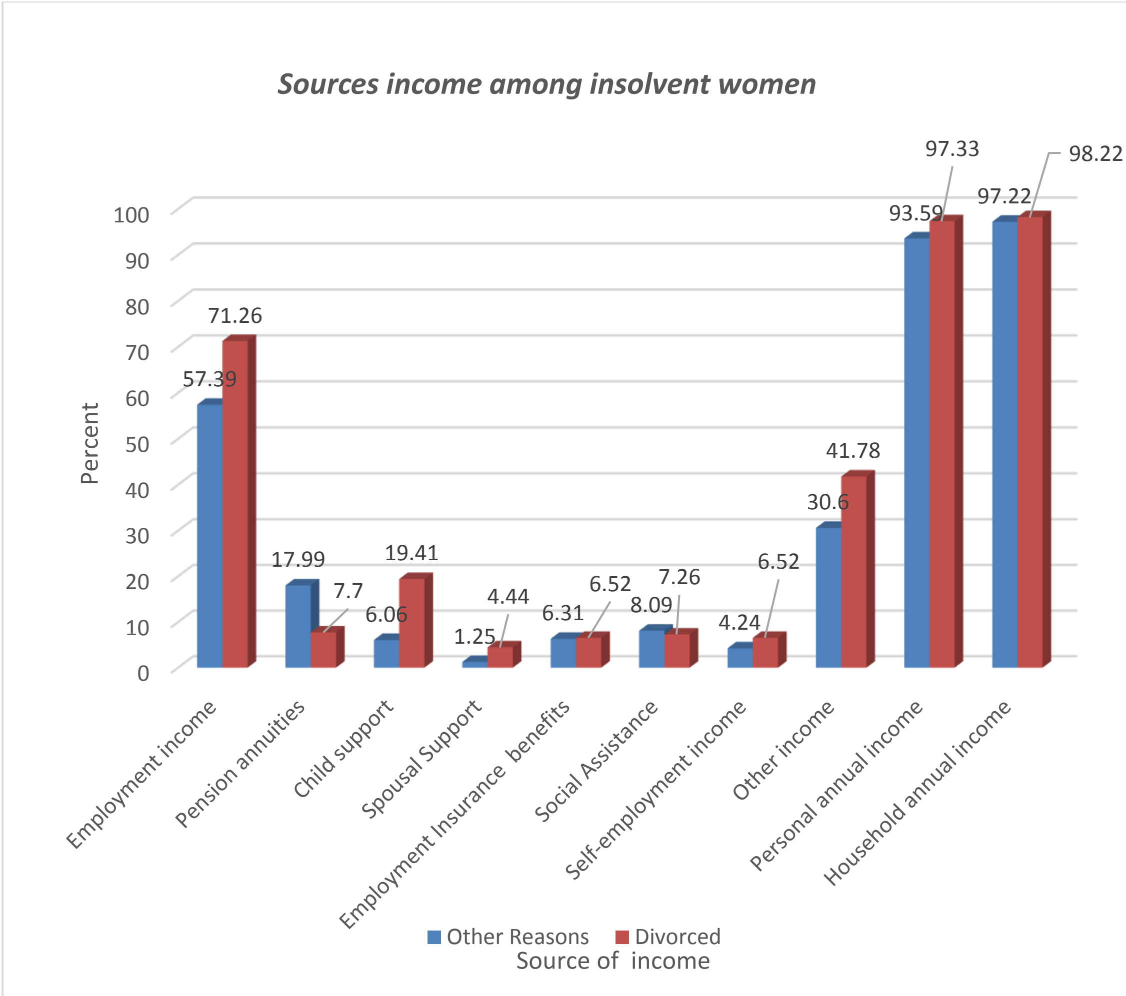
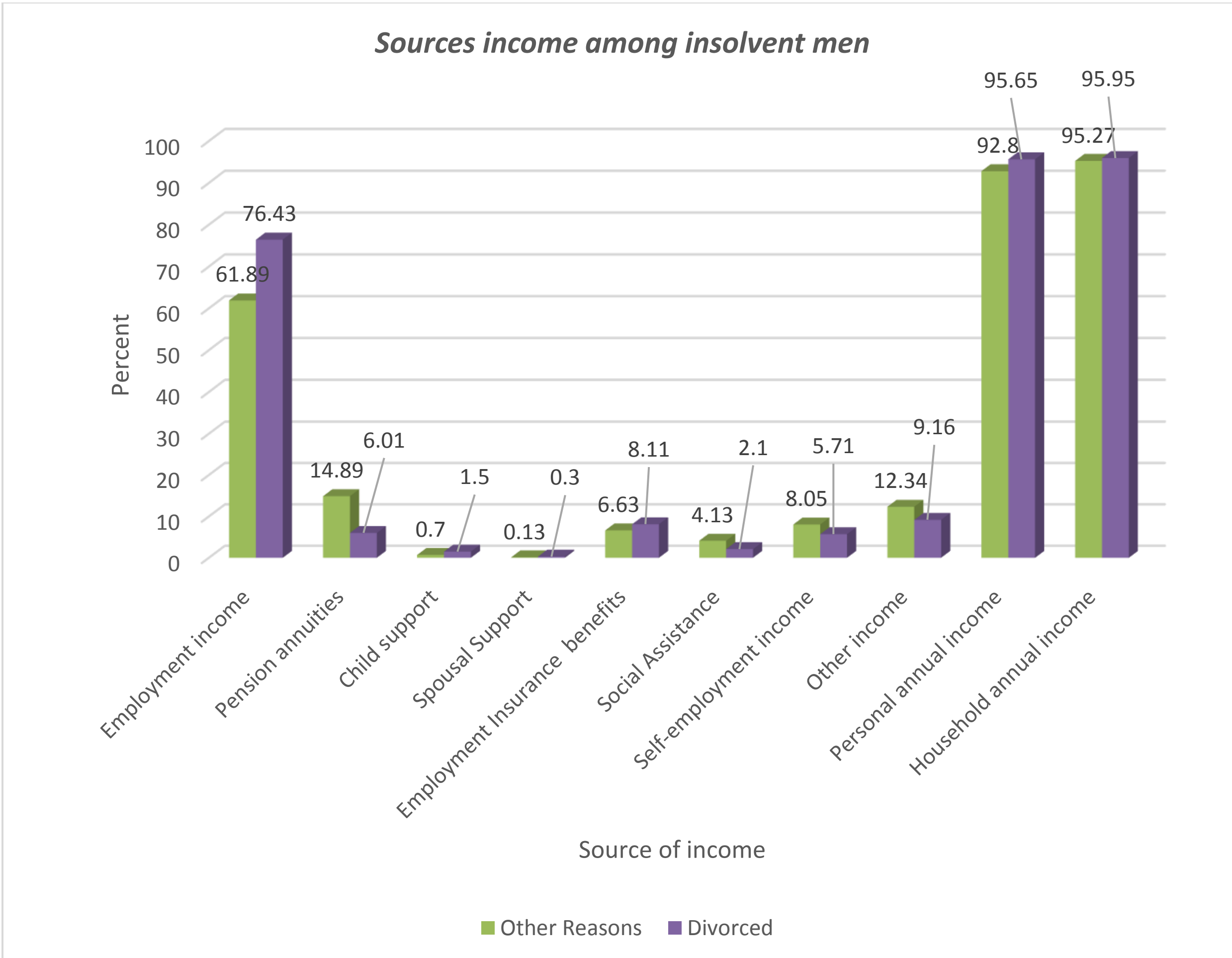

