INSOLVENCY LAW JOURNAL

The Relevancy Imperative: Bankruptcy Counselling and Education for Unpredictable Financial Circumstances

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This article concerns the recent assertion that government-mandated consumer bankruptcy counselling and education may not be best suited tor people living on an unpredictable income: a minimum wage, tips, commissions, the gig economy, and seasonal jobs. Factors affecting those living on unpredictable income will be examined with reference to North America and a consideration of various types of unpredictable income will be made together with recommendations as to tailored budgeting strategies with attention to gig workers' tax obligations. It is posited that exposure to relatable and relevant counselling and educational material will assist in improving self-efficacy and contribute to more sustainable post-discharge budgeting and financial management strategies. The aim is that the consequence of reduced recidivism by debtors will follow from the posited changes. It is relevant for other jurisdictions with slightly differing regimes, including Australia and New Zealand, by providing insight into the data that enable inferences from observation and filings, rather than relying on anecdotal evidence or information gathered from those in financial difficulty.

I. INTRODUCTION

Unpredictable financial circumstances is a self-explanatory term that might have a wide or narrow purview to include accident or illness, loss of employment or employment income due to a range of factors, separation of business or personal partners, and in the opposite sense becoming better off because of winning a lottery ticket or, say, an unexpected inheritance. The concerns of this article are around negative aspects, namely bankruptcy. The relevancy[1] of bankruptcy counselling and education affects both recidivism rates (ie, repeating an action despite previously experiencing negative consequences) and post discharge self-efficacy (ie, confidence in controlling one's actions to change the future).[2]

This article is about the relevancy of bankruptcy counselling and education content, particularly as it relates to budgeting strategies and advice. While the focus is upon those delivered in North America (Canada and the United States (US)), there is relevance to other jurisdictions, notably Australia. Note however the caveat, that the North American experience differs from Australia and New Zealand, where bankruptcy counselling and education are not mandatory. Regardless, the bankruptcy counselling relevancy imperative for unpredictable financial circumstance still applies because Australasian governments offer free financial counselling and mentoring (especially budgeting strategies), so people can better understand the consequences of bankruptcy before filing. Bankruptcy affects a range of functions including a person's income, business, and the ability to gain future employment; sometimes, their ability to travel overseas; gaining of future credit; and various legal

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[1] This article includes a literature review combined with well-reasoned arguments, per McLean, GN (2011) "Writing theory, conceptual, and position articles for publication". In T S Rocco & T Hatcher (Eds.), *The handbook of scholarly writing and publishing* (pp. 209–221) Jossey-Bass. The utilisation of the allows for the development of a *relevancy imperative* for wider discussion.

[2] Kuhnen C M, & Melzer B T (2017). *Non-cognitive abilities and financial delinquency: The role of self-efficacy in avoiding financial distress* (NBER Working Paper No. 23028), National Bureau of Economic Research; Maurer T J (2001). "Career-relevant learning and development, worker age, and beliefs about self-efficacy for development". *Journal of Management*, 27(2), 123–140. <https://www.doi.org/10.1016/S0149-2063(00)00092-1>.

matters. Trustees can sell house and property. There is some compromise of privacy since a search of the National Personal Insolvency Index if the surname is known is possible. Consequences are less dire for the various kinds of debt repayment arrangements, including no asset procedure (NAP), or proposal options, which depend heavily on realistic and relevant budgeting.[3]

II. CONTEXT

In North America, more Canadians filed for a consumer proposal (debt repayment plan) (79%) than bankruptcy (21%).[4] More Americans filed for bankruptcy (Chapter 7) (60%) than a consumer proposal (Chapter 13) (40%).[5] These numbers continue to rise[6] as do repeat filings. With 10% the historical norm,[7] the 2023 American recidivism rate was 36%,[8] and the 2021 Canadian rate was 22% (most recent data).[9] Increased recidivism rates have become problematic because each country legally requires bankruptcy counselling and education to lessen repeat filings[10]

Of interest herein is the assertion that irrelevant bankruptcy counselling and education are partly to blame for the "uptick in repeat bankruptcies and consumer proposals. More specifically, the recidivism rate for [legal] consumer proposals [in Canada] is presently 22%. By contrast, the recidivism rate for [private-sector, nonlegal] debt management programs is less than one per cent".[11] This implies that government-mandated offerings are less relevant and efficacious than private sector offerings. In turn, that difference might be exacerbating repeat filings.

Regardless of the provider, effective bankruptcy counselling and education would be "adequate in relevance and practical for consumers in their post-discharge life" . Aside from recidivism, relevancy also affects self-efficacy. Confidence in controlling one's actions affects goals set and efforts to achieve

[3] See generally: Australian Financial Security Authority <https://www.afsa.gov.au>; and the New Zealand Insolvency Trustee Service < https://www.insolvency.govt.nz/personal-debt/bankruptcy> accessed 20 October 2025.

[4] Alini E (2025, February 18). "Good for creditors, bad for debtors: Not enough Canadians are filing for bankruptcy, new research argues". *Globe and Mail*. <https://www.theglobeandmail.com/investing/personal-finance/article-good-for-creditors-bad-for-debtors-not-enough-canadians-are-filing-for>; Schwartz S, & Ben-Ishai S (2025). "Tilting the playing field away from the discharge of debts: The case of consumer proposals in Canada", *Canadian Public Policy*, 51(2), 165–190. doi:10.3138/cpp.2024-041

[5] Tierney A (2024). *Annual number of bankruptcy cases filed in the United States from 2007 to 2023, by chapter*. Statista. <https://www.statista.com/statistics/1118140/bankruptcy-filings-us-chapter>; United States Courts. (2024). BAPCPA report – 2024. <https://www.uscourts.gov/data-news/reports/statistical-reports/bankruptcy-abuse-prevention-and-consumer-protection-act-report/bapcpa-report-2024>.

