

More People May Qualify For Chapter 7 Bankruptcy Due to Rise in Median Income

By Arizona Bankruptcy Attorney John Skiba

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The United States Trustee program has released new Census Bureau information on median family income. This information is broken down by state and by family size. Why does this matter? If you are needing to file bankruptcy the median income numbers for Arizona could determine whether you can file a relatively short chapter 7 bankruptcy case or whether you will be involved in a five year chapter 13 bankruptcy case.

The typical chapter 7 bankruptcy case lasts about four to five months. In order to be able to file a chapter 7 bankruptcy your income must be at or below the median income for a family of your size in your state. For instance, in Arizona, currently a family of four must make less than \$66,030 a year or \$5,502 per month (gross). If you make more than that you will likely be required to file a chapter 13 bankruptcy.

These numbers are adjusted periodically and traditionally the median income has risen, which meant that more people could qualify for a chapter 7 bankruptcy because their incomes were below the cut off. However, the last few adjustments of median income have actually been adjusted down due to job loss and falling incomes. The numbers just released yesterday show a slight increase, which will help those that are right on the cut off to be able to qualify for a chapter 7 bankruptcy.

The new numbers will apply to cases filed on or after March 15, 2011. Here is the breakdown for Arizona:

1 Person	2 People	3 People	4 People	5 People	6 People
\$42,603	\$55,404	\$59,659	\$67,113	\$74,613	\$82,113

For every other person beyond 6 people you have in your family you add an additional \$7,500. The increases are not large but for many it will make the difference between qualifying for a chapter 7 bankruptcy or not.

I offer a free bankruptcy consultation where we can evaluate your debt situation and determine if you qualify for a chapter 7 bankruptcy.

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