Sources income among insolvent women
Percent
100
90
80
70
60
50
40
30
20
10
0
57.39
71.26
17.99
7.7
6.06
19.41
1.25
4.44
6.31
6.52
8.09
7.26
4.24
6.52
30.6
41.78
93.59
97.33
97.22
98.22
Employment income
Pension annuities
Child support
Spousal Support
Employment Insurance benefits
Social Assistance
Self-employment income
Other income
Personal annual income
Household annual income
Other Reasons
Divorced
Source of income

Figure 1



Sources income among insolvent men
Percent
100
90
80
70
60
50
40
30
20
10
0
61.89
76.43
14.89
6.01
0.7
1.5
0.13
0.3
6.63
8.11
4.13
2.1
8.05
5.71
12.34
9.16
92.8
95.65
95.27
95.95
Employment income
Pension annuities
Child support
Spousal Support
Employment Insurance benefits
Social Assistance
Self-employment income
Other income
Personal annual income
Household annual income
Source of income
Other Reasons
Divorced

Figure 2

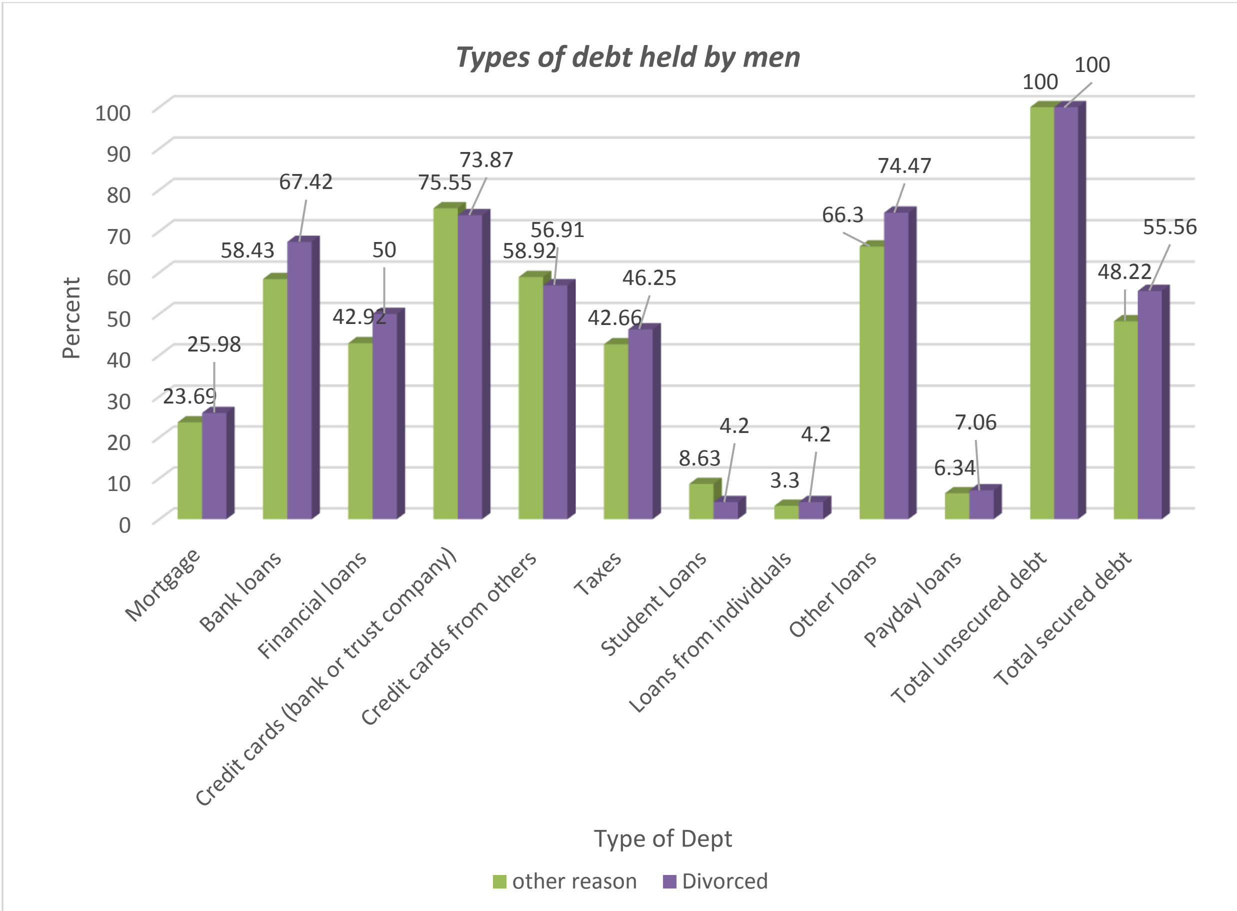