[6] Office of the Superintendent of Bankruptcy. (2025). *Insolvency statistics in Canada - January 2025*. https://www.ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/statistics-and-research/insolvency-statistics-canada-january-2025; United States Courts. (2025, July). *Bankruptcy filings rise 11.5 percent over pervious year*. https://www.uscourts.gov/data-news/judiciary-news/2025/07/31/bankruptcy-filings-rise-115-percent-over-previous-year; Wong D. (2025, February 12). "Canadian consumer insolvencies just saw a 2009-like growth surge". *Better Dwelling Blog*. https://www.betterdwelling.com/canadian-consumer-insolvencies-just-saw-a-2009-like-growth-surge/

[7] Telfer T. G. (2014). "Repeat bankruptcies and the integrity of the Canadian bankruptcy process". *Canadian Business Law Journal*, 55, 231–262. https://www.ir.lib.uwo.ca/lawpub/218

[8] Pang B. (2025). *The bankruptcy revolving door*. Available at SSRN: https://www.ssrn.com/abstract=4911339

[9] Office of the Superintendent of Bankruptcy. (2022). *Canadian consumer debtor profile - 2021*. https://www.ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/statistics-and-research/canadian-consumer-debtor-profile-2021

[10] McGregor S L T. (2020) "Tailoring bankruptcy insolvency education to ensure solvency literacy". *Financial Counseling and Planning*, 31(1), 55–68. doi:10.1891/JFCP-19-00018; Parry R & Shikha N. (2025). "Disqualification of directors and education requirements: Supporting responsible directorship". *Legal Studies*, 45. Advance online publication. https://www.doi.org/10.1017/lst.2025.11

[11] Pommells M. (2021, June 10). *RE: Comprehensive review of directives and regulations under the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act*. Credit Counselling Canada. https://www.ised-isde.canada.ca/site/office-superintendent-bankruptcy/sites/default/files/attachments/2022/Credit_Counselling_Canada_response_to_OSB_Comprehensive_review_of_directives_and_regulations.pdf, 9.

them.[12] Self-efficacy is "a key predictor of intentions and choice to pursue a task, and it also affects persistence, thoughts and feelings during a task".[13] Post-discharge consumers with high self-efficacy were more inclined to make the effort to create a sustainable money management system to mitigate recidivism.[14])

It is therefore posited that self-efficacy is better assured with people believing in their ability to stabilise their financial future. In these circumstances, the person will work with what they have and strive for ingenuity and perseverance in living on restricted and unpredictable income.[15]

This finding informs the relevancy imperative because self-efficacy is associated with people voluntarily using relevant, relatable learning to effect change.[16] Thus, rather than generic, "there is a growing consensus that content must meet the immediate needs of bankrupts and consumer debtors".[17] Indeed, to satisfy this relevancy imperative, content must "meet the modern consumer's fundamental financial needs".[18] However, what relevancy looks like for modern consumers "depends on the circumstances and attributes of the typical consumer bankruptcy debtor".[19]

But what counts as "typical" in today's climate? First, many people do not earn a steady income, which was formerly presumed typical.[20] Thus, what they need to know to become and remain solvent likely differs from those with predictable incomes. Earning a minimum wage in multiple jobs (often part-time) with no pension or benefits is also typical in today's economy. Moreover, income and wealth are typically trending down, while credit usage and debt and debt-servicing costs are moving upwards. Other relevant major worry points include high interest, inflation and mortgage rates and rental prices. Add fewer full-time job opportunities, underemployment, and income not keeping up with the ballooning costs of living, and the situation becomes dire for those in unpredictable financial circumstances.[21]

III. Financial Mismanagement

Also related to typicality, although many people declare bankruptcy due to income loss or reduction,[22] nearly three-quarters (72%) of Canadian bankrupts reported financial mismanagement as a contributing factor.[23] Similarly, many American bankruptcies are triggered by financial mismanage-

[12] Kuhnen & Melzer, n 2.

[13] Maurer, n 2, 123.

[14] Kuhnen & Melzer, n 2.

[15] Blank L. (2023, June 14). How to survive on minimum wage. *Well Kept Wallet Blog*. https://www.wellkeptwallet.com/how-to-survive-on-minimum-wage

[16] Maurer, n 2.

[17] McGregor, n 10, 55.

[18] Martin N, (2020, February) "Bringing relevance back to consumer bankruptcy". *Emory Bankruptcy Developments Journal*, 36(2), 581–623. https://www.digitalrepository.unm.edu/cgi/viewcontent.cgi?article=1810&context=law_facultyscholarship, 581.

[19] Keating D. (2020) "The relative relevance of bankruptcy: A response to Professor Martin". *Emory Bankruptcy Developments Journal*, 36(2), 625–645. https://www.scholarlycommons.law.emory.edu/ebdj/vol36/iss2/10, 645.

