

Bankruptcy and Retirement: Financial Hardship in the Golden Years

By Attorney John Skiba

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Lately I have been seeing a significant increase in the number of retired persons who are needing to file bankruptcy. Often these people have been living on social security retirement or a modest pension and have had to supplement this income with credit cards to keep a roof over their heads and food on the table. As the economy has gone down many retired people are faced with family members that are also struggling financially and who are looking to their parents (or grandparents) for help -- something that is difficult to say no to, even if they can't afford it.

While no one envisions a bankruptcy when planning for retirement, if it becomes necessary to file for bankruptcy during your retirement years the good news is that there generally little trouble in getting people to qualify for a Chapter 7 bankruptcy filing. This is due to it not being necessary to include social security income in the means test in making the determination of whether you qualify for the chapter 7 bankruptcy or, in the alternative, must file a chapter 13 bankruptcy.

Additionally, most retirement accounts such as 401(k)s, IRAs, etc. are exempt - meaning that court cannot take them to distribute them to your creditors. In general, many of these types of bankruptcy cases are fairly straight forward and can relieve a lot of stress for those living on a fixed income.

Attorney John Skiba offers a free bankruptcy consultation to discuss your specific situation. He can be reached at (480) 464-1111 or via email at jskiba@jacksonwhitelaw.com.