

Is Filing Bankruptcy Worth the Money?

By John Skiba, Arizona Bankruptcy Attorney

www.skibalaw.com



It really goes without saying that if you are thinking of filing for [bankruptcy](#) money in your household is tight. You may be struggling to come up with gas money to get to work or buy groceries let alone coming up with a big sum of money to pay a [bankruptcy attorney](#). People will ask me whether it worth the money you pay a bankruptcy attorney to file your bankruptcy case. Seeing that I am a bankruptcy attorney my answer is obviously going to be biased, but usually when I lay out what you get for the fees you pay, clients see that it is a pretty good deal.

What Does it Cost to File Bankruptcy?

Before you can know whether it is worth it or not, you need to know [what your bankruptcy is going to cost you](#). If you have called around to ask bankruptcy attorneys what they charge you were likely surprised to learn that many won't tell you what they charge. I know this is very frustrating for clients. Imagine going to the store to buy a new TV only to have the store clerk refuse to tell you what the purchase price of the TV is! It is a little different when it comes to legal work, and I understand why some lawyers don't want to get into quoting you fees over the phone. The main reason is without sitting down with you and going over all of the facts of your case it is difficult to determine how much work is going to be required and what the corresponding price will be.

At my office I [post my fees on my website](#). For the typical [Chapter 7 bankruptcy](#) I charge \$1,700. For the typical [Chapter 13 bankruptcy](#) I charge \$4,000. There are court filing fees and some other costs on top of that which will add about \$400 to the total price. If you come into my office with a very complex case, there will be an additional charge, but for the overwhelming majority of the bankruptcy cases I file, the prices I just mentioned will be it.

What Do I Get for My Money?

So what does your money get you? First, the [bankruptcy](#) process is much more complex than many people understand (even some attorneys). There are many pitfalls that can cost you big time if you don't understand the law or the process. Hiring a bankruptcy attorney helps you to avoid the problems that can

arise in a bankruptcy case. Further, hiring a lawyer will put a buffer between you, your creditors, and the bankruptcy trustee. Instead of you having to deal with legal issues that will arise in your bankruptcy case, your attorney will handle all of that for you. And finally, you get legal counsel to assist you for the entirety of your case. In a [Chapter 7 bankruptcy](#) you will have counsel for approximately 6 months. In a [Chapter 13 bankruptcy](#), the fee covers representation for up to five (5) years.

Bankruptcy is Cheaper than Settlement

Many of my clients have tried to settle their debts prior to resorting to a bankruptcy filing. They find that most credit card type debts will agree to take less than what is owed, or "settle" the debt. Usually the credit card company will want 45% up to 75% of the total amount owed to settle the debt. So if you owe \$30,000 in credit card debt, you would need to pay \$13,500 up to \$22,500 to settle these debts.

In a [Chapter 7 bankruptcy](#) case you can eliminate credit card completely. However, you have to pay an attorney to help you through the process. At my office, you will pay a total of \$2,134 for a [Chapter 7 bankruptcy](#) case (\$1,700 legal fee + costs). If you had \$30,000 in credit card debt, the legal fees and costs represent 7% of the total amount owed - meaning essentially you were able to get out of debt for 7% through a bankruptcy filing.

I fully realize that it is a sacrifice for my clients to put together the money to pay me to assist them through the bankruptcy process. I appreciate it. At the same time, when compared to other ways of reducing your debt, hiring a bankruptcy attorney is a bargain.

If you are having a difficult time with your finances, I would be happy to meet with you to discuss your options. My bankruptcy consultations are always free. Give me a call at (480) 420-4028 or shoot me an email at john@skibalaw.com .