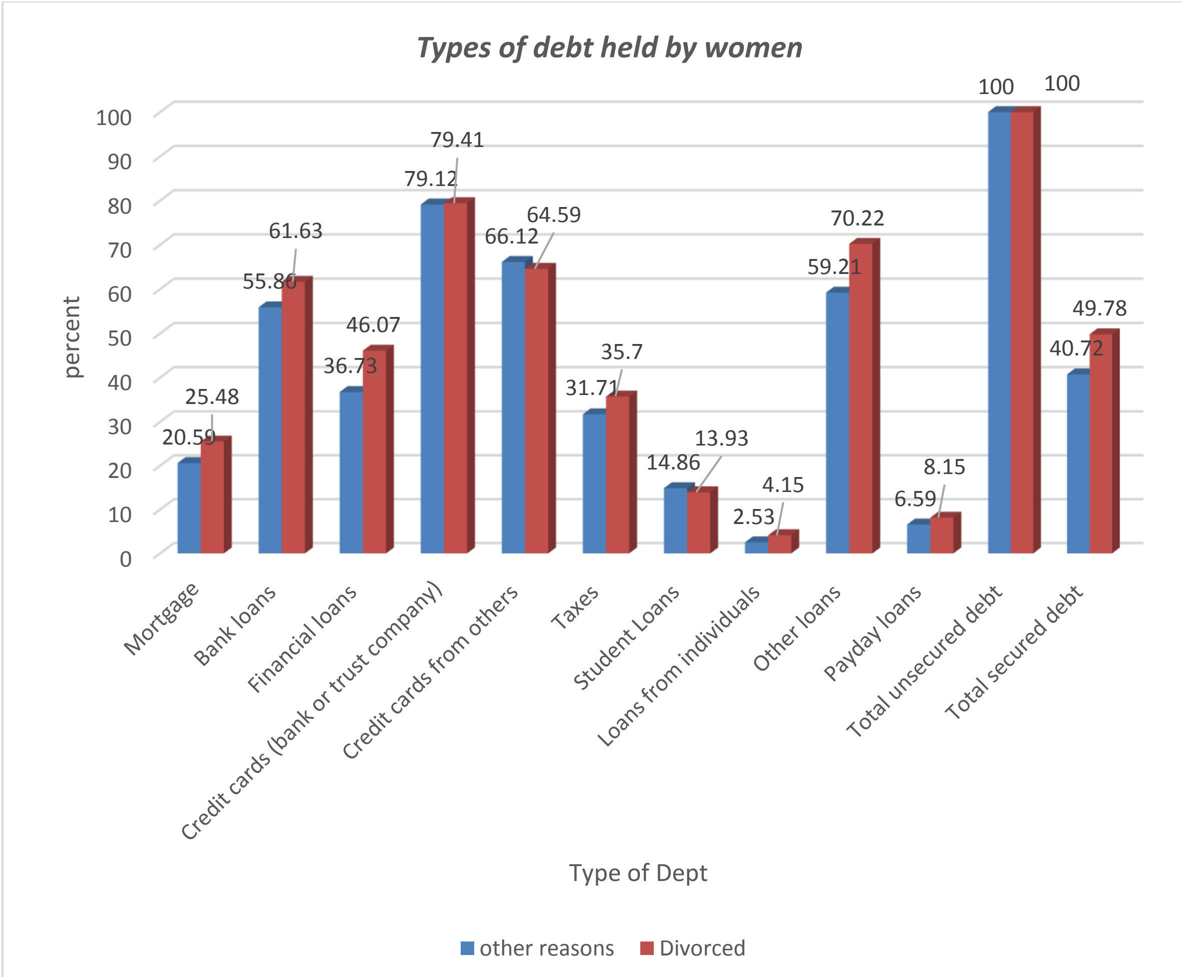

Types of debt held by men
Percent
100
90
80
70
60
50
40
30
20
10
0
23.69
25.98
58.43
67.42
42.92
50
75.55
73.87
58.92
56.91
42.66
46.25
8.63
4.2
3.3
4.2
66.3
74.47
6.34
7.06
100
100
48.22
55.56
Mortgage
Bank loans
Financial loans
Credit cards (bank or trust company)
Credit cards from others
Taxes
Student Loans
Loans from individuals
Other loans
Payday loans
Total unsecured debt
Total secured debt
Type of Dept
other reason
Divorced

Figure 3



Types of debt held by women
100
90
80
70
60
50
40
30
20
10
0
percent
20.59
25.48
55.80
61.63
36.73
46.07
79.12
79.41
66.12
64.59
31.71
35.7
14.86
13.93
2.53
4.15
59.21
70.22
6.59
8.15
100
100
40.72
49.78
Mortgage
Bank loans
Financial loans
Credit cards (bank or trust company)
Credit cards from others
Taxes
Student Loans
Loans from individuals
Other loans
Payday loans
Total unsecured debt
Total secured debt
Type of Dept
other reasons
Divorced

