

Prescribed Information – Debt Agreements

You must read this information before you sign the debt agreement proposal. It will help you be sure if a debt agreement is right for you.

Get help with debt decisions

If you are having trouble with debt and need help working out what to do, you can get help.

You can get free financial counselling

Financial counsellors will help you to understand all your options. They can also help you to take action once you've decided what to do. You can speak to financial counsellors on the phone or in person. Contact the National Debt Helpline on 1800 007 007 or www.ndh.org.au.

For more information about managing money visit www.moneysmart.gov.au.

Some of your options

You can contact the people you owe money to (your creditors) to

- ask for more time to pay
- arrange to pay over time
- negotiate to pay a smaller amount to settle your debts.

You may also be able to apply under hardship provisions to get extra support.

There are also a number of formal options available under the Bankruptcy Act. These options each have serious consequences, but might be the best thing for you:

- Declaration of intention to present a debtor's petition. This stops your creditors from collecting debts for 21 days so you can seek advice and consider your options
- Bankruptcy
- Debt agreements
- Personal insolvency agreements

You can find information about these options at www.afsa.gov.au. Beware of [unregulated or unlicensed advisors](#) who may offer advice that is too good to be true.

What is a debt agreement?

A debt agreement is a legally binding agreement between you and your creditors. It lets you pay a percentage of your total debt over a period of time, based on what you can afford. A debt agreement is not a consolidation loan.

Your creditors must vote to accept your debt agreement. The Australian Financial Security Authority (AFSA) manages the voting process.

Submitting a debt agreement proposal to AFSA is an act of bankruptcy. This means if your creditors don't accept your proposal, they can apply to the court to make you bankrupt. If your proposal is accepted, you make repayments to your debt agreement administrator. The administrator then makes payments to your creditors.

Your debt agreement ends when you complete the payments.

You can ask a [registered debt agreement administrator](#) or [registered trustee](#) to manage your debt agreement.

A debt agreement does not release you from all your debts.

Completing a Debt Agreement releases you from most of your unsecured debts such as:

- credit cards
- personal loans
- utility bills

This means you no longer have to repay these debts.

Secured debts, like home loans or car loans, are treated differently in a debt agreement. If you don't continue to make repayments, the creditor can repossess the secured property. If the creditor sells the goods and you still owe money, your debt agreement will cover this debt.

A debt agreement doesn't release you from all debts. You will still need to pay [certain types of debts](#).

You must list all debts in your application. If you don't you may be making a false declaration. Signing a declaration you know to be false is a criminal offence under section 267(2) of the Bankruptcy Act. The maximum penalty is 12 months' imprisonment.

What happens to me if I enter a debt agreement?

A debt agreement can provide relief if you are struggling to repay your debts. However there are consequences and obligations which may affect you. You need to be aware of these so you can decide if a debt agreement is the best option for you.

Your name will be on the National Personal Insolvency Index (NPII) for a limited time

This is a searchable public register of all insolvency proceedings in Australia. It will show your:

- name (including previous names and aliases)
- date of birth
- home address
- occupation
- debt agreement dates
- AFSA administration number
- debt agreement administrator's contact details.

The amount of time your information stays on the NPII depends on your circumstances and how your agreement ends. If your safety is at risk, you can [request to hide your address on the NPII](#).

A debt agreement can affect your ability to get credit in the future

Your debt agreement will appear on your credit file for up to 5 years, or longer in some circumstances.

If you apply for any credit over a set amount*, you must inform the credit provider of your debt agreement. If you apply for small amounts, you must inform the credit provider once the total amount that you have borrowed adds up to more than the set amount*. This applies to all types of credit applications, including credit you apply for with another person. Not disclosing your bankruptcy in these circumstances is a criminal offence under section 269(1) of the Bankruptcy Act. The maximum penalty is 3 years' imprisonment.

*These amounts change throughout the year. See [indexed amounts](#) for the values.

A debt agreement may affect your business

If you trade under a business name that is not your own name, you must disclose your debt agreement to everyone you do business with. Not disclosing your bankruptcy in these circumstances is a criminal offence under section 269(1) of the Bankruptcy Act. The maximum penalty is 3 years' imprisonment.

Acknowledgement and declaration

I declare that I have read and understood this information.

Name (<i>please print</i>)	
Signature	Date signed