



Association of
Personal Insolvency
Practitioners

solving debt for a fresh start

Reasonable Living Expenses PIP Consultation results

Aug 2021

Background

- In response to the RLE consultation document issued by the ISI, APIP issued a survey to its members asking for opinions on the current RLEs, where they could be increased / decreased and the treatment of certain costs in a different way.
- The survey was left open for 2 weeks in August and 36 responses were received, the majority of these were from PIPs and approximately 23% were from PIP staff. The timing of the survey being a holiday season may have had an impact on the number of responses received.
- The results are collated in the following slides, accompanied by summary observations for each of the questions posed.

Q1

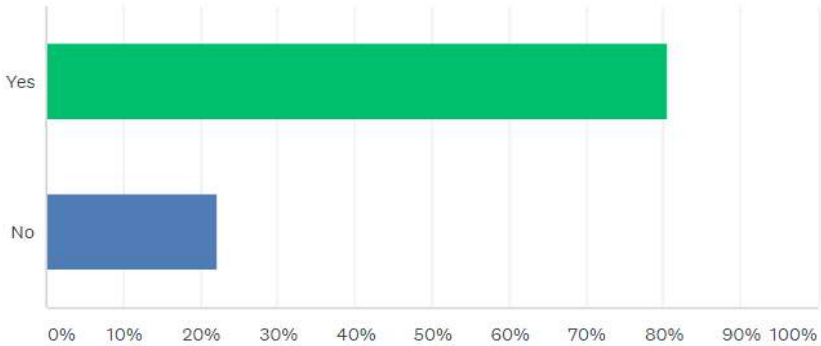


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Prior to this survey, were you aware of the current consultation process being carried out by the ISI to update the RLE costs

Answered: 36 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	80.56% 29
No	22.22% 8
Total Respondents: 36	

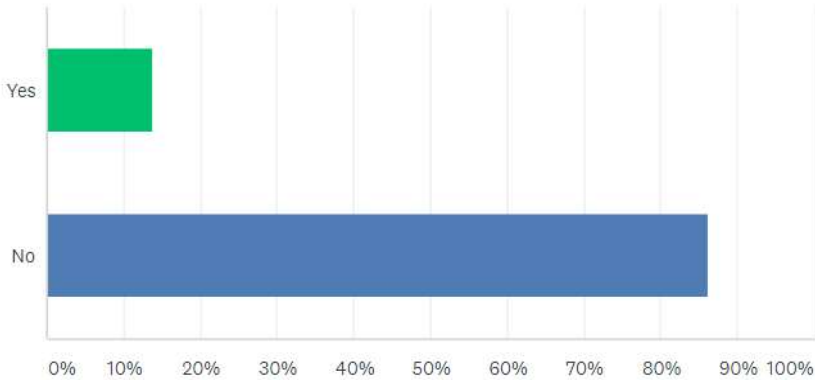
Observations

- 20% of respondents were not aware of the consultation process
- 80% were aware

03/11/2021

Do you think the current Reasonable Living Costs are enough to support an individual to maintain a reasonable living standard for day to day needs for themselves and their family

Answered: 36 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	13.89% 5
No	86.11% 31
Total Respondents: 36	

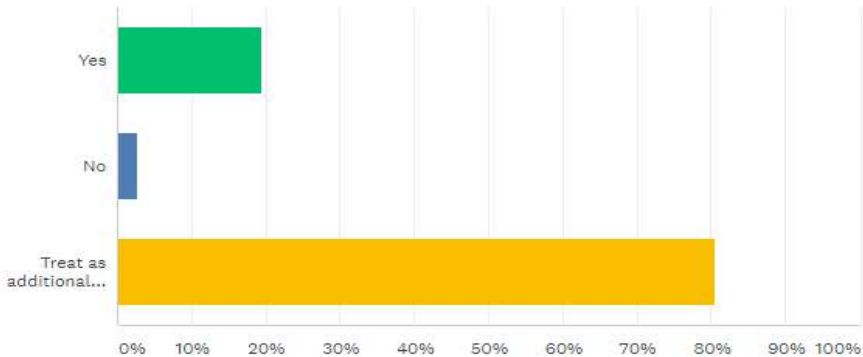
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Observations

