

Title:

Filing For Bankruptcy Will Be A Thing Of The Past

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Summary:

This year President Bush signed a bill to change the bankruptcy law. This will go into effect this October of 2005. The new bankruptcy law will make it more difficult to file for bankruptcy. This may be bad news to individuals who are drowning in debt. On the other hand it is good news to business and individuals that work very hard to maintain good credit and not suffer from profit loss.

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Article Body:

This year President Bush signed a bill to change the bankruptcy law. This will go into effect this October of 2005. The new bankruptcy law will make it more difficult to file for bankruptcy. This may be bad news to individuals who are drowning in debt. On the other hand it is good news to business and individuals that work very hard to maintain good credit and not suffer from profit loss.

When the new bankruptcy law goes into effect it will be harder for anyone to file for chapter 7 and chapter 11 bankruptcy. Filing for chapter 13 bankruptcy will be your most likely option.

What is Chapter 13 bankruptcy? It is an option that is given to those who have any kind of steady income. Basically, anyone who has a job. It is a payment plan and not a way to wipe away your debt. Which means the days of wiping the slate clean are over. However Chapter 13 does protect your assets. The court devises a payment plan in which you are to pay to a trustee that is appointed by the court. Usually the payments are to be paid off in three years time. There are some exceptions, but that is up to the courts to decide.

So now that the bankruptcy law is changing what are some things people should do to avoid debt?

One very important thing is to never live outside your own means. If you have

credit cards don't use them as if you will have the money every month to pay the minimum balance. Be prepared for the unexpected such as a loss of your job or loss of any other source of income. This is where some people get into trouble. Protect yourself and your assets by being insured. Some people get into debt due to unexpected medical expenses or property damage. When you don't have a way to help cover these expenses you will find your self in some kind of debt.

Try and keep some money off to the side in case some kind of unplanned expense should arise. Have some kind of back up plan to avoid the need for bankruptcy.

One of the reasons for the bankruptcy law change is because of over use of the system. There are actually some people who pre plan filing for bankruptcy as they abuse their credit cards. It sounds hard to believe, but it is true.

One may ask how this is fair to the people who didn't do anything wrong and still landed them self in debt? Unfortunately changes in the law aren't always fair to those who did nothing wrong. As the old saying goes, " It only takes one bad apple to spoil the bunch".

The only thing we can do now is become more responsible about our finances. Take more steps to avoid the need to ever file for bankruptcy.