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YOUNGER CANADIANS MORE AT RISK FROM DEBT, CAIRP WARNS

TORONTO—(March 26, 2009)—As the recession deepens and unemployment rises, the burden of unmanageable debt is likely to fall most heavily on Canadians under age 35, the Canadian Association of Insolvency and Restructuring Professionals (CAIRP) warned today.

The Association, which represents Chartered Insolvency and Restructuring Professionals across Canada, was responding to data released by the Office of the Superintendent of Bankruptcy Canada that showed a 21.7% year-over-year rise in consumer bankruptcies in January. A total of 7,944 Canadians filed for bankruptcy in January, up from 7,821 the previous month.

Even before the recession, polling data showed that one-third of Canadians were concerned about managing their debt load. The burden is especially heavy for Canadians under 35 years of age. Tempted by an environment of extremely low interest rates, they have taken on unprecedented levels of credit card debt, often piled on top of huge student loans, car loans and mortgages.

Now, with companies shedding workers, it is often the younger employees—the ones most recently hired—who are the first to be laid off. This compounds their vulnerability.

“This generation of consumers has embraced and used debt in a way that no generation has before,” said CAIRP Chair Alan Spergel. “In contrast to the postwar generation, which was wary of debt, today’s young adults treat credit cards as a shortcut to the lifestyle they aspire to enjoy. But when the good times turn bad, the reckoning comes.”

In the 1990s, credit card issuers began to market aggressively to non-traditional clients, including university students. Meanwhile, rising tuition fees forced those same students to rely much more on loans to pay for their education. Twenty-five years ago, indebted students represented only one per cent of all personal bankruptcies. Now they account for over 25 per cent. Even when the amendments to the *Bankruptcy and Insolvency Act* come into force, students will still have to wait seven years to be able to apply for a discharge of their student-loan debts.

The **Canadian Association of Insolvency and Restructuring Professionals** (CAIRP) is a national professional association representing insolvency and restructuring professionals. Its members are identified by the CIRP [Chartered Insolvency and Restructuring Professional] certification mark, which is gained through a combination of study, work experience and licencing as a trustee in bankruptcy.

To arrange an interview with Mr. Spergel, please contact:
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