

**Denise Brown**

Attorney at Law

502-587-0331 telephone • 502-587-0333 fax

327 Guthrie St • Louisville, KY 40202

www.4realdirection.com

twitter: @attydenisebrown

Prior to filing bankruptcy, most consumers believe that bankruptcy is possibly the worst event that has happened in their lives. There is still great emotional stigma attached to filing a public document that essentially says, "I can't handle my finances." Many have waited until the very last moment to make this difficult decision and are often desperately trying to hold on to some semblance of pride in addition to their home, paycheck or car.

From the first consultation, Denise Brown's Legal Direction will begin to address the obvious symptoms of what pushed you to the point of filing. As the pre-bankruptcy process moves forward, we begin to address some of the less apparent root causes of financial distress. So in effect, filing bankruptcy and receiving a discharge becomes a new beginning, rather than a disastrous end.

The day after the bankruptcy is closed, I've advised Chapter 7 and Chapter 13 debtors that the most important action they can take is to change their attitude about money and finances. Let money become the means by which you provide the present and future financial stability for you and your family. The financial decisions you make today will affect your finances in the future. Let this also be a time where you educate your family on the value of money and the new attitude that you have regarding your finances.

Set a family budget and check it each month to assess your progress: Part of the bankruptcy process requires that a post discharge budget is established. In most Chapter 7 cases, the budget is negative...not enough income and too many expenses. Review that budget and get it in line with reasonable family needs. That may mean getting rid of cell phones, cable, eating out and other "family rewards" that may need to take a back seat to more important needs.

Educate your family on the new normal: The hardest task for most families is how to communicate the new adjustments and what does that look like for our family. Use this as a teachable moment for your spouse and children on what you learned from the experience. Whether your bankruptcy was caused by the loss of a job, a family divorce or too much spending, the path needs to be put in context and understood so that we don't follow this path again. Its ok to acknowledge financial mistakes and talk about how you will approach things differently going forward. Its a good thing to allow your family to become your accountability partners in getting the family finances back on track.

Don't let procrastination make decisions for you: Address the obvious quickly. If you don't have enough income, look for part time work, a room mate or consider moving in with a family relative. If your expenses are too high, immediately cut back on non-essential items. All too often we believe that we are living on a bare bones budget, but closer examination reveals that there is some fat on the bones that can be cut away.

Build Savings Into Your Budget : As you're cutting away the fat in your budget, remember to make room for savings. Far too often, post bankrupt debtors fail to set aside a portion of their income for savings. Even if you have to start with a very small amount, saving is important. A great start is to use the 2011 payroll tax savings as a part of your savings plan. On average, most taxpayers will save approximately \$650.00 this year. Another idea is to postpone gift giving and deposit those funds into your savings account.

Denise Brown can be reached at www.4realdirection.com, email recept1@4realdirection.com or call our office at 502.587.0331. Providing balanced family, bankruptcy and wills and probate counsel to individuals, families and businesses throughout Kentucky and Southern Indiana. Check out our bankruptcy blog at www.kentuckybankruptcylawyerblog.com.