

I can't pay my debts What are my options?

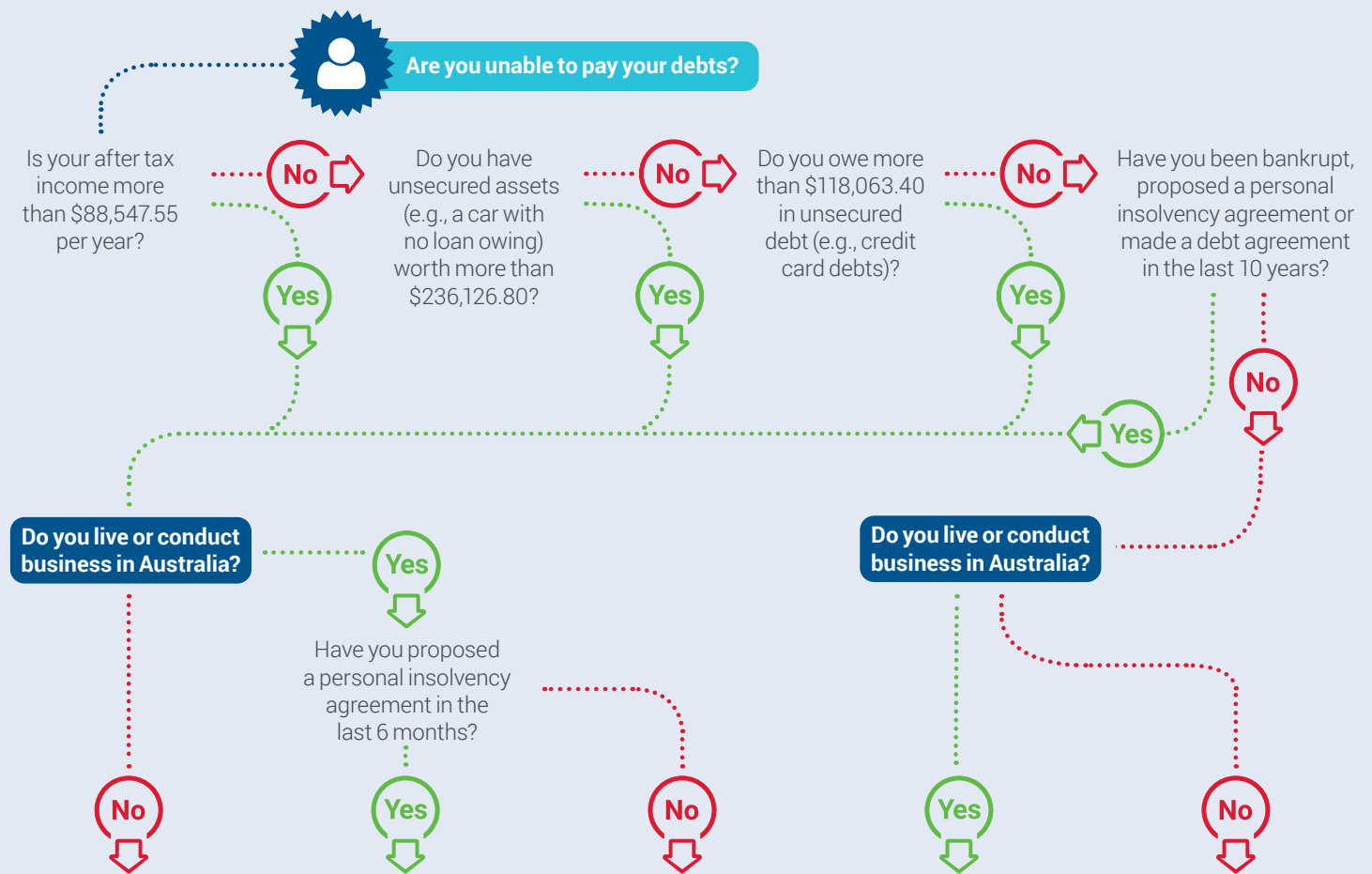


Australian Government
Australian Financial Security Authority

Answer the following questions to find out if you're eligible for personal insolvency. There are three formal options available - bankruptcy, a personal insolvency agreement or a debt agreement.

