

[What You Should Know When Considering Bankruptcy](#)

When it comes to debt relief, knowledge can be a power. Finding quality legal advice is an excellent first step. Professionals that understand the workings of the legal system are the best sources for advice and they can help you to decide whether bankruptcy is the correct option for you and your situation or not. While it may be easy for an individual to believe that bankruptcy is the only option available, it often turns out not to be the reality.

Filing for bankruptcy can seem very tempting, especially if you have enormous amounts of debt. Many people who are looking for debt relief often view bankruptcy as a practical option. They see the so-called "nuclear option" of going through a costly and damaging bankruptcy proceeding as the best option that is available to them. For some people, it probably is, but you should understand that bankruptcy was never designed to be a fix-all for debt problems. It was put into place for people who, through extreme situations, have no ability to pay back the debts that they have incurred.

Therefore, it is important to learn about the bankruptcy process, the pros and the cons, before you take that step. Before you file for bankruptcy, you should learn all you can, talk to bankruptcy experts, and make sure that you have exhausted all efforts to pay off your debt. Bankruptcy can get you out of debt, but it is a rough road as anyone who has filed for bankruptcy will tell you. Bankruptcy can always be considered as a debt relief option, but it should be considered very carefully before you decide on taking it.

Filing for bankruptcy

It is only advisable to file for bankruptcy debt relief if you have a substantial amount of debt, or if you have a debt that will take you an unreasonable amount of time to pay off. However, before you take that step, you should talk to some bankruptcy experts first. Exhaust all options first, before you blot your credit report with a bankruptcy. If you have tried debt relief programs and other counseling services, and they all say that there is no hope for you, then you can go the route of bankruptcy.

When you file for bankruptcy, your debt will be taken care of and you no longer have to pay those creditors back. However, your credit report will now have a large bankruptcy on it and thus most creditors will not even look into your direction. When you file for bankruptcy, and you have that bankruptcy mark on your credit, it can take seven years for it to come off. So, while bankruptcy may be your only option, you must consider that you may not be able to receive any credit for seven whole years.

Therefore, you must decide which is more important to you. If you can pay your debt in seven years, then perhaps it is better than having that bankruptcy debt relief on your report. If you have so much debt, however, that it will take you ten years or more to pay it, then bankruptcy may be the best option for you.

Types of bankruptcy

If you do decide that bankruptcy is the best option for your debt situation, then it is time to figure out which type of bankruptcy that fits your situation and circumstances. In most cases, a Chapter 7 or "Straight bankruptcy" filing is the most common option for every one. By liquidating assets to repay debtors, the debt incurred in most cases can be removed. However, you should know that there are some assets protected from liquidation and some forms of debt cannot be repaid or removed through this form of bankruptcy.

Since the bankruptcy reform in the year of 2005, there are more legal qualifications required to qualify for a Chapter 7 bankruptcy. A knowledgeable and certified legal source can help you through these issues and problems.

There is also the Chapter 13 or "Reorganization" filing option. Overseen by a federal bankruptcy court, it allows indebted individuals to reorganize their debts in an attempt to repay creditors and thus enact debt relief. The purpose of the court is to help individuals to come up with a plan of action to repay the debts they have incurred. The debtors must, at a minimum, come up with a plan to use every cent of disposable income to repay debts or obligations.

Once again, bankruptcy, whatever the method, can have a serious and life-long repercussion. It is not an action to jump into lightly, and you should meet with professionals to determine whether this is the best course of action for you or not. There are other options of debt relief that do not include bankruptcy, and those options may be better for many individuals. Like any other legal matters, proper research, planning, and analysis are necessary to find the correct answer for your unique situation.

About the Author

Cindy Heller is a professional writer. Visit [Debt Reduction Solutions](#) to learn more about [government grants for debt relief](#).

