

Is Bankruptcy a Good Option? Bankruptcy and the Bigger Picture

By John Skiba, Arizona Bankruptcy Attorney

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When I meet with clients to discuss their possible [bankruptcy filing](#) I go over all the different options that are out there. I will always give my opinion as to what will best serve their situation. Naturally most people are hesitant to jump into a bankruptcy case, however I try to help the people I work with understand that how bankruptcy fits into the larger financial picture and how many times it will actually prolong your financial troubles to not file for [bankruptcy](#).

I recently met with a couple who had one large debt that was causing them a lot of worry. They also had other [credit card type debts](#), but the one large debt had them contemplating bankruptcy. In evaluating their situation, it became clear that they were hesitant to file for bankruptcy and instead wanted to use money they had saved in a retirement account to try and settle the one large debt. Using the retirement funds would likely have resulted in them settling the one problematic debt and they would no longer have to worry about this particular creditor; however, I pointed out to them that based upon their income, while they would be able to settle the one troublesome debt, they would still be in a position where they could not pay the remaining credit card debts.

Draining the [retirement](#) account to settle one debt would take away the immediate pain, but would not stop the bleeding associated with the credit card debt. The danger in this thought process is that while draining the retirement account will help the here and now, bankruptcy will likely be something that will have to happen a few years down the road. Only now not only are you filing for bankruptcy but you have drained your retirement account and have no savings whatsoever. In deciding whether bankruptcy is a good option for you, it is important to not only look at the problems you have today, but how you will deal with your debt problems down the road if you don't file for bankruptcy.

In making a decision of whether to file bankruptcy or not it is helpful to get a current copy of your credit report so that you can get an accurate picture of how much debt you are actually carrying. Often there are debts outstanding that may not be actively trying to collect from you but that may be sold or ramp up collection efforts later on that you will have to deal with. Having an accurate picture of what your total debt load is will help you in determining if bankruptcy is a good option for you.

If you are contemplating bankruptcy, give me a call and we can go over your situation in detail. My bankruptcy consultations are always free. I can help you to understand the process and to see the bigger picture so you can decide if bankruptcy is a good option. I can be reached at (480) 420-4028 or via email at john@skibalaw.com .

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