- 86% of respondents believe the current levels of RLE were insufficient
- 14% believed they were high enough

Do you feel that the current approach in respect of costing an adult dependant child in 3rd level education as a Special Circumstance Cost equating to the same as a secondary school child adjusted for no childrens allowance is appropriate, or would an additional 3rd level child category be easier to use

Answered: 36 Skipped: 0





ANSWER CHOICES	RESPONSES	
Yes	19.44%	7
No	2.78%	1
Treat as additional child category	80.56%	29
Total Respondents: 36		

03/11/2021

Observations

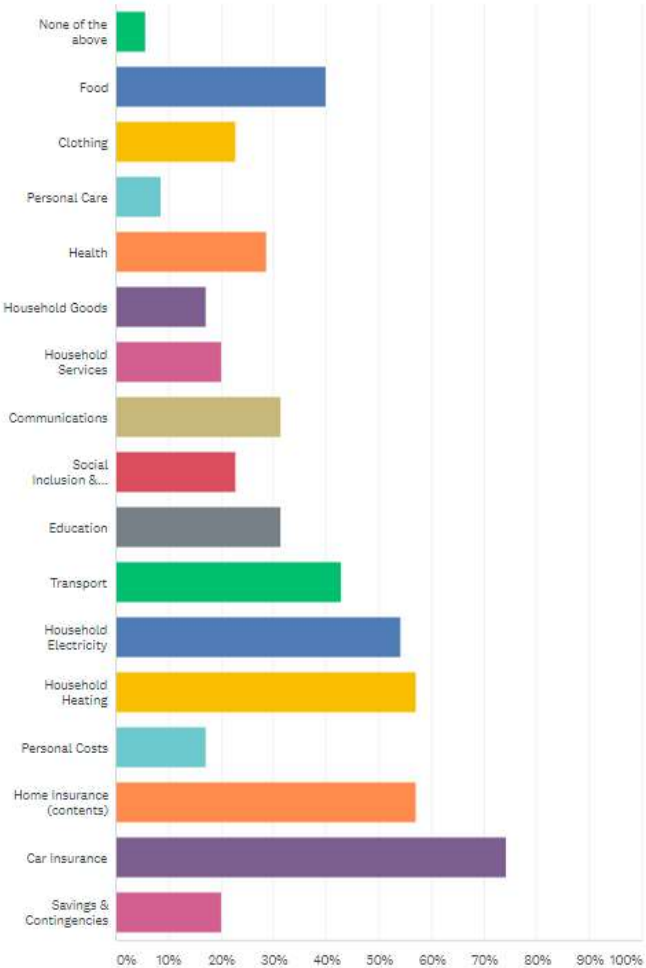
- 80% stated that a adult child in 3rd level should be a separate category of supported children
- 19% stated that a SC cost was sufficient
- Within the comments, the requirement for flexibility in the cost, linked to whether there was a SUSI grant, college accommodation & fees were being incurred etc. was identified, thus an ability to adapt the basic €550pm is needed
- There is a strong preference to ‘normalise’ the college costs as a ‘required level of education’ rather than a ‘nice to have’ to meet creditor objections to same which can be achieved through a separate cost category

Q4

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Which current RLE cost headings do you think need to be increased - please tick all that apply, and provide further explanation in the comment box

