Evaluating if Bankruptcy Can Help

Who needs bankruptcy?

▸ those with debts but no reserves, retirement or expectation of ever paying off debt

▸ those with non dischargeable debts like taxes or support & dischargeable debt

▸ those with no objective exposure to creditors where debt degrades quality of life

Bankruptcy unnecessary

▸ Debt small or income expected to markedly increase

▸ All assets and sources of income exempt from creditors & likely to remain so

Bankruptcy alternatives

▸ Debt management programs thru reputable counselors
  www.cccssf.org

▸ Avoid debt settlement programs-they don’t work

▸ Cutting off collection calls via FDCPA do-not-contact rights

What bankruptcy discharges

▸ Unsecured debts: credit cards, loans, old tax debt, medical bills & judgments

▸ Pending or potential claims from auto accidents or other negligent torts

▸ Liens remain charge on the collateral unless avoided in bankruptcy
Debts that survive bankruptcy

▸ Child support or alimony
▸ Recent or unfiled taxes
▸ Student loans
▸ Debts incurred by forms of dishonesty

Exemptions protect most typical assets

▸ Exemptions apply to the equity in asset after deducting any liens
▸ Judicial liens impairing exemptions can be avoided

Retirement savings fully protected

▸ Social Security, worker’s comp, and disability payments exempt
▸ Pensions, 401(k)s and IRA’s beyond reach of creditors

Mortgage debt options

▸ Cure arrears in Chapter 13 bankruptcy;
▸ Strip off underwater junior liens in 13

Bankruptcy impact on future credit

▸ Immediate effect of bankruptcy on credit worthiness both positive & negative
▸ Most considering bankruptcy don’t have meaningful credit
▸ Hit to credit score heals over time period well short of 10 years