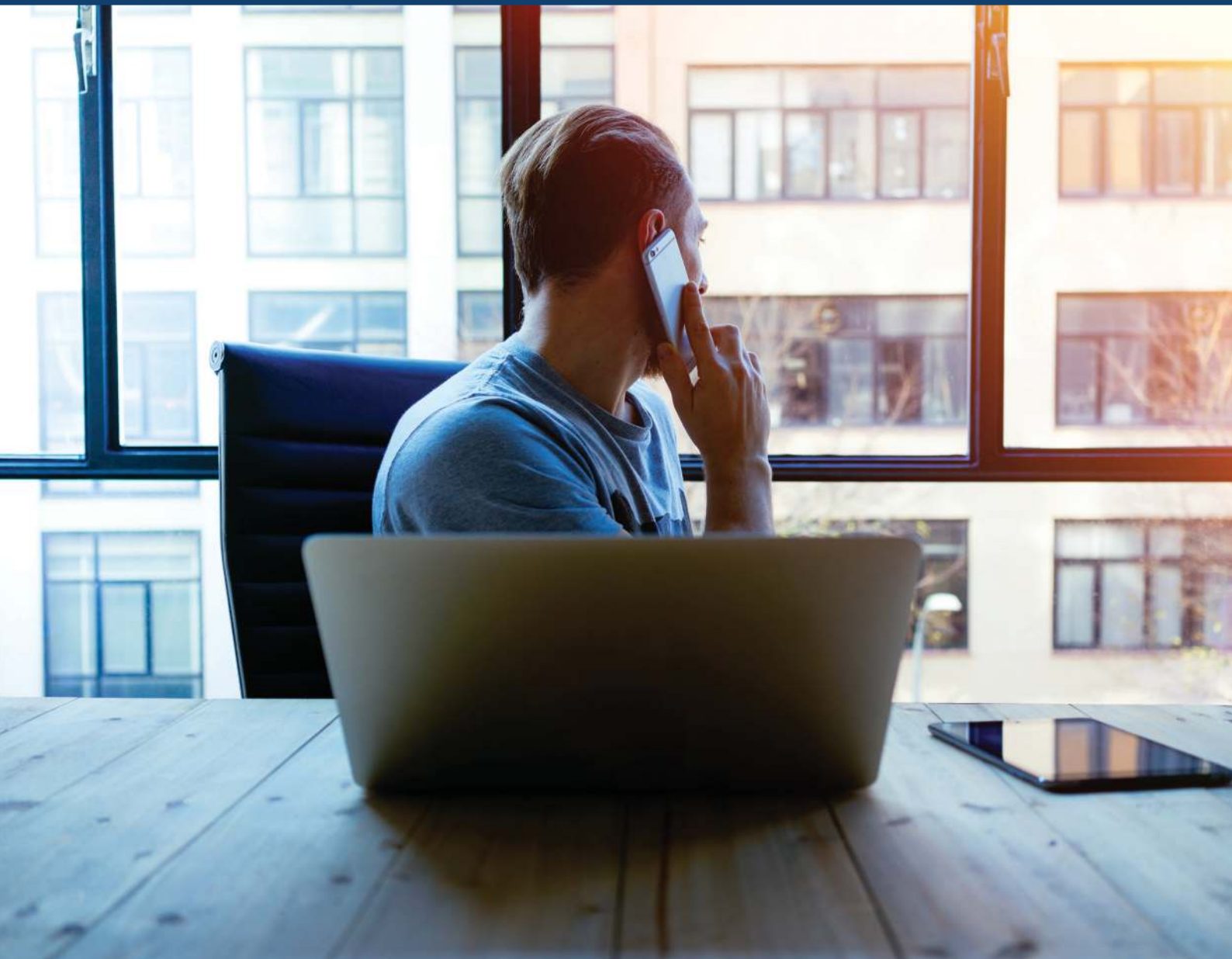




LANYANA
FINANCIAL GROUP

BANKRUPTCY

INFORMATION BROCHURE





About Bankruptcy

Bankruptcy is often the last resort for people experiencing financial difficulties in Australia. However, in the right circumstances, Bankruptcy can release a person from their financial obligations and offer instant relief and peace of mind.

