

Title:

Filing For Bankruptcy

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394

Summary:

Bankruptcy should be seen as the last resort for people who have got themselves into too much debt. It may seem the answer to all your prayers but bankruptcy is only able to solve certain debt issues. Remember, if you have filed for bankruptcy you may find it difficult to obtain credit in the future unless your bankruptcy has been cleared, or discharged for a number of years.

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Keywords:

personal finance, bankruptcy, money management

Article Body:

Bankruptcy should be seen as the last resort for people who have got themselves into too much debt. It may seem the answer to all your prayers but bankruptcy is only able to solve certain debt issues. Remember, if you have filed for bankruptcy you may find it difficult to obtain credit in the future unless your bankruptcy has been cleared, or discharged for a number of years.

Bankruptcy is very good for wiping out credit card debt. Unless you have a special secured credit card, your credit card balance is an unsecured debt. That means that the credit card company has no hold on anything that belongs to you if you do not pay back your debt. This is specifically the kind of debt that bankruptcy is designed to remove. Apart from credit card debt, you may have other unsecured debts, and bankruptcy can eradicate these as well. However, bankruptcy will not discharge your obligations to some other kinds of debts, including child support, alimony, tax debts, student loans, and any secured debts.

If you are reading this then the chances are that you are considering filing for bankruptcy. Your debts have got to the point where you cannot afford the monthly payments that your creditors are demanding. However, there are numerous bankruptcy alternatives. The most important thing is not to panic and to sit down and look at your financial situation.

If you reach the stage where you are in so much debt that you are considering bankruptcy then there are a number of measures that you can take to avoid bankruptcy. Firstly, you should cut up all of your credit cards. This may seem drastic, but it is the only way to avoid bankruptcy by guaranteeing that you do not increase your level of debt by charging more onto your credit cards.

All lenders would prefer to receive some money rather than none at all and when you file for bankruptcy a number of your creditors will receive little or none of the proceeds. This is especially the case with your unsecured loans, such as credit cards. You should contact all of the people that you owe money to and explain the situation. Most will work out a repayment schedule with you as a bankruptcy alternative, giving you longer to pay off what you owe and sometimes even freezing the interest.