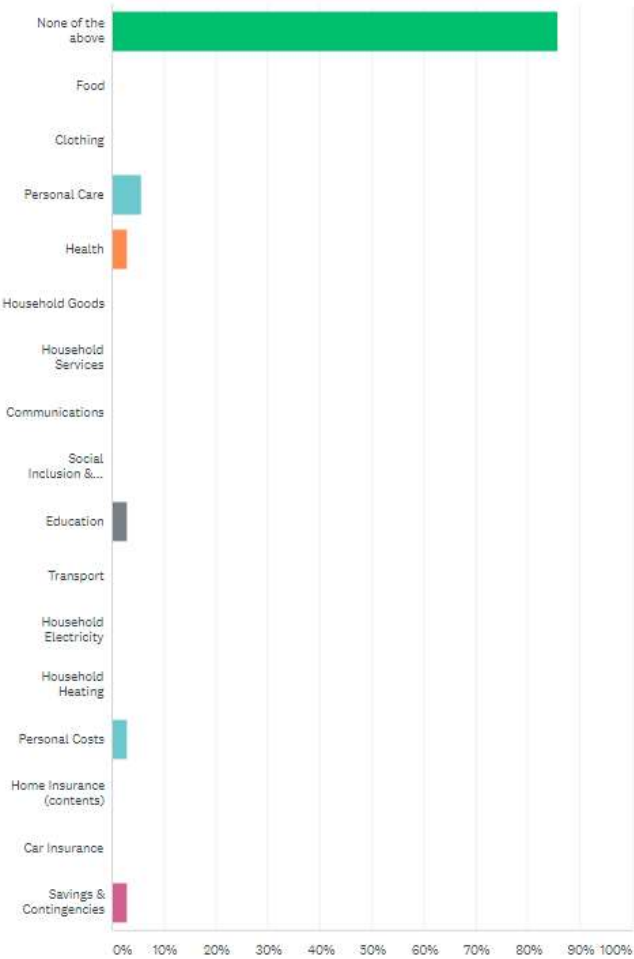
Answered: 35 Skipped: 1



ANSWER CHOICES	RESPONSES
None of the above	5.71% 2
Food	40.00% 14
Clothing	22.86% 8
Personal Care	8.57% 3
Health	28.57% 10
Household Goods	17.14% 6
Household Services	20.00% 7
Communications	31.43% 11
Social Inclusion & Participation	22.86% 8
Education	31.43% 11
Transport	42.86% 15
Household Electricity	54.29% 19
Household Heating	57.14% 20
Personal Costs	17.14% 6
Home Insurance (contents)	57.14% 20
Car Insurance	74.29% 26
Savings & Contingencies	20.00% 7
Total Respondents: 35	

Which current RLE cost headings do you think could be reduced - please tick all that apply, and provide further explanation in the comment box

Answered: 35 Skipped: 1



ANSWER CHOICES	RESPONSES	
▼ None of the above	85.71%	30
▼ Food	0.00%	0
▼ Clothing	0.00%	0
▼ Personal Care	5.71%	2
▼ Health	2.86%	1
▼ Household Goods	0.00%	0
▼ Household Services	0.00%	0
▼ Communications	0.00%	0
▼ Social Inclusion & Participation	0.00%	0
▼ Education	2.86%	1
▼ Transport	0.00%	0
▼ Household Electricity	0.00%	0
▼ Household Heating	0.00%	0
▼ Personal Costs	2.86%	1
▼ Home Insurance (contents)	0.00%	0
▼ Car Insurance	0.00%	0
▼ Savings & Contingencies	2.86%	1
Total Respondents: 35		

[Comments \(7\)](#)

Q5 – RLE costs to reduce

Observations

- 86% stated that none of the RLE categories should be reduced
- Personal costs, is unnecessary and immaterial value and should be removed from list
- Option to reduce costs in savings / contingencies, if other areas are increased