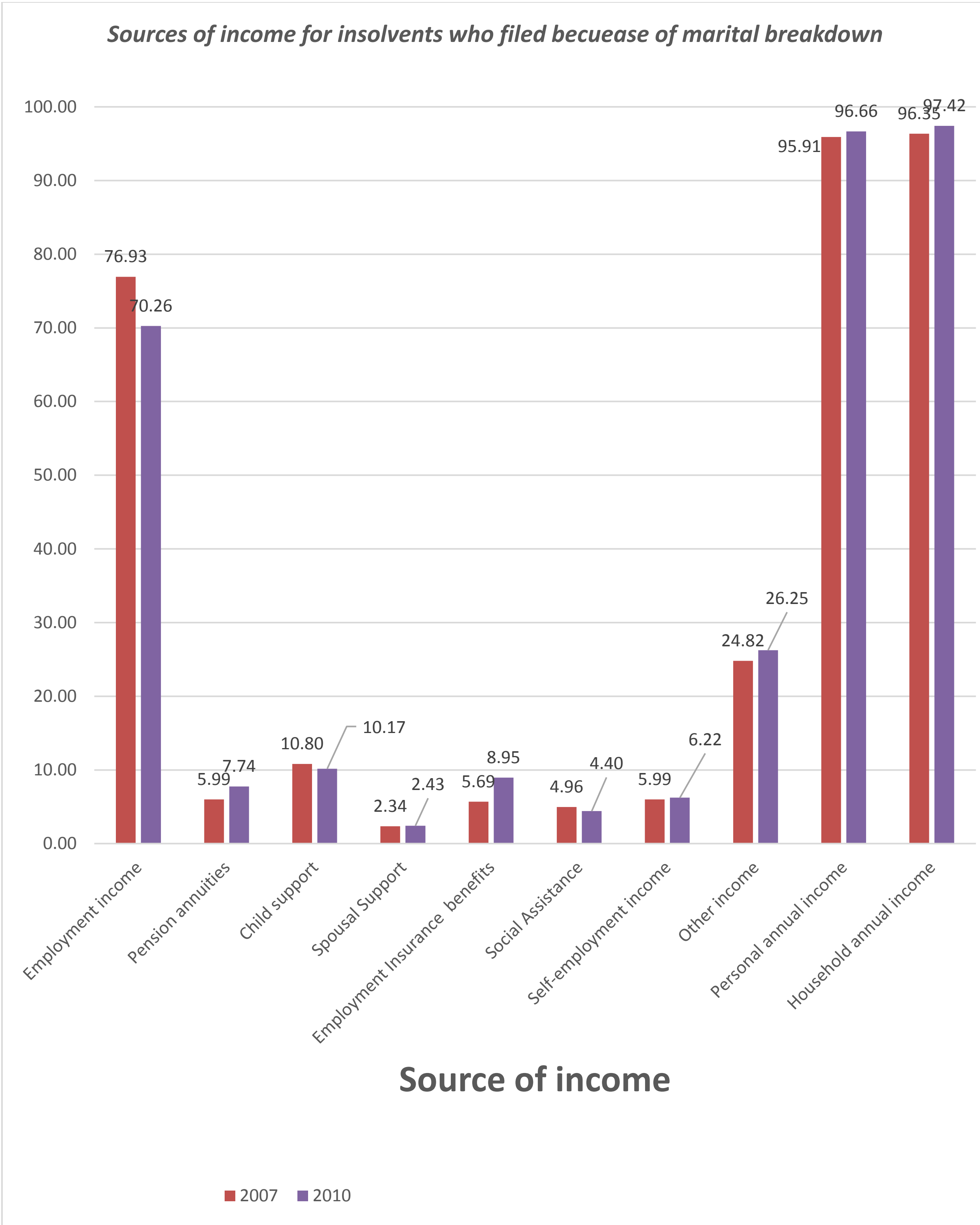
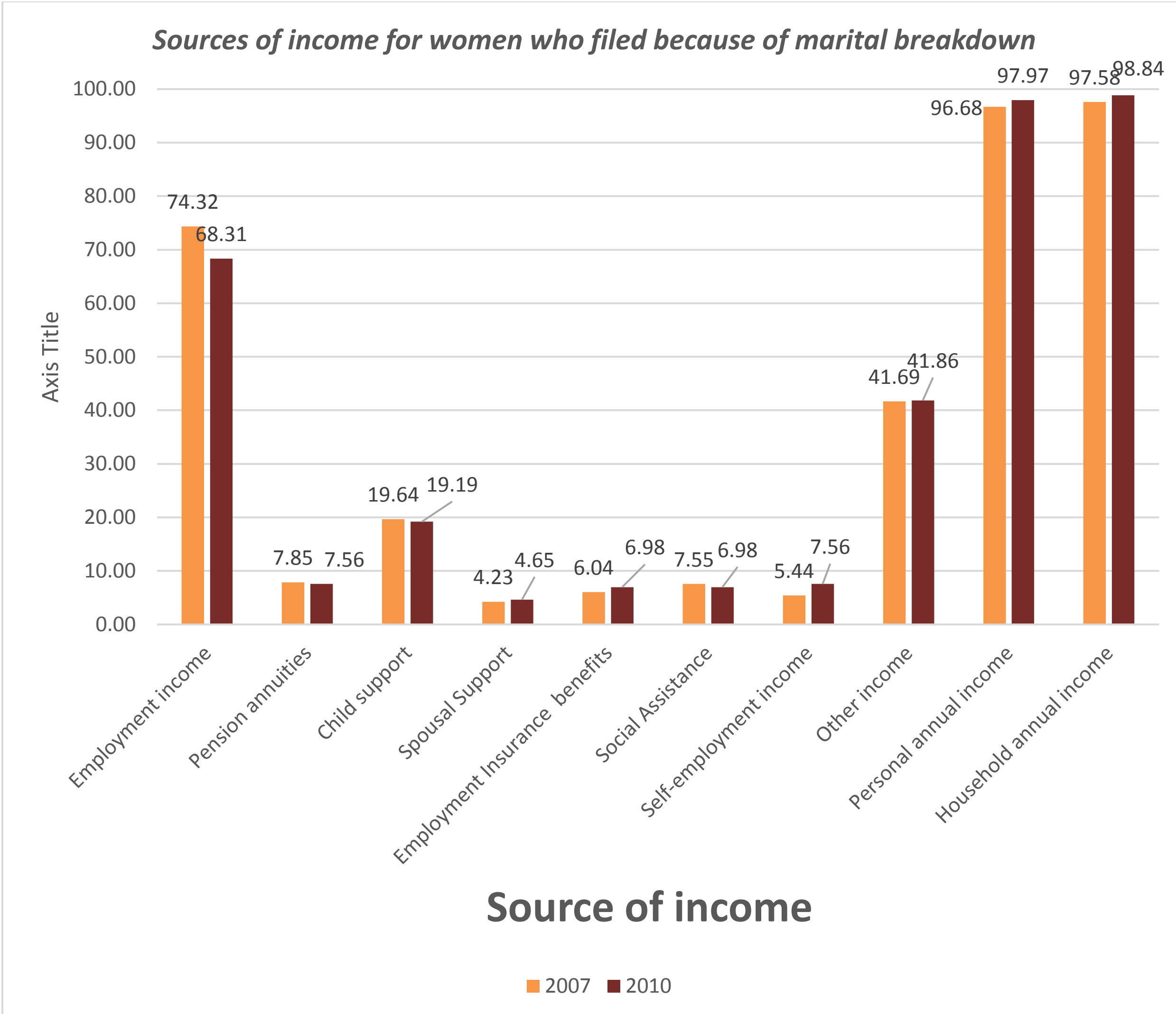

