

## **Bankruptcy in Retirement**

**By Arizona Bankruptcy Attorney John Skiba**

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I meet with a significant number of retired people who are trying to deal with huge amounts of credit card debt with little more than their Social Security income. Trying to make minimum payments of \$200-\$600 per month when your total income is \$2,000 per month can be very difficult and pushes many into bankruptcy.

While no one wants to file bankruptcy, especially in your retirement years, bankruptcy can be pretty straightforward for retired people. As I have discussed in previous posts, you must qualify to file a chapter 7 bankruptcy. This is done by looking at the median income for a family of your size in your particular state. For example, currently the median gross income for a family of two in Arizona is \$54,510 per year or \$4,542 per month. So long as your income is at or below this amount you will qualify for a chapter 7 bankruptcy filing. For retired people, it is usually very easy to qualify for a chapter 7 bankruptcy filing because we do not have to take Social Security payments into the calculation of determining your monthly income. For many this means that we only need to include pensions or other types of employment income into the calculations.

I see two main reasons why retired persons have significant credit card debt: first is failing health. Medical bills pile up and people use their credit card to pay them when they don't have the cash to do so. Second is helping family members. They have a child or a grandchild who is going through a difficult time and use credit cards to help them with car payments or utility bills. Fortunately, these types of debts can be completely discharged through a chapter 7 bankruptcy.

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