Georgia Bankruptcy Means Test

If you would like to file a Chapter 7 bankruptcy you must pass the Georgia means test. The test only applies to higher income filers which means that if your income is below the Georgia median for your household size you are exempt from the test and may file a Chapter 7.

If your income is higher than the Georgia median you will need to complete the means test calculation to determine if you can pay back a portion of your unsecured debts through a Chapter 13 bankruptcy.

Means Test Exemptions

If your debts are not primarily consumer debts then you are exempt from the means test. You are also exempt from the means test if you are a disabled veteran and incurred your debt primarily during active duty or performing a homeland defense activity.

Georgia Median Income

If your currently monthly household income is less than the Georgia median income for a household of your size there is a presumption that you pass the means test and are eligible to file a Chapter 7 bankruptcy.

Your average household income is determined by averaging your monthly income over the last six calendar months. If you are over the median income limit and your income has declined over the last six months, then waiting one or more months might bring your income under the median level for Georgia. Once you determine your average monthly income you multiply that by 12 to determine your annual income for the purpose of Georgia median income test.

1 Member Household - $40,631.00  
2 Member Household - $52,610.00  
3 Member Household - $55,829.00  
4 Member Household - $68,085.00  
5 Member Household - $76,185.00  
6 Member Household - $84,285.00  
7 Member Household - $92,385.00  
8 Member Household - $100,485.00  
9 Member Household - $108,585.00  
10 Member Household - $116,685.00

Means Test

If your income is over the Georgia median income for a household your size then you must complete the means test by calculating your income and expense information

You must collection some of the information needed to complete the calculation, such as your current monthly income, from your own personal records

Income includes almost all of sources of income you may have including, but not limited to, business income, rental income, interested and dividends, pensions and retirements plans, amounts paid by others for your household expenses, and unemployment income.

Much of the information related to your expenses is based on national, Georgia, and local averages and standards and comes from the Census Bureau and the Internal Revenue Service. There are some actual expenses you are allowed to include such as obligations you are legally required to pay and expenses necessary for health and welfare.

After you have collected all the required information, you subtract all of your allowed expenses for Georgia from your income to determine the amount of income under the bankruptcy law that you have available to pay your unsecured creditors in a Chapter 13 plan.

If your total monthly income over the course of the next 60 months is less than $7,475 then you pass the means test and you may file a Chapter 7 bankruptcy. If it is over $12,475 then you fail the means test and don't have the option of filing Chapter 7. If your disposable income under the means test is between $7,475 and $12,475 then you must do further calculations to determine if you have the option of filing a Chapter 7 case.

Keep in mind that just because you can file a Chapter 7 does not mean that should. Generally, a Chapter 7 bankruptcy is a better option if you are not attempting to keep secured property like home with a mortgage but you should consult with an attorney to determine your options and the best course to take.