Sources of income for insolvents who filed becuease of marital breakdown
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
76.93
70.26
5.99
7.74
10.80
10.17
2.34
2.43
5.69
8.95
4.96
4.40
5.99
6.22
24.82
26.25
95.91
96.66
96.35
97.42
Employment income
Pension annuities
Child support
Spousal Support
Employment Insurance benefits
Social Assistance
Self-employment income
Other income
Personal annual income
Household annual income
Source of income
2007
2010

Figure 5



Sources of income for women who filed because of marital breakdown
Axis Title
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
74.32
68.31
7.85
7.56
19.64
19.19
4.23
4.65
6.04
6.98
7.55
6.98
5.44
7.56
41.69
41.86
96.68
97.97
97.58
98.84
Employment income
Pension annuities
Child support
Spousal Support
Employment Insurance benefits
Social Assistance
Self-employment income
Other income
Personal annual income
Household annual income
Source of income
2007
2010

Figure 6

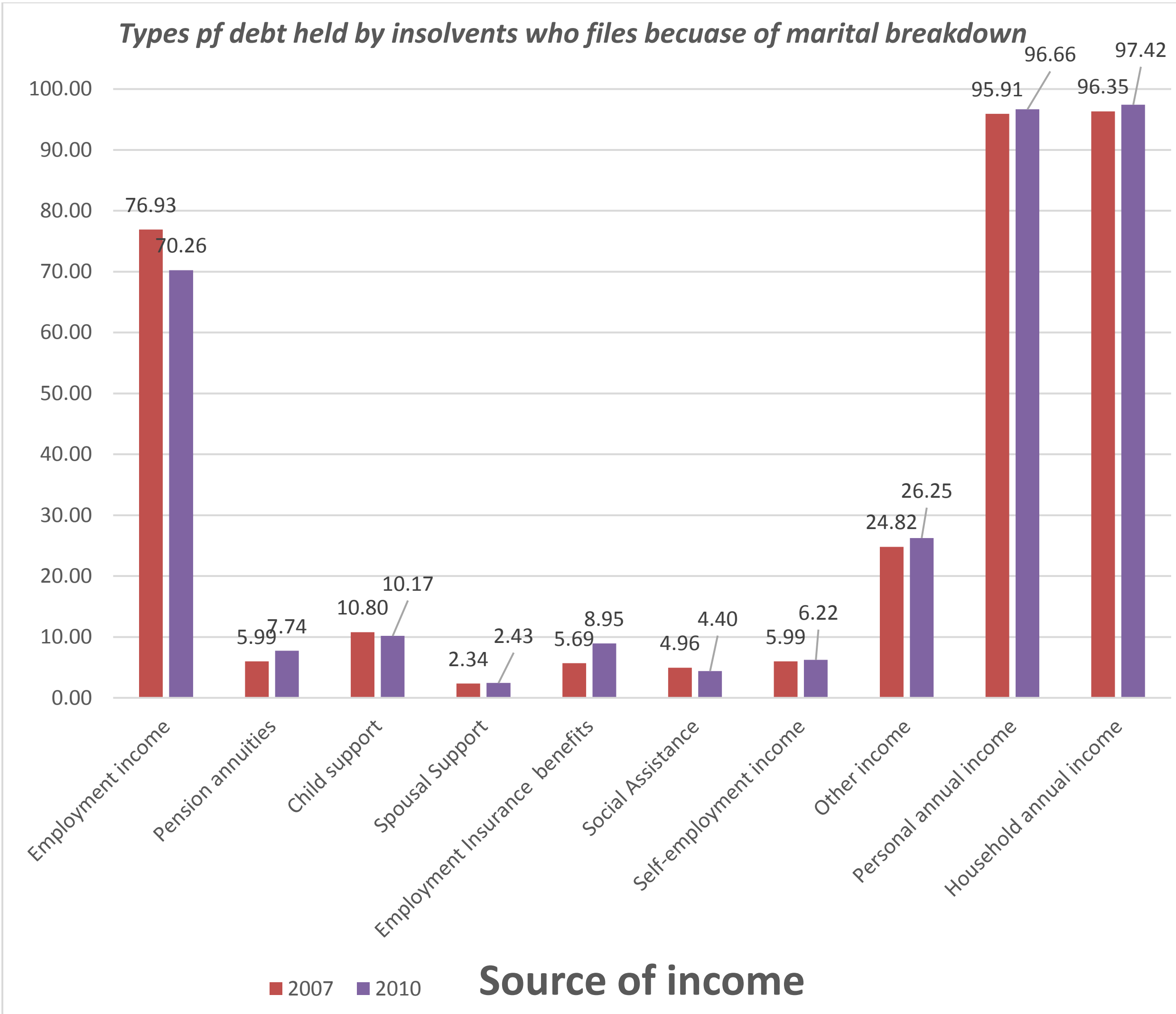

Types pf debt held by insolvents who files becuase of marital breakdown
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
76.93
70.26
5.99
7.74
10.80
10.17
2.34
2.43
5.69
8.95
4.96
4.40
5.99
6.22
24.82
26.25
95.91
96.66
96.35
97.42
Employment income
Pension annuities
Child support
Spousal Support
Employment Insurance benefits
Social Assistance
Self-employment income
Other income
Personal annual income
Household annual income
2007
2010
Source of income

