

## Important Considerations When Filing For Bankruptcy

Over the past few years, more and more people have accumulated huge credit card debt as well as very high mortgage obligations that they can no longer afford to pay. There are many unpredictable events that can cause people to become unable to meet their financial obligations: events such as an unforeseen illness or accident, loss of a job, a natural disaster, as well many other similar unfortunate situations. When people finally realize that their debt obligations have reached the point where they can no longer afford to make the required payments to their creditors, they may consider a drastic solution : filing for bankruptcy. There are many wrong assumptions about the subject of filing for bankruptcy, and in this article we hope to answer some important questions that you might have and dispel some of these wrong assumptions.

When should I start filing for bankruptcy?

The majority of attorneys who handle bankruptcy cases will advise their clients not to file for bankruptcy until they have reached a certain amount of debt. In some situations people can be assisted by a credit counseling service in finding ways to manage their debt and lower their monthly payments. One thing that you should do when considering bankruptcy is to wait to file until the very last moment before your creditors take you to court over your debts.

Will I lose the funds I set aside for my children's education?

Unfortunately, if the money you saved for your children's education is in your own name, it can be taken away from you to repay your creditors. On the other hand, if you have established a separate savings account or fund in the name of your children, it could avoid being used to pay off your debts. Your creditors will do everything in their power to recover what you owe them and therefore you need to take steps to protect your assets and those of your children

Any stocks or bonds that you might have bought in order to finance your children's education will be regarded as your own assets if they are in your possession and in your name. In that case they may be used to repay your debt obligations.

How long will my bankruptcy be on my credit report?

A bankruptcy filing can remain on a person's credit report for as long as ten years. This will certainly have a negative impact on your credit score, but after the bankruptcy is discharged your previous debts will appear as zero on your credit report.

Now you have a good opportunity to learn from your bankruptcy mistakes, and to start managing your debts more responsibly than you did previously. Sadly there are a lot of people who won't learn from their past mistakes and will find themselves in serious debt once again.

## About the Author

Author Robert Wise has been investigating and reporting on [financial matters](#) for years. You can get more advice on [the bankruptcy process](#) at his web site.

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