For free financial advice, contact the National Debt Helpline on **1800 007 007**.

Note: this tool provides a simplified overview of the eligibility criteria under the Bankruptcy Act 1966 (Cth). It is for general use only and does not take into account all of your individual circumstances. This is not legal advice. Before you make any final decisions, you should consider obtaining your own independent financial advice and/or legal advice about the consequences of all options.



Based on your answers, you may be eligible for:

 None of the formal insolvency options If you need help managing your debt, you can contact the National Debt Helpline on 1800 007 007 to speak with a free financial counsellor.	 Bankruptcy	 Personal insolvency agreement	 Debt agreement	 Debt agreement
	 Bankruptcy	 Personal insolvency agreement		
		 Bankruptcy		

Information is correct up until 25 January 2021

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Formal insolvency options



Debt agreement

A debt agreement is a legally binding agreement between you and your creditors to pay an amount you can afford. You make repayments to your debt agreement administrator, rather than individual payments to your creditors.

After you complete the payments and the agreement ends, your creditors can't recover the rest of the money you owe. To be eligible for a debt agreement, there are restrictions on the amount of debt, income and assets you have.

Entering a debt agreement may have a serious impact on you. It may affect your ability to get credit and will appear on a public register for a limited time.

For more details on the consequences of entering a debt agreement visit www.afsa.gov.au/debt-agreement.

If a debt agreement is the best choice for you, contact a debt agreement administrator to start your agreement proposal. You can find a registered debt agreement administrator at www.afsa.gov.au/debt-agreement-administrators.



Personal Insolvency Agreement

A personal insolvency agreement (or PIA) is a legally binding agreement between you and your creditors to pay an agreed amount in instalments or lump sum.

There are no debt, asset or income limits to be eligible. PIAs can be a flexible way to settle debts without becoming bankrupt.

Entering a PIA may have a serious impact on you. It may affect your employment, ability to get credit and will appear on a public register permanently. For more details on the consequences of entering a personal insolvency agreement visit www.afsa.gov.au/pia.

If a personal insolvency agreement is the best choice for you, contact a registered trustee to start your agreement proposal. You can find a registered trustee at www.afsa.gov.au/find-a-trustee.



Bankruptcy

Bankruptcy is a legal process that releases you from most debts and allows you to make a fresh start. Bankruptcy normally lasts for 3 years and 1 day and is managed by a trustee.

When you become bankrupt you are able to keep your ordinary household goods, tools used to earn an income (up to a set amount) and vehicles (with a value up to a set amount). Your trustee can sell other assets including your house and property.

Bankruptcy may have a serious impact on you, and may affect your employment, ability to get credit, ability to travel overseas and will appear on a public register permanently.

For more details on the consequences of bankruptcy visit www.afsa.gov.au/bankruptcy.

If bankruptcy is the best choice for you, you can apply for bankruptcy by:

- completing the forms available on the AFSA website at www.afsa.gov.au/bankruptcy
- asking a free financial counsellor to help you access and complete the forms
- contact AFSA on 1300 364 785 to discuss how to apply for bankruptcy.

A fourth option not included in the above information is called **Temporary debt protection** (or TDP). This option provides you with urgent temporary relief for 21 days from being pursued by unsecured creditors while you seek help and decide how to proceed. You can find more information at www.afsa.gov.au/tdp

Before making a decision

Seek advice

Financial counsellors provide free, independent and confidential help to discuss your options for dealing with unmanageable debt. You can call the National Debt Helpline on 1800 007 007 or visit the website www.ndh.org.au.

Understand the consequences

Entering into one of these formal arrangements may have a serious impact on you. It's important to understand what the consequences are before applying for anything.

More information

To find out more about the consequences of formal insolvency options visit www.afsa.gov.au/cant-pay-my-debts or call AFSA on 1300 364 785.