Figure 7

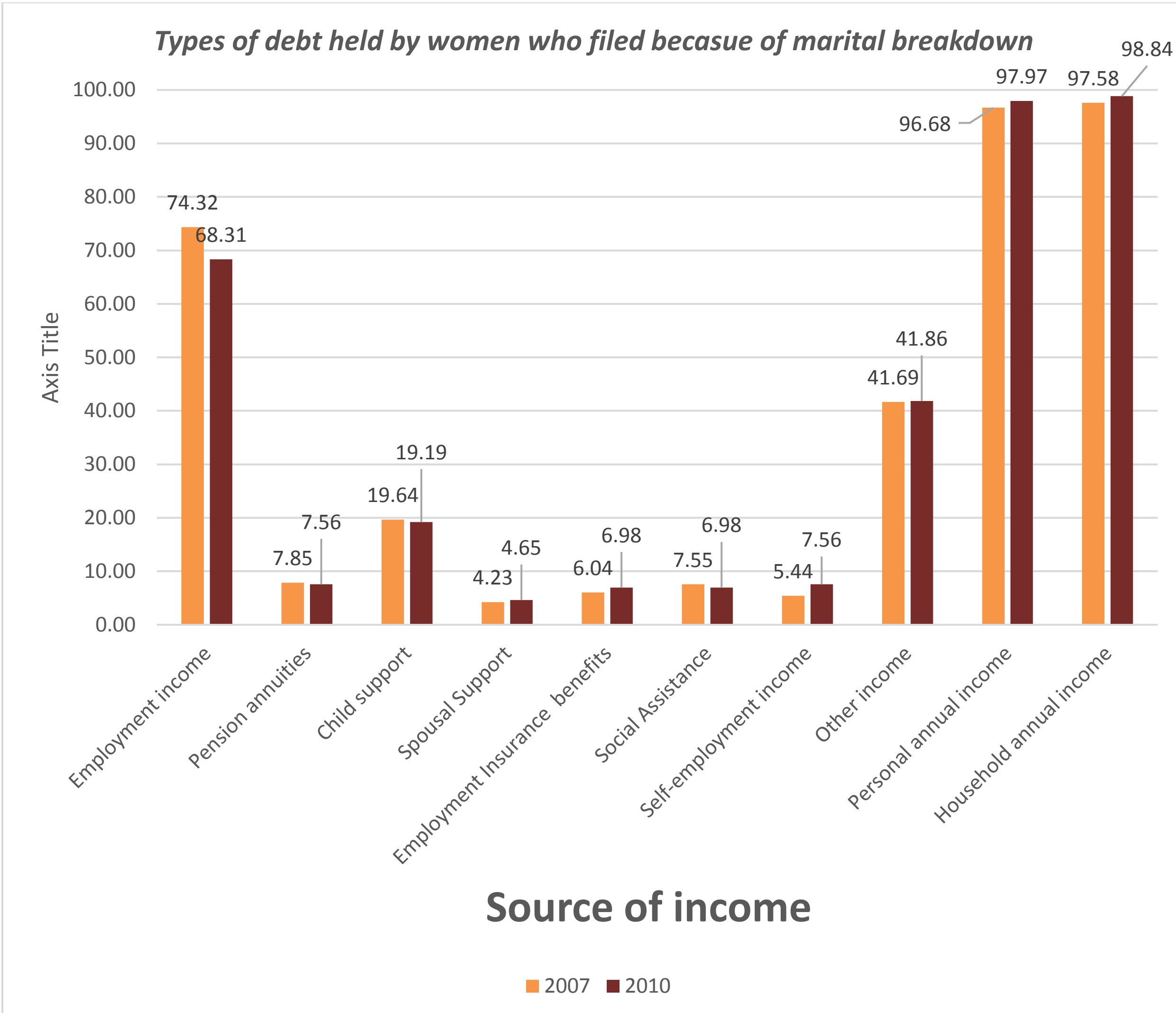

Types of debt held by women who filed becasue of marital breakdown
Axis Title
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
74.32
68.31
7.85
7.56
19.64
19.19
4.23
4.65
6.04
6.98
7.55
6.98
5.44
7.56
41.69
41.86
96.68
97.97
97.58
98.84
Employment income
Pension annuities
Child support
Spousal Support
Employment Insurance benefits
Social Assistance
Self-employment income
Other income
Personal annual income
Household annual income
Source of income
2007
2010

Figure 8

APPENDIX B

FORMS FOR DATA COLLECTED THROUGH THE INSOLVENCY PROCESS

FORM 79

Statement of Affairs (Non-Business Bankruptcy/Proposal)
(Subsections 49(2) and 158(*d*) of the Act / Subsections 50(2) and 62(1) and Paragraph 66.13(2)(*d*) of the Act)

(*Title Form 1*)

□ **Original** □ **Amended**

ASSETS							
Type of assets		Description (*provide details*)	Estimate dollar value	Exempt property		Secured amount / liens	Estimated net realizable dollar value*
				Yes	No		
1. Cash on hand							
2. Furniture							
3. Personal effects							
4. Cash-surrender value of life insurance policies, RRSPs, etc.							
5. Securities							
6. Real property or immovables	House						
	Cottage						
	Land						
7. Motor vehicle	Automobile						
	Motorcycle						
	Snowmobile						
	Other						
8. Recreational equipment							
9. Estimated tax refund							
10. Other assets							
TOTAL							

Date

Bankrupt/Debtor

*For a summary administration, indicate value net of the direct realization costs referred to in Rule 128(1) of the *Bankruptcy and Insolvency Act*.

