

Bankruptcy for Arizona's Seniors: Bankruptcy in Retirement

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Retirement is usually not the time when most people think that [bankruptcy](#) will be necessary. However in my bankruptcy practice I meet with many people who are retired who are facing the difficult choice of filing bankruptcy. I have observed a couple reasons for this: first, many seniors have been reaching out and financially helping their adult children, whether they can afford it or not. Second, Social Security income begins to be supplemented by credit cards and eventually it gets out of control. The good news is if it is necessary to file [bankruptcy](#) during your retirement years the Bankruptcy Code actually makes it easier to qualify for a [Chapter 7 bankruptcy](#) if a good portion of your income is Social Security.

Qualifying for Chapter 7 Bankruptcy in Retirement

In order to [qualify for a Chapter 7 bankruptcy](#) your income must be at or below the median income for a household of your size in Arizona. For instance, in Arizona the median income for a household of two people is \$3,552 per month. If you make much more than that you will likely not qualify for a [Chapter 7 bankruptcy](#) and will be required to file a [Chapter 13 bankruptcy](#). However, in calculating your monthly income Social Security income is not taken into consideration. So if your income is based upon a pension and Social Security, only the pension income will be considered in determining if you qualify for a [Chapter 7 bankruptcy](#). This can make it much easier to qualify for a [Chapter 7 bankruptcy](#).

Retirement Accounts are Protected during Bankruptcy

Whether you are actually retired or not, the accounts where your retirement monies are held are generally exempt. They typical 401(k) and IRA are exempt and there is no dollar limit to this exemption. This means that during the bankruptcy process your retirement assets cannot be taken by the bankruptcy court or your creditors. This will allow you to [eliminate credit card debt](#) through the bankruptcy process and at the same time protecting your retirement assets.

If you are retired but dealing with large amounts or credit card debt, or simply more debt that you can realistically pay with your retirement income I offer a free consultation where we can discuss your bankruptcy options and how we can protect your assets through the process. My bankruptcy consultations are always free. I can be reached at (480) 420-4028 or via email at john@skibalaw.com .