By declaring Bankruptcy, you are legally declaring to your creditors that you do not have the financial means (either in money or assets) to repay the debts you owe. As a result, you will have a Bankruptcy Trustee appointed to manage your Bankruptcy estate. Your trustee will determine your net assets and income and the amount of such to be set aside for your estate and distributed to your creditors.

This may sound restrictive, but the thresholds are set to a level allowing you to live reasonably comfortably before having to liquidate your assets or contribute part of your income towards your estate.

There are a number of restrictions and obligations you must adhere to during your state of Bankruptcy. However, for people struggling with overwhelming debt, the benefit of wiping your slate clean and starting your financial life afresh is worth the inconvenience.

Bankruptcy generally lasts for 3 years, but may have an impact your financial life for some years to follow. As soon as you declare Bankruptcy, your name is listed on the National Personal Insolvency Index (NPII). This is a register of everyone who has declared Bankruptcy in Australia and your name will be listed on this Index for life. While it is mostly used by financial institutions, it can be accessed by anyone for a small fee.

Your Bankruptcy will also be marked on your credit file for 5 years from the date you became bankrupt or 2 years from when your Bankruptcy ends and it will be noted on your credit file that you are a discharged bankrupt. During this time, you may still find it difficult to secure new financing. However, our affiliate partner, Positive Solutions Finance, has access to a number of lenders who will consider lending to individuals who are discharged bankrupts.

How to Qualify for Bankruptcy

Anyone who is residing in Australia and is experiencing extreme financial hardship can declare Bankruptcy. There is no minimum or maximum debt amount.

The Official Receiver may reject your application if you have been bankrupt in the last 5 years, if you have declared Bankruptcy multiple times or if you are solvent but unwilling to repay your debt.

How Does a Bankruptcy Work?



Complete and submit the official Bankruptcy document provided by AFSA

To declare Bankruptcy, you must complete the official Bankruptcy documents provided by the Australian Financial Security Authority (AFSA) and submit them with a number of supporting documents. Once the Bankruptcy application form has been lodged you will receive an official Bankruptcy number. You can then quote this number to your creditors, who must now cease their recovery action.



A Bankruptcy Trustee will be assigned to your file

A Bankruptcy Trustee will also be assigned to your file and will be sorting through your documentation, checking for any errors or irregularities. Your Trustee will also:

- Make arrangements to access value in assets above threshold amounts (some assets can be retained).
- Mandate contributions from your income over a threshold.
- Investigate your financial affairs and may recover property or money that you have transferred to others prior to your Bankruptcy.



You will be obliged to comply with a number of rules during the Bankruptcy period

During the Bankruptcy period, you will be obliged to comply with a number of rules. These include, but are not limited to:

- Notifying the Trustee of all changes in name, address and contact details
- Applying to Trustee for written permission to use your passport.
- Notifying the Trustee of any change in income during the term of your Bankruptcy, especially if your new income is close to certain income threshold limits.
- Notifying the Trustee if you inherit any property, win money or receive any assets whilst you are Bankrupt.
- Cooperating with your Trustee and provide all information as requested, failure to do so may extend the term of your Bankruptcy.

Benefits of a Bankruptcy

- You are freed of your obligation to repay your debts* and have a clean slate from which to rebuild your finances.
- Your creditors are notified of the Bankruptcy and unsecured creditors will stop pursuing you for payment of your debts.
- You may be able to continue to operate a business whilst Bankrupt, however if you trade under an assumed name (ie. partnership or firm name) you must disclose that you are Bankrupt to everyone that you deal with. However, you cannot be a director of a company.
- You may keep most ordinary household or personal items as well as:
 - Tools used to earn an income up to a set limit.
 - ehicles, cars & motorbikes less than set limit.
 - Most funds held in registered superannuation fund.
 - Compensation for a personal injury.
 - Asset held by you in trust for another person (ie. Child's bank account).
 - Awards of a sporting, cultural, military or academic nature.

