Bankruptcy and Personal Financial Records

Dollars and Sense
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What is Bankruptcy?
When Should Bankruptcy be Considered?

- Heavily in debt
- Threats of foreclosure
- Drop in income
- Difficulty paying bills
- Insufficient income
- Loss of income due to a disability or divorce
Disadvantages of Bankruptcy

- Loss of privacy
- Loss of assets
- Closed accounts
- Forfeited luxury possessions
- A recent bankruptcy makes it nearly impossible to get a mortgage
Advantages of Bankruptcy

- Fresh financial start
- You may be able to keep assets
- Collection efforts stop
- You can start rebuilding your credit and life sooner
Common Mistakes People Make

- Add additional charges on credit cards
- Transfer property out of their names
- Cash in retirement accounts unnecessarily
- Ignore pending lawsuits
- Treat some creditors better than others
Debts Usually Discharged

- Credit card bills
- Medical bills
- Personal loans
- Judgments resulting from car accidents
- Payday loans
• Complete forms and petition with a bankruptcy court
• Before filing, the law requires that you receive financial education from a certified financial counselor
Personal Financial Records
• Maintaining a healthy financial life takes organization.
• There are many documents, statements and records that are generated as a consumer goes about his or her business.
• Keeping good records is key!
What to Keep

- Legal evidence of ownership
- Legal evidence of debt and its cancellation
- Income and expense records
- Income tax records
What to Keep

- Insurance records
- Other family records
- Tax records
- Reference:
  - Warranties, insurance documents and passwords
Internal Revenue Service (IRS) Guidelines

See the link to read the following:

- Why Keep Records?
- Kinds of Records to Keep
- How Long to Keep Records
- How to Get Tax Help
- IRS Guidelines

[Internal Revenue Service Guidelines](#) (Click on link)
How Long to Keep Financial Records

- Records such as birth certificates and social security cards need to be kept permanently
- Tax records should be kept for varying lengths of time
- Use common sense regarding credit card statements, receipts for bills or car maintenance records
How to Keep Financial Records

Documents need to be protected from theft, fire and disorganization!

• Safe deposit box
• Home safe or lock box
• Filing cabinet
• Electronic storage
Electronic Storage

- With increased development of technology, many methods of organizing paperless financial records exist today.

- Many financial institutions offer online banking and access to accounts and statements, as well as electronic payment methods.

- Records can be stored on a remote server (the “cloud”) or on a local computer. Always back up data!
More on Electronic Management

- Electronic spreadsheets and financial management software programs are readily available.
- Electronic methods can simplify financial record keeping, but it is important to protect passwords and understand security!
Questions?
References and Resources

Images:
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Textbook:


Websites:
All Insurance Information Organization. Great site for general insurance information.
http://allinsuranceinfo.org/

Federal Trade Commission
Filing for Bankruptcy: What you should know.
http://www.consumer.ftc.gov/articles/0224-filing-bankruptcy-what-know

Insurance 411 Organization
Web tool to make a credit card size insurance information card to carry in your wallet.
http://insurance-411.org/
Money Matters
http://www.fcef.com

NEFE High School Financial Planning
National Endowment for Financial Education.
http://www.hsfpp.org/

Privacy Rights Clearing House
Information on record Keeping.
https://www.privacyrights.org/fs12a-personal-data-retention-and-destruction-plan#whykeep

Record Keeping and Personal Care Guide
Create personal records for the family.
http://ddc.ohio.gov/Pub/RecordGuide.pdf

Texas Department of Insurance
Consumer information guide for purchasing insurance.
http://www.tdi.texas.gov/pubs/consumer/cbo88.html

Texas Financial Responsibility Report
Information on Texas law concerning auto insurance.
http://www.tdi.texas.gov/pubs/consumer/cbo88.html

United States Courts
Information on bankruptcy.