

## **Bankruptcy & Budgeting: Taking Advantage of Your Fresh Start**

**By John Skiba, Arizona Bankruptcy Attorney**

[www.skibalaw.com](http://www.skibalaw.com)

It is almost a cliché, but bankruptcy, particularly [Chapter 7 bankruptcy](#), does give you a [fresh start](#). You will emerge from your [Chapter 7 bankruptcy](#) case with no [credit card debt](#), no [medical bills](#), no [lawsuits](#). It is a time for you to start over, rebuild your credit, your financial life, and a great time to start implementing sound financial habits in moving forward. Learning to properly budget money is a valuable tool for anyone and can be particularly powerful for those who recently have gone through the bankruptcy process.

My brother-in-law recently came to stay with us and we were talking about budgeting and he clued me into a great website that assists with budgeting. The website is [Mint.com](http://Mint.com). It is an online budgeting program that not only helps track your spending but can import information from your bank accounts and automatically creates budgets for you based upon past spending history it downloads from your account. And the great part is it is absolutely free. I have tried programs such as Quickbooks in the past to help with creating a budget and tracking spending but frankly found them to be too cumbersome and took way too much time and eventually I stopped using them.

Mint.com is great because it does most of the leg work for you. It even has Apps for iPhone and Android users that you can monitor your spending and budgets at any time. It will even send you a text message when you are getting near your monthly budget. I don't get anything out of referring people to Mint.com, but it seems to be a fairly easy to use product that can help greatly in developing budgeting skills for anyone including those who have recently filed for bankruptcy.

### **Rebuilding Your Credit After Bankruptcy**

A common question I get is how to go about [rebuilding credit after a bankruptcy has been filed](#). Many are surprised to learn that their credit score has actually improved about a year after their bankruptcy. Credit scores are lowered when you miss payments. If you are not paying your debts each month, then every month, month after month, that creditor is reporting your non-payment to the credit bureaus. This lowers your score. Your bankruptcy will not only eliminate your debts, but your creditors will no longer be reporting negative information to the credit bureaus each month.

However, this alone will not rebuild your credit score. You have eliminated the bad information through your bankruptcy, but unless you replace it with good information your credit score will not improve. If you kept your car through the [bankruptcy process](#) then it is vital that you make your car payments on time going forward. Making your payments on time is also reported to the credit bureaus, and this positive information is the type you need to improve your score. If you don't have car payments, then I often recommending getting a secured credit card. Secured credit cards are like any other credit card but for the fact that you must put money down in order to obtain a line of credit. For instance, if you want a \$500 credit card, you must provide \$500 cash that the bank will hold as collateral in case you default on the card.

Using a secured credit card and paying it in a timely manner can also help in the reestablishing of your credit score. A great place that I found that for shopping and comparing the secured credit cards out there is [BankRate.com](http://BankRate.com). They have the requirements and details on many secured cards that are offered around the country. BankRate.com also has some [great tips](#) on deciding which secured credit card to go with and how to effectively use it to rebuild your credit.

### **Begin Your Fresh Start Today**

If you are dealing with serious debt problems the first step to obtaining your fresh start is getting your bankruptcy case started. My bankruptcy consultations are always free. Call today and we can set up an appointment to discuss your situation in detail and lay out a plan to help you move forward. I can be reached at (480) 420-4028 or via email at [john@skibalaw.com](mailto:john@skibalaw.com) .