

## **SOME OF THE CONSEQUENCES OF BANKRUPTCY**

### **THE GOOD**

You will be released from the majority of your debts and get a Fresh Start

It will stop harassment by creditors

It will stop legal action by creditors to recover their money

It will stop seizure of goods by Sheriff's officers

It will stop garnishees on your wages

It will protect some property, including:

Ordinary clothing

Most Household furniture and effects

Tools of Trade (under ITSA [ Insolvency and Trustee Service Australia] limit)\*

Superannuation, if accessed during Bankruptcy by Bankrupt\*

Life Insurance\*

Endowment policies\*

Compensation payments for personal injury received by Bankrupt

Rural Assistance

Property of non bankrupt de facto, spouse or person you live with

Motor Vehicle (under ITSA limit)\*

Property held in Trust

Defence service loans\*

Wedding rings,etc\*

You can be a Sole Trader in certain cases\*

Income up to ITSA threshold is protected\*

You can still travel throughout Australia

### **THE BAD**

It will not clear Centrelink debts incurred by fraud

Debts incurred through Fraud will not be discharged by Bankruptcy

It will not clear HECS/Supplement debts

It will not get rid of Fines imposed by a Court. Traffic and Infringements are released, however their non-payment may cause the suspension of your drivers licence and/or motor vehicle registration until they are paid.

It will not get rid of Child Support debts

Valuables not protected by Bankruptcy will be under control of your Trustee ( for example antiques)

You will have to contribute to your bankruptcy if your income is over the ITSA threshold\*

Real Estate will be under control of your Trustee

It may affect your right to take legal action\*

Gifts, winnings & things left to you in a will (during Bankruptcy) will be under control of your Trustee

You may be required to surrender your passport

You can travel overseas only with ITSA's permission

Bounced Cheques can still be referred to Police

A Breach of Bankruptcy may extend your bankruptcy\*

Unliquidated debts will not be discharged\*

You cannot be on a board (Company Code) or a director of a company

It may affect your reconnection to Utilities

\* Check ITSA information / Prescribed Information

### **THE UGLY**

You will be on the NPII ( National Personal Insolvency Index) for life

Your credit rating will be affected for 7 years

You may have difficulty getting credit

You may have difficulty getting insurance ( including car insurance)

It may appear on the TICA register which may affect your ability to rent property

Property vesting with ITSA during Bankruptcy will continue to vest with ITSA after discharge

It can affect Employment opportunities\*

\* Check ITSA information / Prescribed Information