[20] Dynan K, Elmendorf D & Sichel D (2012) "The evolution of household income volatility". *The BE Journal of Economic Analysis & Policy*, 12(2), Article 1. https://www.doi.org/10.1515/1935-1682.3347

[21] Adamson J, (2024, November 15) "Canada is living paycheque to paycheque: Simple debt relief tips". *Adamson Associates Blog*. https://www.adamsontrustee.com/canada-living-paycheque-to-paycheque; BDO Canada. (2023, September 14) "How to budget as a gig worker". *BDO Debt Solutions Blog*. https://www.debtsolutions.bdo.ca/4-tips-for-budgeting-as-a-gig-worker; Canadian Association of Insolvency and Restructuring Professionals. (2024, July 5). *CAIRP: Q1 2024 Canadian insolvency statistics* [Press release]. https://www.cairp.ca/industry-views-news/media-releases/CAIRP_Q1_2024_Canadian_Insolvency_Statistics; Martin n 18; Rizzo N. (2025, July 7). "Canada's rising debt crisis and record delinquency rates". *Money.ca Blog*. https://www.money.ca/research/canada-debt-crisis?

[22] Fay B. (2024, August 21). "Bankruptcy statistics". *Debt.org Blog*. https://www.debt.org/bankruptcy/statistics; OSB, n 9.

[23] OSB, n 9.

ment in concert with events that pushed people over the brink.[24] This typical scenario intimates both (a) inadequate budgeting and resource management and (b) questionable judgement about specific consumer purchases and payment method choices.[25]

Financial mismanagement (whether careless, inefficient, incompetent, or incorrect) can happen for several reasons:[26]

(a) lack of financial focus, direction, or control;

(b) no or misplaced priorities;

(c) living without a budget, having one but not following it, or having an unrealistic budget;

(d) living beyond one's means via credit;

(e) using credit and alternative financial services (AFS) to make ends meet;

(f) addictions (e.g., gambling, substance abuse, and shopping);

(g) negative emotional relationships with money; and

(h) ineffective distribution of household responsibilities for managing income flow and expenses.

Osunbayo's final reason was neglecting to acknowledge, anticipate, or mitigate macroeconomic circumstances beyond one's control that affect income sources, amount, and predictability: market forces (supply and demand), recessions, foreign investments, labour strikes, unemployment rates, trade balances, gross domestic product (GDP), housing starts, inflation rates, interest rates, currency rates, and geopolitics.[27]

Bankruptcy counselling and education would be more relevant if it accommodated financial mismanagement in uncertain and unpredictable financial circumstances, where financial stress is exacerbated. More than a third (37%) of Canadians reported feeling distressed about their finances.[28] Virtually half (49%) had lost sleep because of financial worries.[29] Nearly three-quarters (72%) of Americans have felt stressed about money at some time. Despondency, anxiety, and fear make it harder to manage finances or, said another way, easier to mismanage finances.[30] Relevancy matters because "practicing prudent financial management … significantly reduces the likelihood of bankruptcy [and recidivism]".[31]

[24] Kilborn J. A. (2017). "Mandatory financial education as prerequisite to personal insolvency relief: The North American experience". In M. Cuena Casas (Ed.), *La prevención del sobreendeudamiento privado* (pp. 911–931). Aranzadi-Thomson Reuters; Pace L. N., & Lown J. M. (2016). "Consumer bankruptcy". In J. J. Xiao (Ed.), *Handbook of consumer finance research* (pp. 315–326). Springer

[25] Ben-Ishai S., & Ha n E. (2024). "Avoiding bankruptcy at a high cost: The dangers of the Canadian debt relief industry". *Banking Finance and Law Review*, 40(3), 425–452. https://www.dwpv.com/en/People/-/media/2C83D4A2A7EE4D72A2A1A5CF19FB25C0.ashx

[26] Osunbayo T. (2013, January 22). "Dealing with personal financial mismanagement". *MoneyStartInfo Blog*. https://www.moneystartinfo.wordpress.com/2013/01/22/dealing-with-personal-financial-mismanagement

[27] Sask Money. (2020). *The influence of economic factors on personal financial planning*. https://www.saskmoney.ca/wp-content/uploads/2020/10/resources/investment-portfolio/ASSIGNMENT%20-%20THE%20INFLUENCE%20OF%20ECONOMIC%20FACTORS%20ON%20PERSONAL%20FINANCIAL%20PLANNING.pdf; Zhang J. (2024). *Three essays on consumer bankruptcy* [Doctoral dissertation, Texas Tech University]. TTU DSpace Repository. https://www.ttu-ir.tdl.org/server/api/core/bitstreams/f5a48570-f9f4-48fa-86cd-f6505d120b80/content

[28] Bazian, G. (2025, January 13). "MNP Consumer Debt Index plunges to 79 points, the second-lowest level ever recorded". *MNP Blog*. https://www.mnpdebt.ca/en/resources/mnp-debt-blog/consumer-debt-index-drops-79-pts-2nd-lowest-recorded

[29] FP Canada. (2025). *Financial Stress Index 2025*. https://www.fpcanada.ca/docs/professionalsitelibraries/fsi/fsi-2025-results-deck---fp-canada.pdf

[30] Robinson L., & Smith M. (2024, July 21). "Coping with financial stress". *Help Guide Blog*. https://www.helpguide.org/mental-health/stress/coping-with-financial-stress

[31] Zhang, n 27, vi.

