

Title:

Bankruptcy The Last Financial Resort

Word Count:

439

Summary:

Bankruptcy - the word itself is enough to send shivers down your financial spine. But in a world where perfection is all, and the visual expression of that perfection comes in the amount of possessions we can amass, bankruptcy is becoming an option for more and more of us.

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Article Body:

Bankruptcy - the word itself is enough to send shivers down your financial spine. But in a world where perfection is all, and the visual expression of that perfection comes in the amount of possessions we can amass, bankruptcy is becoming an option for more and more of us. With an estimated one and a half bankruptcy cases taking place in 2005 alone, it seems that we are head for the courts in our droves in some attempt to get our finances back on track. But if you are struggling financially, how can you tell whether bankruptcy is the right choice for you?

So many of us are feeling the pressure to keep up in this modern world by enjoying all the luxuries our paycheck can afford. The problem is that for many of us, we can't afford this way of life at all, and buy now thinking that we'll worry about the cost later. Financial responsibility, it seems, doesn't come easy to us, so much so that we are choosing what should be a last resort all too easily. But beware - bankruptcy might offer the financially troubled a clean slate, but it doesn't mean there's not a price to pay.

There are a number of different types of bankruptcy, which involve either the liquidation of your assets or participating in a repayment scheme. While it is true that a portion of your debts will be written off, you will be held accountable for certain debts, which will be included in your repayment plan. Bankruptcy does allow a certain amount of flexibility in the way that this is done, but it should not be thought of as a get-out-of-jail-free card that comes without consequences.

Bankruptcy also has implications for your credit future. The fact of your

bankruptcy is likely to be listed in your credit reports for ten years, during which time you may find acquiring credit to be quite difficult. Renting apartments or leasing other items may become more difficult to those with a bankruptcy behind them. On the other hand, because you are now prohibited from declaring bankruptcy for some years, some creditors may be more keen to take you on, as you have no way of escaping your debt. This can help recreate the cycle of debt that led you to declare bankruptcy in the first place.

Bankruptcy can be a useful tool in regaining financial control, but it is not a decision to be undertaken lightly. Weigh all your other options before you proceed, and avail of financial counselling if you can to help you to be more careful next time around.