## Fact Sheet: Your Debt Choices

Debt Options					Benefits			Consequences	
Budget ↓			Construct an affordable, sustainable budget		*Take control of finances *Improve your ability to repay debts *Have a savings plan		o 1	*Must be honest and reasonable *Requires discipline	
Debt moratorium ↓		CI	Client requests a respite		*Opportunity to regain control of finances			* No legal protection * Limited duration *Not a long term solution	
	Informal Agreement (in writing)/ Payment plan ↓		Client calls creditors and makes an arrangement to clear the debt		*Take control of finances *Builds relationships with creditors			*Must be affordable *Requires discipline *No legal protection	
Renegotiate loan (UCCC hardship provisions)		cli the	The UCCC provides the client the right to re-write the loan under certain conditions		*Settlement of debts *Convenience of one repayment plan & should be more affordable *Does not affect the credit			*Must be affordable *May not be available depending on the debt levels *May incur further Debt or	
↓ Help from family/friends			Personal loans etc		rating/legal protection *Full/Partial Settlement of debts *Does not affect the credit rating *Little or no interest			higher interest *Relationships breakdown *No guarantee until settled	
Declaration of Intention to Present a Debtor's Petition		en	Stay on legal enforcement action for 7 days ie garnishee		*Allows client time to decide course of action			*Act of Bankruptcy *Does not solve the issue *One every 12 months	
Refinance/consolidation loan		de	To combine all unsecured debts into one debt		*Settlement of debts *Convenience of one repayment plan & should be more affordable *Does not affect the credit rating			*Eligibility depends on the client's credit worthiness *May not be available depending on the debt levels *May incur further Debt or higher interest	
↓ Part IX Debt Agreement		de wh	Formal agreement b/w debtors and creditors which is an alternative to Bankruptcy		*Released from provable debts *Convenience of one low repayment plan & should be more affordable			*Act of Bankruptcy *Affects credit rating *Income/Assets and Debt limits	
* Personal Insolvency Agreement (PIA) ↓		ent de wh	Formal agreement b/w debtors and creditors which is an alternative to Bankruptcy		*No Income/Assets and Debt thresholds *Flexible solution		) , ,	*May be costly to establish (trustee costs) *Act of Bankruptcy *Affects credit rating	
Bankruptcy			st resort	*Released from provable debts			*Affects credit rating *Vesting *May affect employment/travel/inherita nce and other future events		
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you in the cycle of debt?	Struggling to pay bills	Arrears	Referral of Debts	Letter of Demand	Final Demand Letter	Summons	Judgment	Enforceme nt Actions	Creditors Petition