IV. GIG ECONOMY PHENOMENON

To further complicate matters and aggravate financial unpredictability and stress, the economy and labour market are also changing. While most (˜75%) labourers work in the mainstream economy, more and more are in the gig economy, which "simply didn't exist a few years ago and the financial uncertainty it created is unchartered water for many".[32] Nearly one third (28%) of Canadians are gig workers (up 115% over three years)[33] as are an increasing number of Americans.[34] Some put the US number at 36%[35] or nearly half (44%).[36] The US gig economy is expanding three times faster than the mainstream workforce.[37] Currently, about 5% of Australasians are gig workers[38] up from 1% in 2020.[39]

Used as early as the 1580s, "gig"[40] as a term since around 2009 refers to the full-scale gig economy. It is also referred to as the sharing economy, agile economy, on-demand economy, and peer-to-peer economy.[41]

The modern-day "gig economy is a free market system in which temporary positions are common and organizations hire independent workers for short-term commitments".[42] As independent contractors (not employees), gig workers accept flexible, short-term contracts (e.g., tasks, projects, or jobs) via online platforms, mobile apps, or offline. They are paid per unit of work delivered with no guarantee of hours or steady work.[43]

Gig jobs include transportation (Uber, Lyft); accommodation (AirBNB, VRBO, Couchsurfing); food and grocery delivery (eg, Postmates, Doordash, Instacart); car rentals (Turo, GetAround); handyperson

[32] J Turco, (2023, April 6). "Bankruptcy in the gig economy". *John Turco Law Blog*. https://www.johnturcolaw.com/blog/bankruptcy-in-the-gig-economy [15].

[33] Federchuk A. (2024, March 20). *32% of Canadian gig workers willing to risk not declaring "any" income; 43% willing to risk not declaring "all" income, despite evolving tax reporting requirements for digital labour platforms, reveals new H&R Block survey* [Press release]. Canada Newswire. https://www.newswire.ca/news-releases/32-of-canadian-gig-workers-willing-to-risk-not-declaring-any-income-43-willing-to-risk-not-declaring-all-income-d

[34] Aleksandric M. (2024, January 5). "20+ gig economy statistics for 2024: The state of gig work". *FinMasters Blog*. https://www.finmasters.com/gig-economy-statistics/#gref

[35] Shell A. (2025, February 4). "How taxes are different for gig workers". *Synchrony Blog*. https://www.synchrony.com/blog/banking/why-taxes-are-different-for-gig-workers

[36] The Upwork Team. (2025, August 25). "Best gig jobs in 2025: Top side hustles and remote gigs". *Upwork Blog*. https://www.upwork.com/resources/best-gig-economy-jobs

[37] Shell, n 35.

[38] Paz Y Miño G. (2024, February 26). "Inside Australia and New Zealand's gig economy growth". *People Matters Blog*. https://www.anz.peoplemattersglobal.com/article/employee-relations/inside-australia-and-new-zealands-gig-economy-growth-40385.

[39] Charney R. J. (2020, December). *Employment status in the gig economy global 2020 NRF publication - Australia*. Norton Rose Fulbright. https://www.nortonrosefulbright.com/en-us/knowledge/publications/cc9526b7/aus-gig-economy-workers

[40] French *gigue* and Latin *giga* for "a lively dance form" where from the early 1900s, gig became jazz-musician shorthand for a less-formalised, one-off event or working engagement lasting a specified time compared to a long-term, ongoing arrangement at the same establishment: Gold R. S. (1964). *A jazz lexicon*. Knopf; Harper D. (2025). *Online etymology dictionary*. https://www.etymonline.com.).

[41] Hardy V. (2024). *Defining and measuring the gig economy using survey data* (Catalogue No. 75–005-M). Statistics Canada. https://www150.statcan.gc.ca/pub/75-004-m/75-004-m2024001-eng.pdf; Harper, n 40; United Nations Economic Commission for Europe. (2022). *Handbook on forms of employment* (ECE/CES/STAT/2022/4). https://www.unece.org/sites/default/files/2022-08/2210309E_ECE_CES_STAT_2022_4_WEB.pdf.

[42] Lutkevich B. & Gillis A. S. (2022, February). "Gig economy". *TechTarget Blog*. https://www.techtarget.com/whatis/definition/gig-economy; [1].

[43] Fay M. (2021, January 28). "Millennials using side jobs to pay off debt". *Debt.org Blog*. https://www.debt.org/blog/millennials-using-side-jobs-to-pay-off-debt; Hardy, n 41; Lutkevich & Gillis, n 42; UNECE, n 41; Wadhwani R., & Shanfeld G. (2024, July 3). Bankruptcy and the gig economy: Navigating financial challenges for freelancers and gig workers. *Wadhwani & Shanfeld Blog*. https://www.wslaw.com/blog/2024/july/bankruptcy-and-the-gig-economy-navigating-financial-challenges-for-freelancers-and-gig-workers.

and chores (TaskRabbit); and freelance projects (Fiverr).[44] Nearly two-thirds (58%) of Americans and Canadians said their gig earnings were essential or important for meeting their basic needs and supplementing their primary income Securian Canada, 2024).[45] Unfortunately, "full-time gig workers rarely, if ever, earn the exact same amount of money each month".[46]

The gig economy is, thus, a double-edged sword. Although it can bring more financial stability as a side job (even marginally reducing the need for bankruptcy),[47] it contributes income uncertainty.[48] Furthermore, gig workers (>25%) often lack insurance, benefits, or pensions and earn less than a minimum wage,.[49] Bankruptcy rates are much higher with a minimum wage.[50]