FORM 79 -- *Continued*

LIABILITIES						
			Liabilities type code (LTC) 1 Real property or immovable mortgage or hypothec 2 Bank loans (except real property mortgage) 3 Finance company loans 4 Credit cards - bank/trust company issuers 5 Credit cards - other issuers 6 Taxes - federal/provincial/municipal 7 Student loans 8 Loans from individuals 9 Other			
Creditor	Address, including postal code	Account No.	Amount of debt			Enter LTC
			Unsecured	Secured	Preferred	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
	TOTAL	Unsecured				
	TOTAL	Secured				
	TOTAL	Preferred				

TOTAL		

______________________________ ______________________________

Date Bankrupt/Debtor

FORM 79 -- *Continued*

A. INFORMATION RELATING TO THE AFFAIRS OF THE BANKRUPT/DEBTOR			
1. Family name:	Given names: Gender: F □ M □		Date of birth: ___________ /_______/_______ YYYY/ MM / DD
2. Also known as:			
3. Complete address, including postal code:			
4. Marital status: (*specify month and year of event if it occurred in the last five years*)	_____________ Married	_____________ ________ Single	
	____________ __ Widowed	_____________ ________ Separated	
	_____________ Divorced	_____________ ________ Common-law partner	
5. Full name of spouse or common-law partner:			
6. Name of present employer:		Occupation (bankrupt/debtor):	
7A. Number of persons in household family unit, including bankrupt/debtor:			
7B. Number of persons 17 years of age or younger:			
8. Have you operated a business within the last five years?	Yes	No	(If yes) Name, type and period of operation:

B. WITHIN 12 MONTHS PRIOR TO THE DATE OF THE INITIAL BANKRUPTCY EVENT, HAVE YOU, EITHER IN CANADA OR ELSEWHERE:		
9A. Sold or disposed of any of your property?	Yes	No
9B. Made payments in excess of the regular payments to creditors?	Yes	No
9C. Had any property seized by a creditor?	Yes	No
C. WITHIN FIVE YEARS PRIOR TO THE DATE OF THE INITIAL BANKRUPTCY EVENT, HAVE YOU, EITHER IN CANADA OR ELSEWHERE:		
10A. Sold or disposed of any property?	Yes	No
10B. Made any gifts to relatives or others in excess of $500?	Yes	No

________________________ ______________________________
Date
Bankrupt/Debtor

FORM 79 -- *Concluded*

D. BUDGET INFORMATION: ***Attach Form 65 to this form***
11A. Have you ever made a proposal under the *Bankruptcy and Insolvency Act*? Yes ____ No _____
11B. Have you been bankrupt before, either in Canada or elsewhere? Yes _____ No _____
(If yes, provide the following details for all insolvency proceedings: (a) filing date and location of the proceedings; (b) name of trustee or administrator; (c) if applicable, was the proposal successful; (d) date on which Certificate of Full Performance or Discharge was obtained.) ____________________________ ____________________________
12. Do you expect to receive any sums of money that are not related to your normal income, or any other property within the next 12 months? Yes _____ No _____
13. If you answered Yes to any of questions 8, 9 or 11, provide details: ____________________________
14. Give reasons for your financial difficulties: ____________________________ ____________________________ ____________________________ ____________________

I, _________________, of the ___________ of _____________________ in the Province of _________________,do swear (*or* solemnly declare) that this statement is, to the best of my knowledge, a full, true and complete statement of my affairs on the ______ day of __________ ______ and fully discloses all property and transactions of every description that is or was in my possession or that may devolve on me in accordance with the *Bankruptcy and Insolvency Act.*

SWORN (*or* SOLEMNLY DECLARED)
before me at ________________________________ (*city*, *town or village*),
in the Province of ____________________________,
on this ____ day of ________________ __________.

______________________________ _______________________________
Commissioner of Oaths Bankrupt/Debtor
for the Province of ___________________________

NOTE: If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.

FORM 65

Monthly Income and Expense Statement of the Bankrupt/Debtor and the Family Unit
and Information (*or* Amended Information) Concerning the Financial Situation of the Individual Bankrupt
(Section 68 and Subsection 102(3) of the Act; Rule 105(4))
(*Title Form 1*)
G **Original** G **Amended**
Information concerning the monthly income and expense statement of the bankrupt/debtor and the family unit, financial situation of
the bankrupt/debtor and bankrupt's obligation to make payments required under section 68 of the Act to the estate of the bankrupt
are as follows:
MONTHLY INCOME Bankrupt/Debtor Other members of the Total
family unit
Net employment income . . . . _____________
Net pension/annuities . . . . _____________
Net child support . . . .
Net spousal support . . . . _____________
Net employment insurance benefits . . . . _____________
Net social assistance . . . .
Self-employment income
Gross __________Net . . . . _____________
Other net income . . . .
(*Such as amounts received as damages for wrongful dismissal, as pay equity settlement, or that relate to workers' compensation*)
(*Provide details*)
TOTAL MONTHLY INCOME . . . . $__________(1) $__________(2)*
TOTAL MONTHLY INCOME OF
THE FAMILY UNIT ((1) + (2)) '$________(3)
MONTHLY NON-DISCRETIONARY
EXPENSES
Child support payments . . . . _____________
Spousal support payments . . . . _____________
Child care . . . . _____________
Health condition expenses . . . . _____________
Fines/penalties imposed by the Court . . . . . . _____________
Expenses as a condition of employment . . . . _____________
Debts where stay has been lifted . . . . _____________
Other expenses . . . . _____________
(*Provide details*)
TOTAL MONTHLY NON-DISCRETIONARY EXPENSES $ (4) $____________ (5)
TOTAL MONTHLY NON-DISCRETIONARY
EXPENSES OF THE FAMILY UNIT ((4) + (5)) '$ (6)

AVAILABLE MONTHLY INCOME
OF THE BANKRUPT/DEBTOR ((1) - (4)) . . . . $_________ (7)
AVAILABLE MONTHLY INCOME OF THE FAMILY
UNIT ((3) - (6)) '$_________(8)
BANKRUPT'S/DEBTOR'S PORTION OF THE AVAILABLE
MONTHLY INCOME OF THE FAMILY UNIT
((7) / (8) X 100) '% ________(9)
FORM 65 -- *Concluded*
MONTHLY DISCRETIONARY EXPENSES: (*Family unit*)
Housing expenses
Rent/mortgage/hypothec . . . . _______
Property taxes/condo fees . . . . _______
Heating/gas/oil . . . . _______
Telephone . . . . _______
Cable . . . . _______
Hydro . . . . _______
Water . . . . _______
Furniture . . . . _______
Other . . . . _______
Personal expenses
Smoking . . . . _______
Alcohol . . . . _______
Dining/lunches/restaurants . . . . _______
Entertainment/sports . . . . _______
Gifts/charitable donations . . . . _______
Allowances . . . . _______
Other . . . . _______
Non-recoverable medical expenses
Prescriptions . . . . _______
Dental . . . . _______
Other . . . . _______
Living expenses
Food/grocery . . . . _______
Laundry/dry cleaning . . . . _______
Grooming/toiletries . . . . _______
Clothing . . . . _______
Other . . . . _______
Transportation expenses
Car lease/payments . . . . _______
Repair/maintenance/gas . . . . _______
Public transportation . . . . _______
Other . . . . _______
Insurance expenses
Vehicle . . . . _______
House . . . . _______
Furniture/contents . . . . _______

