



8 Eye-Opening Secrets That Reduce the Pain of Bankruptcy

SECRET #1: *Most people keep all their property.* Illinois law allows you to keep your home, cars, furniture, appliances, employer sponsored retirement and other things you need to get a fresh start. While there are limits to the values of what you can keep, typically you are not required to give up anything. In general, fears of losing your property are exaggerated by the credit industry.

SECRET #2: *You don't need to be broke to file for Chapter 7 bankruptcy.* You can be employed, have a bank account and own property up to certain limits as of the date your bankruptcy case is filed. After your case is filed, you can buy and own whatever you want and your creditors cannot touch the assets. In fact, if you buy a lottery ticket after your Chapter 7 bankruptcy discharge and win, you may be able to keep the winnings unless other state laws place a limit on this. I read a story on a bankruptcy blog about a woman in Connecticut who bought a winning lottery ticket after she filed bankruptcy, spent the money, and the court let her discharge her debts.

SECRET #3: *You don't have to owe a minimum amount of money to file for bankruptcy.* Chapter 7 bankruptcy is designed for people who are unable to repay their existing debts. It is not designed for people who owe certain amounts. Your ability to file for Chapter 7 bankruptcy is based on your debt, assets and income.

SECRET #4: *You can get credit again after bankruptcy.* True. The negative impact of bankruptcy on your credit is extremely exaggerated. It won't be long before you're getting credit card offers again. You should, however, refuse all offers of credit cards until you've put together a realistic savings plan. Once you have a savings plan in place and start to build your cash reserves, you will be able to start thinking about new credit. If you want to buy a home or car after bankruptcy, you will likely be pleased. I have seen many bankruptcy clients purchase a home within two years of filing an Illinois bankruptcy, but only after they have taken steps to establish their own financial stability.

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SECRET #5: *No one from the court will tell your employer about your bankruptcy.* The bankruptcy court does not notify your employer when your case is filed. Your payroll department may be contacted to stop a wage garnishment, but in most cases they are not told why.

SECRET #6: *Your spouse does not have to file for bankruptcy with you.* It's common for one spouse to have a large amount of debt in their name only. However, if spouses have debts they want to discharge for which they're both liable, they should file together. Otherwise, the creditor will simply demand payment for the entire amount from the spouse who didn't file.

SECRET #7: *Your immigration status will not change due to your bankruptcy.* Many people worry that they will jeopardize their immigration status if they file for bankruptcy. This is not true. Generally your immigration status is not affected by filing for bankruptcy, but you should check with your immigration lawyer just to be sure.

SECRET #8: *If you file for bankruptcy, you'll be in good company.* No doubt, several of your friends and coworkers have filed for bankruptcy, but you may not know this because they don't talk about it. Also, many famous people and big companies have filed for bankruptcy, including: ♦ President Abraham Lincoln ♦ Author Mark Twain ♦ Automobile Manufacturer Henry Ford ♦ Hall of Fame quarterback Johnny Unitas ♦ Hollywood director Francis Ford Coppola ♦ Television personality Larry King ♦ Actor Mickey Rooney ♦ Actor Burt Reynolds ♦ Actress Kim Basinger ♦ Entertainer Jerry Lee Lewis ♦ Entertainer Wayne Newton ♦ Entertainer M.C. Hammer ♦ Continental Airlines ♦ United Airlines ♦ US Airways (twice).

You have no reason to feel guilty about filing for bankruptcy, especially if you use it as an opportunity to provide for your and your family's security. All of these people and companies – and hundreds more whose names you'd recognize – filed for bankruptcy. So while your financial problems seem serious, they aren't the end of the world. Declaring bankruptcy is the first step toward a safe, secure financial future.