

30 FACTS AND STATISTICS ABOUT PERSONAL BANKRUPTCY

In today's economy, it's all too easy to get buried in debt. Living beyond one's means has become quite common, and even the most responsible debtor can be blindsided by unforeseen circumstances such as job loss or medical expenses. In some cases, the best solution is to file bankruptcy.

Bankruptcy is more common than most people realize. Here are 30 facts and statistics that will open your eyes.

1. Chapter 7 is the most common type of personal bankruptcy filing, making up 69% of filings in 2012. 30% of filings were under Chapter 13, and less than 1% were under Chapter 11. http://www.uscourts.gov/uscourts/Statistics/BankruptcyStatistics/BankruptcyFilings/2012/1212_f2.pdf
2. Chapter 7 bankruptcy involves the selling of the filer's assets to repay debts. Certain assets may be exempt, allowing the filer to keep them. http://en.wikipedia.org/wiki/Chapter_7,_Title_11,_United_States_Code
3. Property that is usually exempt under Chapter 7 bankruptcy includes clothing, household goods, appliances, motor vehicles, tools of the debtor's trade, public benefits, home equity and damages awarded in personal injury cases. Some property may be subject to value limits. <http://bankruptcy.findlaw.com/chapter-7/exempt-vs-non-exempt-property-under-chapter-7.html>
4. Property that is usually not exempt under Chapter 7 includes collections of valuable items such as stamps or coins, family heirlooms, cash, stocks, bonds, second vehicles and second homes. <http://bankruptcy.findlaw.com/chapter-7/exempt-vs-non-exempt-property-under-chapter-7.html>
5. Chapter 13 bankruptcy requires debtors to commit a portion of their income to repaying their debts for the next three to five years. Once the payment plan is completed, the remaining debt is discharged. http://en.wikipedia.org/wiki/Chapter_13,_Title_11,_United_States_Code
6. Nearly two-thirds of Chapter 13 bankruptcies are not completed, leaving the filer with undischarged debts. http://www.nytimes.com/2012/01/21/business/blacks-face-bias-in-bankruptcy-study-suggests.html?_r=2&
7. Some debts cannot be discharged through bankruptcy. These include child support, taxes and alimony. Student loans are also non-dischargeable unless the debtor can prove that payment would create an undue burden. <http://bankruptcy.findlaw.com/what-is-bankruptcy/bankruptcy-frequently-asked-questions.html>
8. Creditors have the opportunity to contest the discharge of debts owed them. If they are successful, the debt will not be discharged. <http://bankruptcy.findlaw.com/what-is-bankruptcy/bankruptcy-frequently-asked-questions.html>

9. As soon as an individual files bankruptcy, an automatic stay is enacted against the commencement, continuation or enforcement of all actions and judgments against the debtor. <http://www.law.cornell.edu/uscode/text/11/362>
10. According to a 2010 study by the Institute for Financial Literacy, the age group most likely to file bankruptcy was 45- to 54-year-olds, followed closely by 35- to 44-year-olds. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
11. 70% of those who filed bankruptcy in 2010 did not graduate from college. However, the percentage of filers who have college degrees has risen slightly each year since 2006. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
12. 63% of bankruptcy filers earn less than \$40,000 per year, and 53% earn less than \$30,000 per year. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
13. A 2012 study found that blacks are nearly twice as likely to file Chapter 13 bankruptcy as whites. http://www.nytimes.com/2012/01/21/business/blacks-face-bias-in-bankruptcy-study-suggests.html?_r=2&
14. People file bankruptcy for a number of reasons. In the 2010 study, 70.5% of filers said they were overextended on credit. 56.62% cited unexpected expenses, 64.96% blamed a reduction in income, and 43.57% had experienced job loss. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
15. Changes in the family unit are also common factors in filing for bankruptcy. 15.51% of filers named divorce as a reason for their financial problems, 9.15% cited the birth or adoption of a child, and 7.86% mentioned the death of a family member. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
16. According to a 2012 survey, 81% of bankruptcy lawyers reported an increase in clients with student loan debt in the last three to four years. <http://www.nacba.org/Portals/0/Documents/Student%20Loan%20Debt/020712%20NACBA%20student%20loan%20news%20release.pdf>
17. Between 2006 and 2010, the number of filers who were unemployed increased by 21%. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
18. 64.1% of those who file bankruptcy are married. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
19. 34.5% of bankruptcy cases are married couples filing jointly. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1925006
20. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) made major changes to bankruptcy law in the United States. These included the requirement of income and means tests to determine one's eligibility to file Chapter 7 bankruptcy, mandatory credit counseling for filers, increased limits on exempt property and more exceptions to discharge. http://en.wikipedia.org/wiki/Bankruptcy_Abuse_Prevention_and_Consumer_Protection_Act

21. The average attorney fee for filing Chapter 7 bankruptcy in the United States is \$1,072 for those with assets and \$968 for those with no assets.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2132913
22. The average attorney fee for filing Chapter 13 bankruptcy in the United States is \$2,564.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2132913
23. With the enactment of BACPA, average Chapter 7 filing fees increased 37% for asset cases and 51% for no-asset cases. Chapter 13 filing fees increased by 27%.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2132913
24. Chapter 7 bankruptcy remains on your credit report for 10 years from the time you file. Chapter 13 bankruptcy remains for 7 years. <http://www.experian.com/ask-experian/20100818-bankruptcy-remains-on-your-credit-report-for-up-to-10-years.html>
25. Filing bankruptcy will decrease your credit score between 160 and 220 points.
<http://www.moneycrashers.com/bankruptcy-affect-credit-score/>
26. However, a 2011 study found that over 20% of those who have a bankruptcy on their record received at least one credit card offer in a given month.
<http://www.aeaweb.org/aea/2012conference/program/retrieve.php?pdfid=502>
27. Those who have filed bankruptcy are often approved for credit cards, but they are 50% more likely than non-filers to be required to pay an annual fee. They also have lower than average credit limits and higher than average interest rates.
www.aeaweb.org/aea/2012conference/program/retrieve.php?pdfid=502
28. In 2012, 1,181,018 personal bankruptcy cases were filed. This was down from 1,362,847 filings in 2011.
http://www.uscourts.gov/uscourts/Statistics/BankruptcyStatistics/BankruptcyFilings/2012/1212_f2.pdf
http://www.uscourts.gov/uscourts/Statistics/BankruptcyStatistics/BankruptcyFilings/2011/1211_f2.pdf
29. According to a 2011 study by FindLaw.com, 13% of Americans have considered bankruptcy at some point in their lives. <http://www.mainstreet.com/article/money/investing/13-americans-have-considered-bankruptcy>
30. Tennessee was the state with the highest bankruptcy rate in 2012 with 6.98 filings per thousand residents. Alaska had the lowest rate with 1.12 filings per thousand residents.
<http://www.creditcards.com/credit-card-news/state-us-bankruptcy-filing-statistics-2012-1276.php>

Bankruptcy is not a perfect solution, and it's important to consider all of your options before proceeding. But for some debtors, it's the best way to put their troubles behind them and make a new start.



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