

SURPLUS INCOME



Requirement per Directive 11R2 of the Bankruptcy & Insolvency Act

The Superintendent's Standards ("S") are derived from the Low Income Cutoffs (LICO) released by Statistics Canada. The Superintendent uses the before-tax LICO for urban areas with 500,000 people and over. The 2016 standards are updated by adding to the 2014 LICO, the 2015 Consumer Price Index (CPI) (1.12%) plus a 1.9% adjustment reflecting the 2016 CPI expectation.

2016	It is a duty to pay 50% of income exceeding the Standard.	
Family Unit	Monthly Standard (\$)	\$
1	2089	Net income Spouse 1
2	2601	Spouse 2
3	3197	Total
4	3882	Less: Non-discretionary expense(s) ()
5	4403	<input type="checkbox"/> Child care
6	4965	<input type="checkbox"/> Child / spousal support
7+	5528	<input type="checkbox"/> Medical condition expenses
		<input type="checkbox"/> Expenses as a condition of employment
		<input type="checkbox"/> Fines and/or penalties imposed by court
		<input type="checkbox"/> Interest on student loans

Example 1 - Family of 3 with non-discretionary expense of \$500/mo. both spouses bankrupt

	\$	
Spouse #1 net income	3,700	59%
Spouse #2 net income	2,600	41%
Less: non-disc. childcare	(500)	
Total family net income	5,800	
Less: standard	(3,197)	
Surplus income	2,603	
Spouse #1 - portion of surplus	1,548	59%
Monthly surplus pmt (50%)	774	
1st bankruptcy = \$774 x 21 mos.	16,254	
2nd bankruptcy = \$774 x 36 mos.	27,864	
Spouse #2 - portion of surplus	1,055	41%
Monthly surplus pmt (50%)	527	
1st bankruptcy = \$527 x 21 mos.	11,067	
2nd bankruptcy = \$527 x 36 mos.	18,972	

Example 2 - Spouse not bankrupt - Family of 2

	\$	
Net Income	2,500	66%
Spouse's net income	1,300	34%
Total family net income	3,800	
Less: standard	(2,601)	
Surplus income	1,199	
Bankrupt's portion (\$1,233 x 66%)	789	
Monthly surplus payment (50% x \$811)	394	
1st bankruptcy = \$394 x 21 mos.	8,274	
2nd bankruptcy = \$394 x 36 mos.	14,184	

Sub-total	_____
Less: Standard ()	_____
Surplus income	_____
50% of Surplus income	_____
(Monthly Surplus Payment)	
1st time bankruptcy	x 21 mos. = _____
2nd time bankruptcy	x 36 mos. = _____

Example 3 - Spouse not bankrupt - Family of 2 - Spouse not disclosing income

	\$
Net Income	2,500
Spouse's net income	<i>not disclosed</i>
Total family net income	2,500
Less: standard (50% of \$2601)	1,301
Surplus income	1,199
Monthly surplus payment (50% x \$1,199)	600
1st bankruptcy = \$600 x 21 mos.	12,600
2nd bankruptcy = \$600 x 36 mos.	21,600