

# **Legal Services Corporation of Delaware, Inc.**

A non-profit law firm and community education organization assisting low-income families in Delaware.

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## **Should I file for bankruptcy?** <sup>[1]</sup>

There are many different reasons to file or not. If you are unsure, you should speak to an attorney for advice. It is important to remember that bankruptcy will not fix everyone's money problems.

When you try to decide what to do, you should first make a monthly budget. List, and add up, all of your regular monthly expenses for necessities. Include expenses like: rent/mortgage payments, utilities, food, gas or bus fare, clothing, and other regular monthly expenses that you expect to have even after bankruptcy. If you have a car loan and you want to keep the car, include the car payments too. Then add up the monthly income for everyone in the house who shares expenses. Include your job, public benefit checks, food stamps, pensions, or disability payments.

If your income is a lot less than your expenses, then bankruptcy might not help. Bankruptcy only wipes out old debts. So if your budget shows that you will have trouble making ends meet after bankruptcy, or if you think you will still need to use credit cards or borrow money after filing, then you need to think about getting a second job or cutting expenses (for example, by getting a cheaper car or apartment).

Also look at how old your debts are. Most consumer debts only stay on your credit report for seven years. A bankruptcy will stay for ten years. So, if your debts are a few years old, it might be better to just hang in there for a few more years until they are taken off your credit report and your creditors give up (or until you can pay them).

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