Life insurance . . . . _______
Other . . . . _______
Payments
To the estate . . . . _______
To secured creditor . . . . _______
(*Other than mortgage and vehicle*) . . . . . _______
Other . . . . _______

TOTAL MONTHLY DISCRETIONARY EXPENSES (FAMILY UNIT) . . . . - $ (10)
MONTHLY SURPLUS OR (DEFICIT) FAMILY UNIT ((8) - (10)) . . . . =$ (11)

INFORMATION (*OR* AMENDED INFORMATION) CONCERNING THE FINANCIAL SITUATION OF THE INDIVIDUAL BANKRUPT

Payments to the estate as per agreement

Number of persons in household family unit, including bankrupt: __________
Total amount bankrupt has agreed to pay monthly . . . . (12)
Amount bankrupt has agreed to pay monthly to repurchase assets
(*Provide details*)________________________________ . . . . (13)
Residual amount paid into the estate ((12) - (13)) . . . . (14)

Payments required by Directive No. 11R2 (Surplus Income)

Monthly amount required by Directive No. 11R2 (Surplus Income) based on percentage established on line (9) . . . . (15)
Difference between (14) and (15) . . . . (16)
Other applicable comments (*If amount on line (14) is less than amount on line (15), explain why the required payments are not being made:*)
Amendment or material change (*If the information relates to a material change or an amendment, provide details:*)
Dated at ______________________, this ______________day of ________________.

_____________________________ __________________________________
Trustee Bankrupt/Debtor

Notes: In a joint assignment, only one form is required and each debtor's monthly income and non-discretionary expenses have to be explained in detail.
If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.

APPENDIX C

UNIVERSITY OF MANITOBA | Research Ethics - Bannatyne
Office of the Vice-President (Research and International)

P126-770 Bannatyne Avenue
Winnipeg, Manitoba
Canada, R3E 0W3
Telephone : 204-789-3255
Fax: 204-789-3414

HEALTH RESEARCH ETHICS BOARD (HREB)
CERTIFICATE OF FINAL APPROVAL FOR NEW STUDIES
Delegated Review

PRINCIPAL INVESTIGATOR:	INSTITUTION/DEPARTMENT:	ETHICS #:
Farnoosh Khaloeipour	U of M/Community Health Sciences	HS21144 (H2017:311)
APPROVAL DATE: August 30, 2017	**EXPIRY DATE:** **August 30, 2018**	
STUDENT PRINCIPAL INVESTIGATOR SUPERVISOR (If applicable): Dr. Evelyn Forget		

PROTOCOL NUMBER:	PROJECT OR PROTOCOL TITLE;
N/A	Financial Insolvency and Marital Breakdown
SPONSORING AGENCIES AND/OR COORDINATING GROUPS: N/A	

Submission Date of Investigator Documents:	HREB Receipt Date of Documents:
August 8, 2017	August 10, 2017

THE FOLLOWING ARE APPROVED FOR USE:

Document Name	Version(if applicable)	Date
Protocol:		
Proposal		August 8, 2017
Consent and Assent Form(s):		
Other:		
Data Capture Variables Sheet (Undated)		submitted August 9, 2017

CERTIFICATION
The above named research study/project has been reviewed in a ***delegated manner*** by the University of Manitoba (UM) Health Research Board (HREB) and was found to be acceptable on ethical grounds for research involving human participants. The study/project and documents listed above was granted final approval by the Chair or Acting Chair, UM HREB.

HREB ATTESTATION
The University of Manitoba (UM) Research Board (HREB) is organized and operates according to Health Canada/ICH Good Clinical Practices, Tri-Council Policy Statement 2, and the applicable laws and regulations of Manitoba. In respect to clinical trials, the HREB complies with the membership requirements for Research Ethics Boards defined in Division 5 of the Food and Drug Regulations of Canada and carries out its functions in a manner consistent with Good Clinical Practices.

QUALITY ASSURANCE
The University of Manitoba Research Quality Management Office may request to review research documentation from this research study/project to demonstrate compliance with this approved protocol and the University of Manitoba Policy on the Ethics of Research Involving Humans.

CONDITIONS OF APPROVAL:

1. The study is acceptable on scientific and ethical grounds for the ethics of human use only. ***For logistics of performing the study, approval must be sought from the relevant institution(s).***
2. This research study/project is to be conducted by the local principal investigator listed on this certificate of approval.
3. The principal investigator has the responsibility for any other administrative or regulatory approvals that may pertain to the research study/project, and for ensuring that the authorized research is carried out according to governing law.
4. This approval is valid until the expiry date noted on this certificate of approval. A Bannatyne Campus Annual Study Status Report must be submitted to the HREB within 15-30 days of this expiry date.
5. Any changes of the protocol (including recruitment procedures, etc.), informed consent form(s) or documents must be reported to the HREB for consideration in advance of implementation of such changes on the Bannatyne Campus Research Amendment Form.
6. Adverse events and unanticipated problems must be reported to the HREB as per Bannatyne Campus Research Boards Standard Operating procedures.
7. The UM HREB must be notified regarding discontinuation or study/project closure on the Bannatyne Campus Final Study Status Report.

Sincerely,

John Arnett, PhD. C. Psych.
Chair, Health Research Ethics Board
Bannatyne Campus

Please quote the above Human Ethics Number on all correspondence.
Inquiries should be directed to the REB Secretary Telephone: (204) 789-3255/ Fax: (204) 789-3414