V. Unpredictable Financial Circumstances

Arising from this evolving mainstream/gig economy is a growing cadre of people exposed to financial instability and uncertainty because they live on some combination of reduced, sporadic, or unpredictable income with nominal to nonexistent job security, benefits, protection, or financial safety net.[51] Nearly two-thirds (58%) of Americans live paycheque to paycheque (Debt Hammer, 2024.[52] Almost half (47%) of Canadians fit the same profile.[53] Many (38%) Canadians and Americans worry about losing their job, and one-third rate their household finances as poor.[54] The latter are increasing at an unprecedented pace reflecting a widening pessimistic view of personal finances.[55]

People with lower and sporadic incomes are especially vulnerable in today's morphing economy and labour market. Canadians declared bankruptcy due to income loss or reduction (48%) and medical expenses (21%).[56] In the US, medical expenses (62%) trumped income loss (22%) Debt Hammer, 2024.[57] National health policies explain the glaring difference for medical expenses, but income level concerns are similar. The Canadian bankrupt's 2021 median monthly household income (C$2,566) was almost twice as low as the national average (C$5,933).[58] Likewise, the American bankrupt's 2023 median household income (US$3,518) was nearly twice as low as the national average (US$8,059).[59]

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[44] Fay, n 43; The Upwork Team, n 36.

[45] Anderson M., McClain C., Gaverio M., & Gelles-Watnick R. (2021). *The state of gig work in 2021*. Pew Research Center. https://www.pewresearch.org/wp-content/uploads/sites/20/2021/12/PI_2021.12.08_Gig-Work_FINAL.pdf;

[46] BDO Canada, n 21, [3].

[47] Nian T., Zhu A., & Gurbaxani V. (2021). "The impact of the sharing economy on household bankruptcy". *Management Information Systems Quarterly*, 45(3), 1213–1248. doi:10.25300/MISQ/2021/15514;

[48] Fay, n 43; Hardy, n 41.

[49] Aleksandric, n 34; Zipperer B., McNicholas C., Poydock M., Schneider D., & Harknett K. (2022). *National survey of gig workers paints a picture of poor workings, low pay*. Economic Policy Institute. https://www.files.epi.org/uploads/250647.pdf

[50] Legal D., & Young E. R. (2024). "The effect of minimum wages on consumer bankruptcy". *Journal of Economics and Business*, 129, Article 106171. https://www.doi.org/10.1016/j.jeconbus.2024.106171

[51] Martin, n 18; Wadhwani & Shanfeld, n 43; Zipperer et al, n 49.

[52] Turco, n 32.

[53] Bazian, n 28; Bourque C. (2023). *Leger's North American tracker*. Leger. https://www.leger360.com/wp-content/uploads/2024/04/Legers-North-American-Tracker-August-31st-2023.pdf

[54] Bourque, n 53.

[55] Bazian, n 28.

[56] OSB, n 9.

[57] Fay, n 22; Woods E. (2017). Health care costs number one cause of bankruptcy for American families. *American Bankruptcy Institute*. https://www.abi.org/feed-item/health-care-costs-number-one-cause-of-bankruptcy-for-american-families.

[58] OSB, n 9.

[59] Statista. (2024). *Median household income in the United States from 1990–2023*. https://www.statista.com/statistics/200838/median-household-income-in-the-united-states; United States Courts. (2023). *BAPCPA report – 2023*. https://www.uscourts.gov/statistics-reports/bapcpa-report-2023

Household income levels are deeply affected by systemic structural issues.[60] Unfortunately, "bankruptcy … is much better at dealing with the one-time economic catastrophe than it is at addressing … cases of structural unsustainability".[61] This includes the economy and labour market's morphing structures, which engender low and unpredictable incomes. In this insolvency pressure cooker, "studies show that only a fraction of people with serious debt problems file for bankruptcy protection".[62] But for those who do and respecting the income unpredictability arising from entrenched systemic issues, government-mandated bankruptcy counselling and education should provide relevant and relatable learning material that builds post-discharge self-efficacy.

Finally, a growing percentage of Canadians (5.6%) (167% increase over the last 50 years) and Americans (5.3%, fairly constant over the last 50 years) typically hold multiple jobs, especially (a) those working part-time, (b) full-time workers with very low main-job earnings and (c) workers whose main job is part-time.[63] Their lower income is exacerbated by work arrangements characterised by a difficult to estimate and control income flow contributing to disadvantageous financial straits.

VI. Specially Tailored Budgeting Strategies for Unpredictable Financial Circumstances

Three research caveats preface the discussion of specially tailored budgeting strategies for unpredictable financial circumstances and income types.

A. Research Caveats

Reader familiarity with conventional budgeting principles was assumed. Applicable to both bankrupts and post-discharge consumers, they include (a) goal setting and prioritising, (b) strategising and drafting a budget (i.e., estimating income and expenses for a specific time frame by approximating calculations using incomplete information), (c) reviewing and revising it, (d) implementing and monitoring it, (e) analysing and iteratively revising it and (f) record keeping[64]

Second, the proposed budgeting strategies assumed that bankrupts and consumer debtors are banked. The unbanked or underbanked often use AFS such as payday loans, loan sharks, pawnshops, cheque-cashing outlets, rent-to-own agreements, postal money orders, prepaid cards, and nonbank payment apps (ie, fringe banking).[65] "The relationship between bankruptcy and fringe credit sources is strong".[66] Using fringe banking services is very expensive and places unbanked consumers "at a significant risk of bankruptcy".[67] Research is required on relevant budgeting strategies for unbanked or underbanked bankrupts and post-discharged consumers including the relevancy of advising a cash-oriented envelope system in a virtually cashless society.[68]

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[60] Keating, n 19; Zhang, n 27.

