

How Much Can I Spend on Groceries While in Bankruptcy?: Arizona Bankruptcy Attorney

By Arizona Bankruptcy Attorney John Skiba

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For those who file a chapter 13 bankruptcy case you are required to propose a plan to the court and your creditors as to how you will be handling various types of debts. A big part in determining how much you will be paying your creditors has to do with how much disposable income you have at the end of the month. In order to put together a realistic plan it is necessary to carefully account for all of your income and expenses.

Too often when I ask clients to put together a monthly budget for their expenses they omit expenses which results in a chapter 13 bankruptcy plan that is not realistic. You will be required to pay all of your disposable income to your creditors during your bankruptcy case. If you omit a significant monthly expense it will appear that you have much more disposable income than you really have thus making the monthly chapter 13 plan payment difficult to make when those unaccounted for expenses roll around.

When accounting for monthly expenses you should take into consideration items that you will need to pay for during the year but don't necessarily pay for on a monthly basis. For instance, I have six children (I know, SIX!), and while my wife and I don't buy them new clothes each month we will usually buy them new clothes at the beginning of the school year. In my case I would want to take what it will cost to clothe my children, divide it by 12 months, and then provide for a monthly allotment for clothes in my budget. If we spend \$500 on school clothes in August, then I would want to provide for a monthly clothing budget of at least \$42 ($\$500 \div 12$ months) for my chapter 13 bankruptcy.

For many, budgeting is not an regular practice and is a skill that is learned through the bankruptcy process. Many are not sure what an appropriate amount is to allot to their various expenses. Locally here in the Phoenix area the two chapter 13 trustees have provided guidelines for what expenses are appropriate. You can access it here: [TrusteeExpenseGuidelines2008.9-25-08](#). These are just general guidelines and actually are much higher in some areas than a lot of people spend.

If you are preparing for a chapter 13 bankruptcy, take the time to really evaluate your monthly expenses. It will not only improve your chances of success in a chapter 13 bankruptcy case but will help you as you move forward in improving your financial future.

Arizona bankruptcy attorney John Skiba offers a free bankruptcy consultation to discuss your specific situation. He can be reached at (480) 464-1111.