

# A Comparison of Debt Agreements, Personal Insolvency Agreements and Bankruptcy

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The first side-by-side comparison of the effect of Bankruptcy (BR), Debt Agreements (DA), and Personal Insolvency Agreements (PIA). Refer to the cross reference notes for more detailed explanation.

## At a glance

Description	BR	DA	PIA	Note
Debtor must be insolvent	Yes	Yes	Yes	1
Only effects unsecured debt	Yes	Yes	Yes	2
Will stop further interest accruing	Yes	Yes	Yes	3
Will stop creditor action	Yes	Yes	Yes	4
Marks credit rating for 7 years	Yes	Yes	Yes	5
Protects essential property	Yes	Yes	Yes	6
May effect employment	Yes	Yes	Yes	7
International travel is permitted	Yes	Yes	Yes	8
Penalties can be applies	Yes	Yes	Yes	9
Can be annulled	Yes	No	No	10
Protects earnings	Yes	No	No	11
Cannot be refused by creditors	Yes	No	No	12
Requires a Trustee	Yes	No	Yes	13
Must an administrator hold technical qualifications	Yes	No	Yes	14

## Notes to the table

Note	Explanation
1	You must be unable to pay all debts when they due rather than just unwilling to pay them.
2	Creditors who can repossess property to in payment of an overdue account are called secured creditors and include mortgagees, vehicle and equipment financiers, rent/buy or hire purchase creditors. The rights of secured creditors are not effected.
3	Interest charges are frozen
4	Unsecured creditors cannot take action or continue existing action
5	Personal details are recorded on the National Personal Insolvency Index (Bankruptcy Register). Credit reporting agencies will note your credit history for seven years after which this notation must be removed.
6	Protects essential household property, a modest car and tools of trade, superannuation
7	Can be excluded from the Defence force, professions such as accountant or solicitor, and may lose license to practice as builder, real estate agent, Stock broker or security guard.
8	Travel is permitted for business, compassionate or recreational reasons providing all obligations have been complied with, the traveler is returning and they are not removing assets. Written approval must be obtained prior to travel.
9	You can be prosecuted for deliberately providing misleading information about your circumstances. If your Debt Agreement of Personal Insolvency Agreement fails, you can be made bankrupt. Bankrupts can be penalized if they deliberately impede the work of the bankruptcy Trustee.
10	Annulment terminates bankruptcy and restores property to the debtor to the extent that is possible.
11	<p>Only bankruptcy protects at least the first \$50,000 of annual earnings. This protection can be increased to allow for expenses you pay for dependants, day care, private rental and income related travel expenses.</p> <p>Debt agreements and personal insolvency agreements require you to pay a percentage of every dollar earned.</p>

12	Bankruptcy cannot be refused by creditors. Debt Agreements and Personal Insolvency Agreements are subject to a ballot of creditors.
13	Debt Agreements are designed to be self managed. Bankruptcy and Personal Insolvency Agreements require a Trustee to be appointed to act as administrator.
14	Trustees must be qualified accountants and officers of the Supreme Court in each State. Debt Agreement administrators do not need to hold any professional qualification.

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