[61] Keating, n 19, 629.

[62] Orcutt R. L. (2012, December 31). "The psychology of bankruptcy: Putting it all in perspective". *Rachel R's Blog*. https://www.billsbills.com/blog/psychology-bankruptcy-putting-it-all-perspective, [4]; see also Wong, n 6.

[63] Nash J. (2024, November 6). "Multiple job holders account for 5.3% of all employed". *VettaFi Blog*. https://www.advisorperspectives.com/dshort/updates/2024/11/06/multiple-jobholders-account-for-5-3-of-all-employed; Statistics Canada. (2022). *Multiple jobholders, 1976 to 2021*. https://www150.statcan.gc.ca/n1/pub/14-28-0001/2020001/article/00011-eng.htm; Statistics Canada. (2024). *Quality of employment in Canada: Multiple job holders, 2023* (Catalogue no. 14-28-0001). https://www150.statcan.gc.ca/n1/pub/14-28-0001/2024001/article/00002-eng.pdf; Stinson J. F. (1977, March). New data on multiple jobholding available from the CPS. *Monthly Labor Review*, pp. 3– 8. https://www.bls.gov/opub/mlr/1997/03/art1full.pdf

[64] Goldsmith E. (2018). *Personal finance* (4th ed). Fairchild Books; Ramsey D. (2025, March 21). How to budget with an irregular income. *Ramsey Solutions Blog*. https://www.daveramsey.com/blog/how-to-budget-an-irregular-income.

[65] Goodstein R. (2024). "A closer look at the unbanked". *FDIC consumer research perspectives*. https://www.fdic.gov/system/files/2024-08/cash-only.pdf

[66] Hawkins J. (2011). "Regulating on the fringe: Reexamining the link between fringe banking and financial distress". *Indiana Law Journal*, 86(4), 1361–1408. https://www.repository.law.indiana.edu/ilj/vol86/iss4/4, 1378.

[67] Leslie C. R. (2023). "Banking deserts, structural racism, and merger law". *Minnesota Law Review*, 108(2), 695–794. https://www.minnesotalawreview.org/wp-content/uploads/2024/01/2.2_Leslie.pdf, 711.

[68] Fay B. (2023, November 3). Dave Ramsey's envelope system explained: Pros, cons and alternatives. *Debt.org Blog*.

Third, many references are from the grey literature rather than peer reviewed, which may attest to the under-researched nature of this topic: (a) anecdotal blogs and (b) government or institutional reports. Anecdotal evidence is usually straightforward thus more accessible, but it lacks scientific objectivity. Its subjectivity does not make it less valuable, but it does increase the risk of bias, being unfiltered, reduced reliability and accuracy, and over-generalisation. Anecdotal evidence can provide valuable insights and context but is ideally augmented with scientific evidence.[69]

B. Income-type Predictability

Income unpredictability has profound budgeting implications. Fortunately, successful budgeting is possible with strategies tailored to income-type predictability:[70] salaries, wages, tips and commissions, and seasonal and gig workers. Salaries are fixed annual incomes with high predictability unless augmented with less-predictable overtime income (ie, hours worked over a 40-hour week) or part-time work income. With set wages (hourly, daily, or weekly), not working (regardless of reasons) means no earnings thus making wage-based income less predictable than salaries.[71] Tips and commissions (ie, performance-based incomes) are unpredictable but less so when augmented with a wage element (e.g., base salary plus tips or commission). Gig and seasonal incomes ebb and flow with protracted (somewhat predictable) periods of low to no income.[72]

To ensure self-efficacy in post-discharge life in the current economy and labour market, bankrupts and consumer debtors would benefit from relevant learning about how to prepare and successfully implement a budget and manage finances on unpredictable income. Although difficult, keeping to a uniquely designed and set budget can mitigate most financial worries during bankruptcy and post-discharge life.[73] To wit, the following text contains strategies for tailoring the budgeting process for unpredictable income types and unstable financial circumstances. Relevant bankruptcy counselling and education would address these strategies in concert with conventional budgeting principles.

C. Salary and Waged Strategies

Conventional budgeting principles apply to people earning moderate to high salaries or wages[74]; low salary, low waged, and minimum wage scenarios combined with unpredictability are problematic. Although wages are a regular fixed payment, actual take-home pay can vary because waged earnings depend on hours worked; unlike a salary, which is a fixed annual amount regardless of hours worked. More challenges arise with a minimum wage, which is the lowest wage permitted by law or a special agreement (International Labour Organization, 2017).[75] In 2024, the Canadian federal minimum wage was C$17.30 (US$12.43)[76] compared to the American federally mandated US$7.25.[77] Ross claimed that "the federal minimum wage has lost the ability to keep workers out of poverty … The minimum

https://www.debt.org/advice/dave-ramseys-envelope-system-explained; Goodstein, n 65.

