



KARL DEETER

Ireland's money expert

Make sure that TDs fight for us

IRELAND is in pay-back mode at the moment.

As a country we're experiencing "deleveraging", which means that many people are using most of their money to pay back excessive borrowing.

However, that practice only puts cash into the banking system and not the real economy.

This is because banks aren't lending — they're too busy using the cash to put out fires within their own institutions.

There are 786,000 Irish households with a mortgage, and six per cent of them are in trouble.

The vast majority of that six per cent haven't paid the bank a single cent in more than six months.

SOLUTION

Our Government-led solution is to encourage that to continue.

They've made it almost impossible for banks to repossess homes — Labour's solution of a two-year moratorium on repossessions reeks of "delay and pray".

A further 24,000 mortgages have been restructured and are still not performing, while 35,000 are only staying afloat due to a change in their conditions — mainly by not paying back the loan, only servicing the interest.

That's before you consider the 110,000 households in arrears on their gas and electricity. Money problems are everywhere.

This is at a time when European Central Bank President Jean Claude Trichet is talking about possible ECB rate hikes.

When Ireland's debt deluge comes along, things are going to get messy.

DEPOSITS

At the same time, households are sitting on more than €93 billion worth of deposits in liquid cash, according to the Central Bank.

This means that we're perhaps looking at an Ireland divided.

We already know that every second house has no mortgage on it.

So it would be a strange assumption to believe that the group in debt are sitting



In the cold grip of debt

REPORT TO HELP RECOVERY

on huge deposits at the same time and not choosing to pay off their loans.

That means the younger people are carrying debt and the older people are carrying the wealth and our children are going to have to pay for it all.

The time to act is now. Part of the IMF bailout was an insistence on an overhaul to our bankruptcy laws by the first quarter of next year.

This overhaul could be as little as a draft outline or proposal — or it could be something more concrete that would make a difference.

The new Programme For Government hasn't mentioned full implementation of a great report produced by the Law Reform Commission of Ireland.

Its look into Personal Debt Management and Debt Enforcement provides

wide-ranging workable solutions to the problem. The report is the most comprehensive document on debt that this State has seen in generations.

It also outlines solutions that have been tried and tested in other countries and which have been shown to work. So it's time for us to tell the Government that we want the report enacted.

LAWS

Be sure to let them know loud and clear that we require sensible laws in this country so they can't plead ignorance when it's too late.

We need laws that allow people to fail in a reasonable fashion.

If we've sold future generations down the Swanee, then the least they deserve is a mechanism to allow people to fail and then get back up again.

Are you in debt you can't handle? Take action & follow these steps:

- 1 Make a list of all of your debts and request loan statements for each of them (mortgage statements, car loan statements etc.)
- 2 Call MABS.ie on 1890 283438 and ask for a meeting or hire a private debt manager.
- 3 Write to each lender stating that you are in financial difficulty.
- 4 Fill in Standard Financial Statements as requested.
- 5 Seek to renegotiate terms — either longer terms or rate adjustments (for mortgages it is slightly different).
- 6 Most importantly, ask the lender to freeze any penalty interest and get all agreements in writing from the lender.

Remember to prioritize debt. Your home comes first, everything else is down the line with credit cards and personal loans in last place.

Q&A

UK's an option for bankruptcy

ADVISORS.IE

Q I HEARD that if I go to England I can become a bankrupt there and be discharged after only a year. Is this true?

A I looked into it and in Ireland the law doesn't seem to be on your side.

WHILE the UK continues to offer a sensible, varied and flexible system, it isn't as simple as "jump ship and do it".

You must establish a COMI (Centre of Main Interests) there and ideally use an

established restructuring and insolvency expert — which doesn't come for free.

And, of course, you'll still have at least a year before being discharged, though in special circumstances it can be less.

Establishing your COMI in the UK will take time and effort. You'll need to move there, so think it through before making a move requiring such radical action.

You can contact advisors.ie if you want to discuss this further.

Karl Deeter is operations manager at Advisors.ie, a firm of accountants and financial advisors.

THE IMF took one look at Ireland and effectively laughed at the way we deal with our debt problems.

That's the reason the IMF's Ajai Chopra and his pals made debt management a condition of our bailout. To expect the Government will do what's right for the people would be a mistake — they will do what gets them over the hurdle of satisfying the IMF requirements.

So this week we're asking you to email, write to or call your TD and tell them you want to hear their opinion on the Law Reform Commission (LRC) report.

Ask them if they'll publicly endorse the full adoption of it into legislation by the March 2012 deadline.

Politicians are good at avoid-

ing giving us straight answers. So this is your opportunity to nail them on something that's vital to all of our futures.

Get their response in writing and let the Irish News of the World know what they've said

in response and we'll start calling them out on it — accountability is key.

You can find the LRC document on law.reform.ie

On the left-hand side click on the "publications"



Bailout boy... Ajai Chopra

option.

Losing your home, closing a business or going bust doesn't make you a failure.

However, failing to protect your loved ones in the process does.

For that reason we need big changes, so don't sit back and hope for them, demand them!

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MSC CRUISES

7 Night Fly/Cruise

Splendid Mediterranean Cruise

Date: 5/12/19 Aug on MSC Splendida

Interior Cabin:

Based on 2 share full board

UPGRADE TO A BALCONY

From €31 per person per day

from €1029 p.p.



ADDED EXTRA €50 on board spend per person

MSC CRUISES

9 Night Fly/Cruise

Greek Islands in the Sun Cruise

Date: 1/4/21 August on MSC Musica

Interior Cabin: Based on 2 share

full board + 2 nights post cruise stay

UPGRADE TO A BALCONY

From €35 per person per day

from €1225 p.p.



ADDED EXTRA €50 on board spend per person

Price per person sharing interior stateroom, include port taxes & fees. Gratuities not included. Fly/Cruise price includes flights, flight taxes & 1 checked in bag per person.

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