

The Goals for Individuals Filing Bankruptcy

Most people are afraid to [file for bankruptcy](#). This is understandable, considering the fact that it is a legal decision with consequences on your finances and credit. Additionally, there is some uncertainty involved in filing, especially without a qualified and experienced [attorney](#). But those who file can stand to gain some important advantages, and it is vital for every person who considers filing for bankruptcy to consider what it is they hope to gain from doing so.

The main goal for those considering a bankruptcy filing should be to emerge from bankruptcy in an improved financial position. An [analysis](#) of whether this goal is achievable requires consideration of the advantages and disadvantages of filing.

Disadvantages of bankruptcy include the hit your credit rating will take, and the potential loss of some of your [possessions](#). Whether these negatives will occur depends greatly on whether or not you have much credit to begin with, and whether or not your possessions are likely to be lost in bankruptcy. For instance, you will probably not lose most household items, if they are not worth much or you do not have too many, because they will be considered exempt in bankruptcy. However, luxury items may be lost, depending on their use and worth.

Advantages from filing include discharge of unsecured debt, which for many includes medical and credit card debt. While there are limited circumstances in which these types of debt may not be wiped clean in Chapter 7 bankruptcy, in most cases they will be. Additionally, creditors will not be able to attempt to collect payments from you once you file, which is a huge advantage to many people harassed by creditors.

It is also important to consider the type of debt you have and are likely to incur in the future. This will help you determine whether or not the debt can be altered or wiped clean in the bankruptcy process. For instance, alimony and child support cannot be altered or dismissed in bankruptcy. And while you may be able to negotiate or lower your mortgage payments, you will generally still have to make them. On the other hand, credit card debt is often dischargeable, as are pay day loan debts. If you can determine the likelihood that each debt will be discharged, you can determine whether you will come out ahead after filing.

Because every situation is different, it is important for anyone who considers filing for bankruptcy to consult with an experienced bankruptcy attorney, in order to find out what his or her finances will look like at the end of the process. Those who understand these risks and rewards may better determine whether bankruptcy is the best option for them.

[Contact](#) a local Arizona attorney to help you file your Chapter 7 or Chapter 13 Bankruptcy.

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