[69] Limb, C. J. (2011). "The need for evidence in an anecdotal world". *Trends in Amplification*, 15(1), 3–4. https://www.doi.org/10.1177/1084713811425751; Louët, S. (2024). "The comparative study of anecdotal vs scientific evidence in 2024". *Science Pod Blog*. https://sciencepod.net/anecdotal-vs-scientific-evidence

[70] Blank, n 15; Mole A. (2024, February 28). "Top 10 financial tips for working in the gig economy in 2024". Retrieved May 15, 2025, from *Positive Accountant Blog*. https://www.positiveaccountant.com/gig-economy-financial-tips; Ramsey, n 64; Wadhwani and Shanfeld, n 43.

[71] Statistics Canada. (2017, November 29). Labour in Canada: Key results from the 2016 census. *The Daily*. https://www.statcan.gc.ca/daily-quotidien/171129/dq171129b-eng.pdf

[72] UNECE, n 41; Wadhwani and Shanfeld, n 43.

[73] Mole, n 70.

[74] Goldsmith, n 64.

[75] International Labour Organization. (2017). *Minimum wage policy guide*. https://www.ilo.org/media/423206/download.

[76] Campbell F. (2024, October 1). Canada's minimum wage explained. *Forbes Advisor*. https://www.forbes.com/advisor/ca/personal-finance/new-minimum-wage-canada

[77] US Department of Labor. (2024). *Minimum wage*. https://www.dol.gov/general/topic/wages/minimumwage.

wage is a poverty wage".[78] As noted, bankruptcy rates are much higher with a minimum wage.[79]

Strategy-wise, low-salary, low-waged, and minimum-wage earners should create a bare-bones budget (ie, only the basic necessities, nothing extra) based on the lowest possible take-home pay. A common suggestion is the *50/30/20 rule*: 50% essential needs, 30% nonessential wants and 20% savings and debt repayment. After depositing all earnings into a holding (savings) account, people would pay themselves a fixed monthly income (transferred to a chequing account) based on their budget fundamentals ideally with a line item for averaged periodic expenses. The holding account balance varies based on earnings, but the monthly transfer for paying bills stays the same barring fluctuation in expenses).[80]

To help decide which expenses to pay with extra money, people with a bare-bones budget are encouraged to create a prioritised list of debts (needs) and wants (must save up). Upon receiving a higher-than-normal income, they would first pay necessities in the bare-bones budget and then target the top item on the prioritised list. They move down the list but always pay the bare-bones expenses first.[81]

D. Tips and Commission Strategies

People earning tips or a commission should save a large percentage of their income on good months to help with the bad months. They would pay prioritised basic monthly expenses and save the balance to cover future shortages.[82] Another recommendation is to have two budgets: one for the good months and one for leaner times. This strategy generates two realistic budgets and minimises using credit to supplement lean times; bank accounts are less likely to run dry during the slow months.[83] Third, people should save a set percentage (eg, 10%) of each commission check regardless of earnings to create a buffer for down times.[84]

Fourth, those earning a salary plus commission are advised to have one budget and bank account for the salary component and another for the commission. The base salary (allotted in dollars) covers living expenses, debt payments, savings, investments and so on. The commission is broken into categories with percentages (eg, 20% for taxes, 30% for extra debt payment).[85] These strategies work better with self-knowledge of one's emotional relationship with money and natural approach to money management.[86]

E. Seasonal and Gig Income Strategies

The bare-bones strategy likewise applies to gig and seasonal workers given the ebb and flow of their earnings with protracted times of low to no income.[87] A second strategy is to have three bank

[78] Ross K. (2024, July 24). The minimum wage is a poverty wage. *American Progress*. https://www.americanprogress.org/article/the-minimum-wage-is-a-poverty-wage, [1].

[79] Legal & Young, n 50.

[80] Jaggernath J. (2014, January 10). 3 ways to create a personal budget plan with irregular income. *My Money Coach Blog*. https://www.mymoneycoach.ca/blog/3-ways-to-create-personal-budget-plan-with-irregular-income-self-employed-student-seasonal.html; Warren E., and Warren Tyagi A. (2006). *All your worth*. Free Press.

[81] Mole, n 70.

[82] Caldwell M. (2021, May 12). How to budget a variable income. *The Balance Blog*. https://www.thebalance.com/how-to-budget-a-variable-income-2385697

[83] Jaggernath, n 80; Johnson G. (2020, March 18). "How to budget for an irregular income". *Club Thrifty Blog*. https://www.clubthrifty.com/how-to-budget-for-an-irregular-income

[84] Rossheim J. (2025). "Learn to manage your sales income". *Monster Blog*. https://www.monster.com/career-advice/article/learn-to-manage-your-sales-income

[85] Kopelman T. (2021, June 16). "How to manage commission based income". *TK Blog*. https://www.thomaskopelman.com/blog/how-to-manage-commission-based-income

[86] Stulak J. (2022). "Commission pay and financial planning". *Ethotech*. https://www.ethotech.com/commission-pay-financial-planning-employee-advice

[87] Jaggernath, n 80.

accounts: income, expenses, and savings. People should first track income and expenses for three to six months to determine averaged income and outflow, which ideally includes a savings line item (at least 10% of monthly earnings) and a line item for averaged periodic expenses. After depositing all earnings into the income account, they would pay themselves a monthly salary by transferring enough money into the expense account to pay for calculated expenses. In short, their monthly salary is equal to their calculated, averaged monthly expenses regardless of how much they earned in income. Savings can top the deficit in lean months.[88]

