

Title:

How To Avoid Bankruptcy

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494

Summary:

Filing for bankruptcy is an extreme move, not a quick fix. It's a long, painful process with a huge stigma, and you're unlikely to be able to get any kind of credit for ten years afterwards. Yet bankruptcies are on the rise. Out of ignorance or stupidity, more and more people seem to be using bankruptcy as a first option, instead of a last resort. Before you do it, make sure you've considered every alternative.

Keywords:

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Article Body:

Filing for bankruptcy is an extreme move, not a quick fix. It's a long, painful process with a huge stigma, and you're unlikely to be able to get any kind of credit for ten years afterwards. Yet bankruptcies are on the rise. Out of ignorance or stupidity, more and more people seem to be using bankruptcy as a first option, instead of a last resort. Before you do it, make sure you've considered every alternative.

Have You Reorganised Your Debt?

If you haven't tried debt consolidation or negotiation, you really should. Yes, you'll have to pay back your debts eventually, but surely that's better than bankruptcy, isn't it?

Sell Everything You Can.

It's better to sell everything you own than it is to go into bankruptcy. Move to a smaller house. Sell your cars and take the bus. Take a good, hard look at your life, and realise that there are very few true 'basics': you can do without almost everything. Your house is probably full of quite valuable things that you never use, so bite the bullet and get rid of them. In short, subtract your debt payments from your income, and live like someone who earns that much.

You are going to lose almost everything you own if you declare bankruptcy, so

you might as well try to sell it yourself at a better price and avoid the bankruptcy issue altogether.

Work More.

If you can get extra hours, do it. Being bankrupt is such an indignity that you should at least try going to your boss and asking for a pay rise or promotion. After all, the worst they can do is say no. They're going to find out about it anyway if you declare bankruptcy, and they might wonder why you didn't come and ask for their help. Also, if you're married and only one of you works, try to get the other a job - you never know, it might even be fun!

Use the Power of Threats.

One of the best things to do when you're considering bankruptcy is to write a letter to absolutely everyone you owe money to, letting them know. Make it a very clear threat: "if I cannot find a way of paying my debts then I will be forced to file for bankruptcy". Most creditors would rather let you pay back a tiny fraction of what you owe than have to try to get money out of a bankrupt.

Know Your Local Laws.

Bankruptcy laws vary enormously depending on where you are. There are some places where you'll be forced to give up everything you own to pay your creditors, some places where you at least get to keep your house, and some where you can declare yourself bankrupt and not even notice! Try to get a lawyer - you might think that you can't afford one, but many will work 'pro bono' (for free) for people who really need a lawyer but can't pay.