03/11/2021

Q6

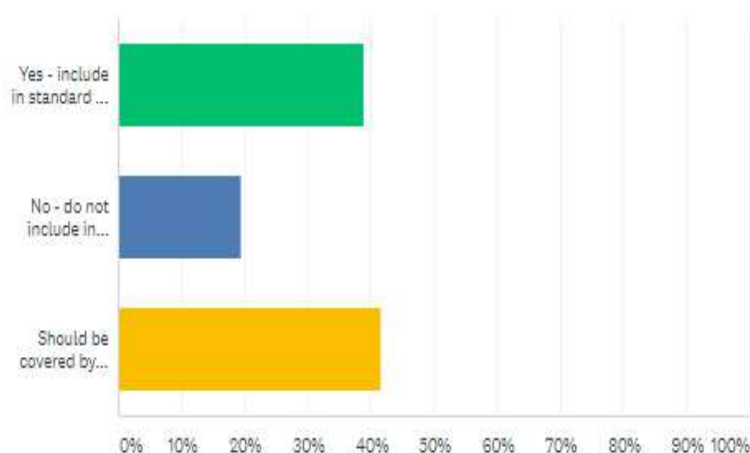


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Do you think the cost of a holiday should be included as an additional standard RLE cost or covered within Savings & Contingencies

Answered: 36 Skipped: 0





ANSWER CHOICES ▼	RESPONSES ▼	
▼ Yes - include in standard RLE tables	38.89%	14
▼ No - do not include in standard RLE tables	19.44%	7
▼ Should be covered by Savings & Contingencies	41.67%	15
Total Respondents: 36		

03/11/2021

Observations

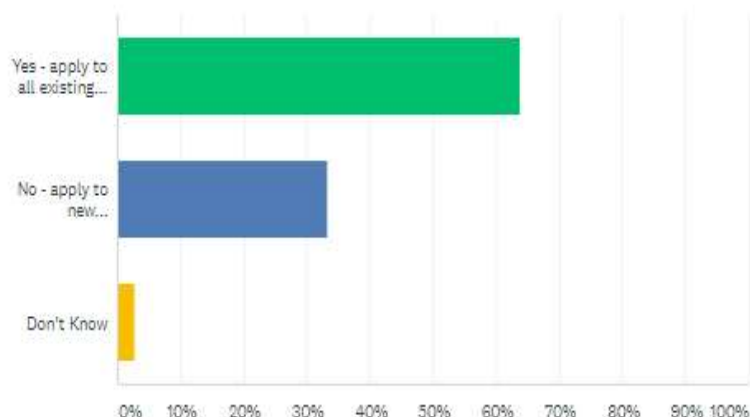
- 39% believed a holiday should be a recognised separate category of cost
- 42% stated holidays should be covered by savings & contingencies
- For short term PIA / DSA, it was suggested that a holiday is not a necessary cost at the expense of the creditor, but longer term needed for mental health
- How much do holidays need to cost, ie can do staycation
- People who are not in insolvency also have to make decisions between funding a major repair or having a holiday, usually cannot do both

Q7


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Would you recommend, that when the new RLEs are implemented, that they should be applied to existing arrangements already in place on a go forward basis and future distributions adjusted accordingly to creditors, or only apply to new arrangements approved

Answered: 36 Skipped: 0



ANSWER CHOICES	RESPONSES	
▼ Yes - apply to all existing and new arrangements	63.89%	23
▼ No - apply to new arrangements only	33.33%	12
▼ Don't Know	2.78%	1
Total Respondents: 36		

03/11/2021

Observations

- 64% believed updated RLEs should apply to all arrangements existing & new
- 33% stated apply to new arrangements only
- Need equality on costs between new arrangements and ongoing arrangements
- Where updated RLEs threaten viability of ongoing PIA, Debtor may decide to remain on old RLEs to end of arrangement
- Concern about increased PIP workload to apply new RLEs to existing arrangements
- This could reduce return to the creditors, below a level that they would have accepted, when the voting decision was made, however existing protocol allow 5% RLE change to reduce distributions without variation