A third strategy is to set up chequing and savings accounts with the latter holding enough money to cover at least two months of calculated, averaged expenses thus enabling adjustments during lean times. All earnings go into the savings account. At the beginning of each month, money equivalent to calculated expenses would be transferred from savings into chequing, and bills and purchases paid from the latter as they come due or are incurred. The savings account balance is drawn down during lean times, but people should maintain a two-month-minimum reserve.[89]

Fourth, because gig workers often provide their own equipment and supplies (eg, transportation, tools, technology, office, and telecommunications), they are encouraged to create a financial budget in addition to their personal budget. The financial budget also serves as an investment strategy for more ensured future earnings.[90] Additional strategies include not splurging on the good months, planning for hidden costs that can sabotage earnings, minimising reliance on credit, and performing a twice-yearly financial checkup to gauge financial health.[91] Finally, gig and seasonal workers should create a prioritised list to help them decide what to pay with extra earnings.[92]

F. Gig Worker Tax Obligations

Gig workers have the additional challenge of tax obligations. Taxes are normally withheld by employers and considered part of macro financial planning[93] rather than micro budgeting. However, gig workers must discipline themselves and withhold their own taxes. Lack of due diligence can create a very large tax bill if not managed properly and fines if not prudently filed.[94]

Unfortunately, the newness and "nature of the sharing and gig economy is such that a significant number of [gig workers] may not be fully aware of their tax obligations"[95] and, thus, do not budget accordingly.[96] A recent H&R Block survey revealed that one quarter of Canadian gig workers did not have a clear understanding of the tax implications, and nearly half (43%) were willing to risk not reporting all income or any income (32%).[97] Nearly three-quarters (73%) of American gig workers were unaware of new and changing gig-related tax rules.[98] A Treasury Inspector General for Tax Administration report put the American gig workers' noncompliance number at 13%.[99]

[88] BDO Canada, n 21.

[89] Caldwell, n 82.

[90] FWD Insurance. (2024, December 18). *Gig economy workers and tips on managing their finances*. https://www.fwd.co.id/id/blog/literasi-keuangan/pekerja-gig-economy-dan-tips-mengelola-keuangannya

[91] BDO Canada, n 21.

[92] Mole, n 70.

[93] Goldsmith, n 64.

[94] Organization for Economic Cooperation and Development. (2019). *The sharing and gig economy. Effective taxation of platform sellers*. https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/03/the-sharing-and-gig-economy-effective-taxation-of-platform-sellers_a4837ec4/574b61f8-en.pdf; Shell, n 35; Wadhwani and Shanfeld, n 43.

[95] OECD, n 94, 35.

[96] Shell, n 35; Watson G. (2019, March 1). To remedy tax compliance problems, gig economy firms need policy certainty. *Tax Foundation Blog*. https://www.taxfoundation.org/blog/gig-economy-compliance-certainty

[97] Federchuk, n 33.

[98] Grieve P. (2025, February 6). "Gig economy workers may be in for a rude surprise this tax season". *Money Blog*. https://www.money.com/gig-economy-workers-taxes-1099-k

[99] Treasury Inspector General for Tax Administration. (2019). *Expansion of the gig economy warrants focus on improving self-employment tax compliance* (Ref. No. 2019-30-016).

To ensure relevancy, bankrupt and consumer debtor gig workers should be taught to automate their taxes by (a) having a separate tax bank account, (b) scheduling a regular transfer of income into this account (at least 20%) and (c) not touching the balance except for taxes. Monthly or quarterly deposits would involve estimating taxes owing in conversations with a tax account. Gig workers should track business expenses with receipts to help lower their tax liability. Awareness of relevant tax deductions and credits can further reduce tax paid. If they saved more than they owed, they can hold back the surplus for next year or use it for previously prioritised financial goals.[100]

CONCLUSION

The ideas herein illustrate tailored strategies for helping bankrupt or post-discharged consumers to budget when living on perpetually low, temporarily reduced, or sporadic income. The intent is to mitigate recidivism while living responsibly within their financial limits. Although not easy, it is doable. Adopting these and similar strategies accommodates a personal choice to live within an uncertain income of their own volition. Self-efficacy is better assured with people believing in their ability to stabilise their financial future. They would work with what they have and strive for ingenuity and perseverance in living on restricted and unpredictable income.

Relevant bankruptcy counselling and education content should encourage bankrupts and consumer debtors to voluntarily use relatable learning to effect fiscal change. Their resultant self-efficacy could stabilise a very challenging money-management scenario, which, if mismanaged, can lead to future insolvency and recidivism. In short, relevant bankruptcy counselling and education would assume that surviving (even thriving) in straitened, unpredictable financial circumstances hinges on augmenting conventional with specially targeted budgeting strategies that foster a self-efficacy attitude.

Future researchers are encouraged to implement pilot trials of anecdotal and grey literature budgeting strategies with consumer debtors, bankrupts, and post-discharge consumers. They should use mixed methods research as well as phenomenological, and critical research methodologies to gauge relevancy and efficaciousness. Was the content perceived as relevant and relatable? Was recidivism reduced and self-efficacy improved? If not, why not, and how can things be improved? If warranted, a next step is convincing government agencies to adjust the nature of their mandatory bankruptcy counselling and education offerings for people living with unpredictable financial circumstances.

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[100] BDO Canada, n 21; Caldwell, n 82; Mole, n 70.