Consequences of a Bankruptcy

- You may have difficulty securing finance and aren't permitted to borrow more than a set amount during the Bankruptcy period.
 - Your credit file will be impacted for several years (in most cases 5 years).
 - Your name will be listed on the National Personal Insolvency Index for life.
 - You cannot be a director of a company or be involved with its management without permission of the Court.
 - You may not be able to remain employed in particular trades or professions.
 - Some certificates/licenses may be effected.
 - You may be prevented from continuing any court action that you have started.
- Your Trustee may sell your assets to benefit your creditors including:
 - Houses, apartments, land, farm & business premises including leases.
 - Motor vehicle other than exempt ones (see above).
 - Shares & other investments including shares held in your employers business.
 - Tax refunds for income earned before you became Bankrupt.
 - Proceeds of a deceased estate where a person dies before or during your Bankruptcy.
 - Lottery winnings and competition prizes.

You Could Keep Your Home

One of the biggest consequences of declaring bankruptcy is losing your family home. This is often the case as bankrupts are not permitted to own property. But depending on your circumstances, there may be a way you can keep your family home for the duration of your bankruptcy. Your spouse or partner may be able to purchase your share of the equity in the property. This equity could be purchased through a lump sum amount paid to your Trustee or could be paid through a number of installments over a period (eg. weekly payments over 1 or 2 years).

For example, if your home is worth \$550,000 and your mortgage is currently \$500,000 there is \$50,000 of equity in your property. If you and your spouse purchased the home together, your share of the equity is \$25,000. Your spouse could pay the Trustee the amount of \$25,000 either as a lump sum or over a period through installments (eg. \$250 per week over 2 years). The house will then be wholly owned by your spouse and not in your name, removing it from your bankrupt estate. Provided the repayments on the mortgage are maintained, you will be able to keep the family home.

Debts which may be included

Certain debts will still need to be paid during Bankruptcy, these include penalties & fines imposed by a court, damages from accidents, HECS/HELP student loans, debts incurred by fraud, child support / maintenance and any new debts after your Bankruptcy commences.

Your Bankruptcy will not affect a creditors right to pursue another person such as a person who is guarantor for your debts or if you have debts in joint names with another person (ie. your spouse / partner). The Australian Taxation Office (ATO) may keep your tax refund and offset it against any debt you owe the Commonwealth (ie. ATO or Child Support Agency).

Unsecured creditors generally lose the right to recover their debts. Any legal action taken against you by an unsecured creditor must stop. If creditors continue to demand that you pay their debt immediately inform your trustee. Secured creditors may contact you to find out what will happen to an asset. You may be able to make arrangements to keep a secured asset, such as your home.

Please Note:

All debts incurred after the Bankruptcy date will still need to be repaid by you.

We can help you eliminate your debt and start over.

Frequently Asked Questions

Can I stop a garnish on my income before the Bankruptcy is finalised?

By completing and lodging a Form 5 - Declaration Of Intention To Present A Debtor's Petition, you may be able to delay your wage being garnished for 21 days.

Will I be allowed to travel overseas?

You cannot travel overseas while you are bankrupt without permission from the Trustee. You can apply for permission via an online application form. You will generally also need to pay an application fee. Traveling overseas without permission or staying for longer than your allowed time can result in your Bankruptcy being extended to 5 or 8 years.

Will I be allowed to borrow money once my Bankruptcy has finished?

Yes. The Bankruptcy will be noted on your credit file for 5 years, which can affect your ability to apply for credit successfully. However, through Positive Solutions Finance, we have access to a number of affiliate lenders who will lend to individuals who are discharged bankrupts.

Will Bankruptcy affect my employment or income?

The Bankruptcy Act does not impose restrictions on employment but certain industry associations and licensing authorities impose restrictions should a member or licensee become Bankrupt. You should check with your relevant licensing authority or professional organisation to determine any impact on your ability to continue in that trade or profession prior to applying for Bankruptcy.

Your income will be capped depending on your situation (For example, the threshold for people with dependents is higher than the threshold for a single individual). Any money earned above the set threshold will become a contribution and be distributed among your creditors. If you are made redundant or receive a pay-out after losing your job, some of that money can also be made a contribution and distributed to your creditors.

Will I be allowed to keep my house?

A Bankrupt person is not allowed to own property if the value of that property (in excess of secured loans) can be used to satisfy any debt amounts included in your Bankruptcy. There are ways you may be able to keep your family home. If you own the house jointly with your partner, your Trustee may offer to sell your share of the home to your partner for market value. Your partner must then maintain the repayments on the property.





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Are you ready to take control of your debts through Bankruptcy?

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*Giving Australians a Fresh Start to a
Positive Financial Future*