Q8

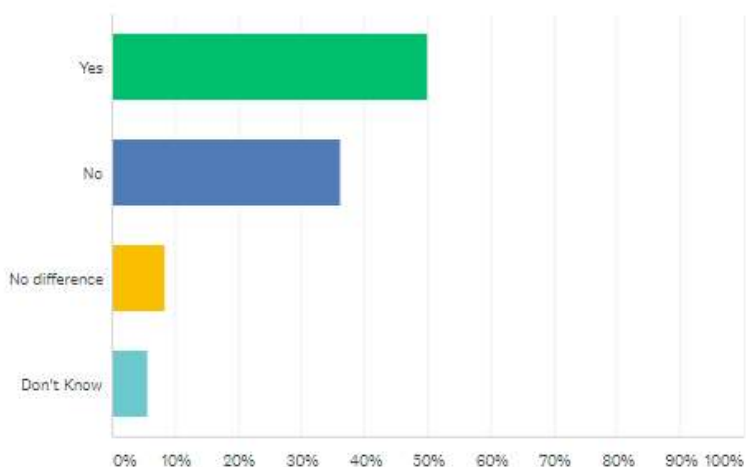


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Would the removal from the standard RLE cost table, of the following insurances - Car insurance, House insurance (fire & rebuilding) and Mortgage protection insurance (life assurance) and the inclusion instead of these costs as Special Circumstances costs, make the process of RLE calculations simpler

Answered: 36 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	50.00%	18
No	36.11%	13
No difference	8.33%	3
Don't Know	5.56%	2
Total Respondents: 36		

03/11/2021

Observations

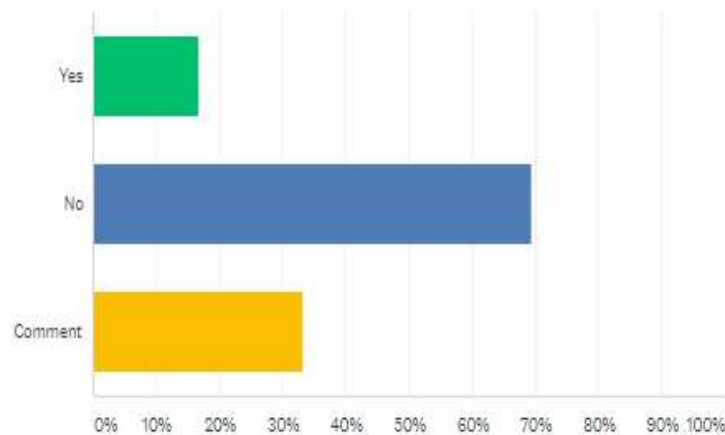
- 50% said that the treatment of these costs as SC would be easier to deal with
- 36% said it would not make it easier
- Could require further discussions with Creditors when treated as SC costs
- House insurance (rebuilding) is a mortgage requirement, so an essential cost
- Life Assurance also a mortgage requirement, i.e. essential cost, but frequently dropped by debts in financial pressure and costs varies considerably depending on age of debtor
- Would be helpful if PFS detailed full SC as well as these being on the Application form
- Easier to input as SC costs, rather than adjusting RLE costs in PFS especially for a couple

Q9

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Are there any other comments or inputs you would like to make on the consultation in respect of RLE costs

Answered: 36 Skipped: 0



ANSWER CHOICES ▼	RESPONSES ▼	
▼ Yes	16.67%	6
▼ No	69.44%	25
▼ Comment	Responses 33.33%	12
Total Respondents: 36		

Observations

- 33% of respondents provided additional comments as per the following pages
- Would be very beneficial if bank's SFS would match the RLE classifications
- There is a balancing act needed, between RLEs being too low and increased RLE's reducing affordability and making debt restructure more challenging
- Limited RLEs often encourage clients to request ARA as bank's costs can be higher for day to day living, the problem then is that full debt position not resolved as a result

03/11/2021

Summary responses

- Overall the recommendation is that the current RLE costs need to be updated and generally increased
- A more specific approach to areas such as insurance is welcomed through SC costs
- Holiday costs proposed are very low and generally it was felt that these would be better served as part of the savings / contingencies costs
- There is a concern that in increasing standard RLE, it may negatively impact on affordability and thus make the formulation of an affordable mortgage restructure more challenging in the future for Debtors and PIPs, so need to retain current flexibility where Debtors may choose for a limited time to live a little lower than RLE's but should not be a long term lifestyle choice