



## Don't be fooled! Bankruptcy can cost you plenty!

***File bankruptcy, eliminate debts and “wipe the slate clean.” No more obligations, no more worries – right? Not exactly. Bankruptcy isn’t a cure-all for financial worries, and it doesn’t come without a price.***

There’s no doubt about it – bankruptcy is on the rise. And it’s rising fast. 1.3 million Americans declared bankruptcy in 1999 alone. (Source: Creditors Bankruptcy Service)

The economy is strong, unemployment is at an all time low, and inflation is in check. By all accounts, these are plentiful times for American consumers. So what’s the problem?

While it’s difficult to identify a single cause for the soaring bankruptcy rates, most experts point to the climbing household debt of many American families as a main factor. Stretching financial resources is usually smooth sailing until unforeseen problems arise. Things like divorce, job loss, or illness can send finances into a tailspin. Unfortunately, living a few lost paychecks from disaster is becoming more and more typical.

Also, while bankruptcy remains a legitimate solution for some, too many are buying into the myth that it comes without a price. Declaring bankruptcy may not spell relief from obligations like taxes, child support, alimony, and student loans. And because bankruptcy filings can stay on your credit report for up to ten years, it can be difficult – and sometimes costly due to higher rates and fees – to obtain even the most basic financial services. When you add in filing and attorney fees, it’s clear that going broke isn’t cheap.

### **Headed for financial trouble?**

#### **Here’s what to do**

How do you know if you’re headed for financial troubles? While there’s no definition that fits everyone, common warning signs include: consistently borrowing money to meet monthly expenses, being habitually late with payments and feeling overwhelmed by bills. If any of the above sounds familiar, it may be time to take action.

#### **Evaluate your situation**

The first thing to do is to make a complete list of your monthly income and expenses. Include the costs you incur in order to live, but not frivolities. Don’t forget to average out once-a-year payments, like insurance premiums.

- Take a look at your results. If you’re taking in less than you owe, stop borrowing to meet expenses. Call your creditors and try to work out a payment plan, and look for ways to increase your income.
- If you’re taking home more than you owe, slash the extras. For a month, write down everything you spend, even the fifty-cent trips to the vending machine. You may find that those fifty-cent trips cost you \$20 a month.
- Finally, contact Credit Counseling Centers, Inc., in Madison, for credit counseling. This non-profit agency is located at 802 W. Broadway, Suite 202 (in the Bank One Building), they’d be more than happy to talk with you about restructuring your debts and taking control of your finances. Call 221-2811; outside the Madison area call Toll FREE, 1-800-547-5005.

***For some people, bankruptcy is the only way out of staggering debts. But for others, it can be avoided. And remember: it doesn’t come without a price!***