

Thinking of filing bankruptcy? Don't do these 7 things.

If you're thinking of filing bankruptcy, here are some things you might be tempted to do that might turn out to be a very bad idea.

1. **Don't take money out of your retirement account to pay your credit cards.** Why not? Because you would be getting no benefit from paying those credit cards if you're going to file bankruptcy and get rid of those debts, and the money in your retirement account can be protected from your creditors in a bankruptcy. You'd be wasting a good part of the Fresh Start that bankruptcy provides for no benefit to you.
Are you paying off credit cards with your retirement funds or home equity?
2. **Don't get a home equity loan to pay your credit cards.** Why not? Your credit card debts would be discharged (eliminated) in a bankruptcy, whether you owe a lot or a little. But the home equity loan would have to be paid in order for you to keep your house. You would have turned dischargeable-in-bankruptcy debts into a must-pay-or-lose-my-house debt. See the article link just above.
3. **Don't transfer title of things you own to someone else** (without getting paid fair market value). Why not? Can you say "bankruptcy fraud" and "felony"?
Can't I just transfer the title of my car to my sister?
4. **Don't pay back money to family members and friends.** Why not? Because the bankruptcy trustee may be able to sue those people to get that money back to give to your creditors.
Can I pay my mother what I owe her before I file bankruptcy?
I need to file bankruptcy, but I WANT to pay certain people!
I paid back my mother money I owed her, and now I need to file bankruptcy.
5. **Don't sign up with a debt settlement company** that takes your money every month and promises to settle with your creditors when enough money is built up. Why not? Because most of them are scams that take your money and give very little in return.
Debt settlement for you? Be very afraid.
6. **Don't run up your credit cards because you know those debts will go away when you file bankruptcy.** Why not? At worst, it's bankruptcy fraud (a felony). At best, those debts may not be discharged in your bankruptcy. If you have questions about this, get a consultation with an experienced bankruptcy attorney in your local area.
7. **Don't wait too long!** What does that mean? It means that if you wait too long to take action about your financial situation, you may "go through" money you could have kept if you had filed bankruptcy sooner. You would have lost much of the value of the Fresh Start that Congress provided for you in the bankruptcy laws.

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