

Money Matters: Making Decisions, Making Money, Budgeting, Banking Services, Saving and Investing, Credit, Buying a Home, Cars and Loans, Consumer Awareness, Consumer Privacy, Advertising

Bankruptcy





Bankruptcy

A legal process to get out of debt when you can no longer make all your required payment.

Reasons for Bankruptcy

Medical Expenses

Job Loss

Business Losses

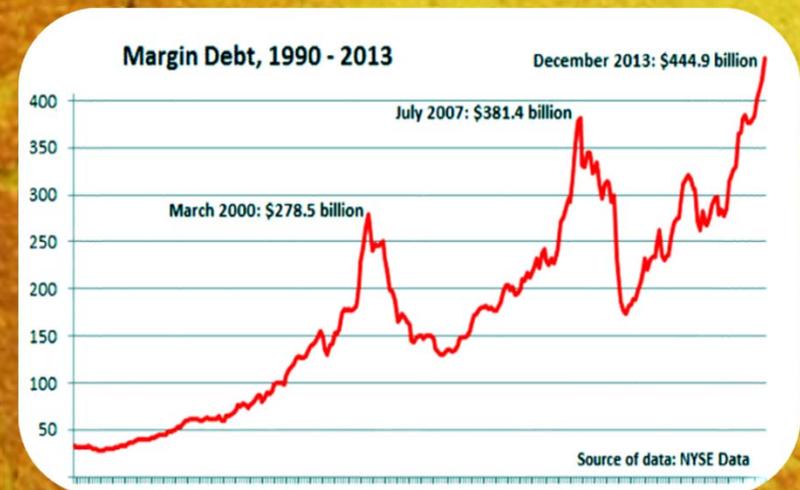
Natural Disaster

Credit Card Debt



Debt

- The entire amount of money a person owes to lenders.





Inflation

- An increase in the price of goods and services. A dollar in the future won't buy as much as a dollar today.
 - Did you know...
 - Inflation usually averages between 3% and 4% each year.
 - Inflation has influenced our economy for decades ranging from .5% to 18%.
 - In 1971 a first class stamp cost 8 cents.

Bankruptcy Basics

- **Chapter 7**

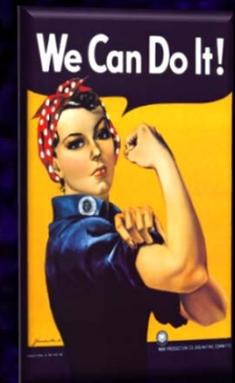
- **LIQUIDATION**

- wipes out all allowable debts and allows certain personal property exemptions.

- **Chapter 13**

- **REORGANIZATION**

- is a court-approved repayment plan.



Consequences of Bankruptcy

- Influences financial freedom
- Limits choices
- Pay more for credit
- Other people absorb your debt



Changes to Bankruptcy Law



- New law in effect October 17, 2005.
- New limits on personal bankruptcy.
- Requires those filing to get counseling before they are allowed to file.
- Bars filers with above-average income from filing Chapter 7 (liquidation).
- New debt may not be discharged.
- Quicker collections process

Alternatives to Bankruptcy

- *Out of court settlement*
- *Reduction of payments*
- *Attaining help from consumer credit counseling*
- *Payment of debts by selling or borrowing on property.*



Things to Consider BEFORE Filing

- A bankruptcy filing could determine whether or not you get a job.
- Your insurance rates could rise.
- You may find it difficult to rent an apartment or qualify for a home loan.
- Bankruptcies stay on your credit report for 10 years.
- Bankruptcy can lower your credit score.

Things to Do BEFORE Filing:

- Reduce your spending
- Talk with your creditors.
- Talk with a nonprofit counseling agency.
- Talk with an attorney and understand the consequences of declaring bankruptcy.
- Consider consolidation carefully.

TIPS TO REMEMBER

- Keep track of your daily expenses.
- Save money on a regular basis.
- Make changes right away if you see yourself starting to get into financial trouble.
- Pay attention to your household finances, especially if you are married.





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Bankruptcy Basics

Part 1: Introduction

What is bankruptcy? What happens in a bankruptcy case? Bankruptcy is a legal process that provides relief for individuals who can no longer pay all of their debts. If you are considering bankruptcy, this video will give you basic information about the process, the relief it offers, and how to find the legal help you may need.

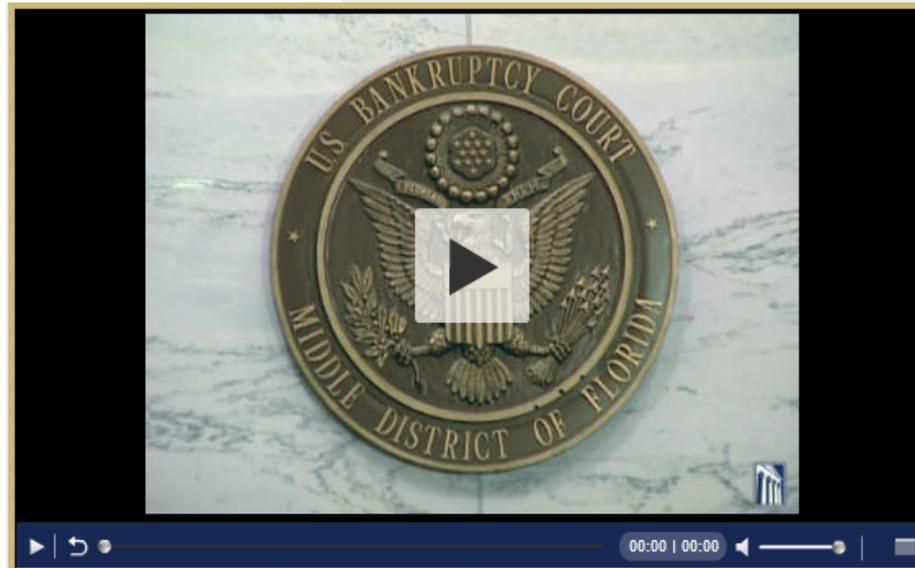
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Bankruptcy Basics

Part 2: Types of Bankruptcy

A brief review of the three main types of bankruptcy cases for individuals – chapters 7, 11, and 13. The most common types of bankruptcy are chapter 7, which are liquidating bankruptcy, and chapter 13 cases, often used by individuals who want to catch up on past due mortgage or car loan payments and keep their assets.

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