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4 Things You Should Prepare for if your State goes Bankrupt

The State of Illinois is unable to pay \$120.6 billion of their debts. Here are some of their debts:

- Illinois bond borrowings: \$29.1 billion
- Promised pension benefits: \$62.4 billion
- Promised retiree health care benefits: \$27.1 billion
- Miscellaneous (including payments to nursing homes, child care facilities, etc): \$21.9 billion.

The state Financial Comptroller Dan Hynes, said recently Illinois owes \$5 billion to schools, universities, child-care centers and rehab centers around the state. He calls it ‘obscene’, telling the New York Times: “This is not some esoteric budget issue; we are not paying bills for absolutely essential services”.

Having overrun their budget over the years and borrowing to fund the deficits, the day of reckoning has arrived. With billions owed in bond IOUs the state’s credit – the ability to borrow – has been depleted. As a result, they are not able to pay their bills.

Unlike the federal government, state governments cannot print money. So the state has become bankrupt and in a bankruptcy, debts are discharged. That means someone loses, whether it is a credit card company, a goods supplier, a medical care provider or mortgage lender, when an individual or company files for bankruptcy. Now when it is a state government that goes bankrupt, the ones who lose are its citizens.

So what should you do if your state goes bankrupt?

1. Save more money before you approach your retirement years. As state funds dwindle, there will be cutbacks. If you will draw a pension from a state agency (or most municipal agencies, school districts, etc) should expect to get less than the promised amount. The federal government does not guarantee state pension payments.

2. Prepare to pay more in state income taxes. Any government can only raise money in three ways – print it, borrow it or tax the citizens for it. Since the first two options are out for a bankrupt state government, the only option left is the third one.
3. Prepare to get by on less state services. Whether it be health services, subsidies or child care services, any one of them may be reduced or even canceled altogether.
4. Vote a prudent and responsible governor and leaders. We need leaders who will cater for the needs of the people and not their own ego, leaders with the courage to say ‘no’ to grandiose projects – high-rise buildings, arts centers, mega events – that cost the state an arm and a leg simply to gain votes for themselves.

Don't wait for your state to run out of money and pay for the consequences. If you yourself are struggling with debts, seek bankruptcy protection. Call us for a free consultation at (813) 200 4133 or visit <http://tampabankruptcy.pro>.