

# Affording Bankruptcy: Are You Too Broke To File?

While this may seem like a very strange question, it is one that is being raised recently. Given the current economic climate, however, it is a good one. But you have to be broke to file for bankruptcy right?

Wrong!

Most people that file bankruptcy are hard working, middle class individuals. They are unable to meet their obligations so they seek relief, but they are not necessarily “broke.” Unemployment, divorce, illness are just some of the reasons people fall into financial hardship, not simply poverty.

This then raises the question: “Can you be too broke to file for bankruptcy?”



## Too Broke?

[Recent articles](#) have caused a stir claiming that hundreds of thousands of Americans are expected to forgo filing bankruptcy because they simply can't afford it. Rising attorney's fees as well as the economic climate are said to be contributing factors.

This research, conducted by a group of professors, substantiated the claim by showing that tax refunds spur bankruptcy filings. Essentially, people are waiting for their tax refunds to pay the fees associated with filing bankruptcy.

[Jialan Nang](#), one of the co-authors of the study, cites the failing economy and rising bankruptcy administrative costs. These rising administrative costs are directly tied to the [Bankruptcy Abuse Prevention and Consumer Protection Act of 2005\(BAPCPA\)](#).

There is no doubt that times are tough and BAPCPA made it more difficult to file. As a result, court fees and attorney's fees have increased. On the other hand, I feel it is still possible to find professional legal help and get out of debt through bankruptcy.

## Motivation

It always surprises me, but many individuals with high debt and low income lack the motivation to file. They may not own assets that can be seized or have wages that can be garnished. Also, many times Government “need based” income is exempt from creditors.

In these situations, why spend money on a bankruptcy lawyer when short term, there is little to gain.

Individuals with higher net worth and higher income feel the pinch and may be more motivated to protect themselves.

## Explore Your Options

To anyone who feels they cannot afford bankruptcy, I say, explore your options. I recently gave advice on [how to select a bankruptcy lawyer](#), and I stand by those recommendations.

When experiencing extreme financial hardship, it is time to swallow your pride and seek help. Surprisingly, [many people avoid filing bankruptcy out of a sense of personal pride](#). Family and friends are often willing to

help financially.

While attorney's fees may seem expensive and out of range, many lawyers will offer reasonable payment plans. Most lawyers are more than willing to work with clients to make bankruptcy affordable and possible.

Finally, if all else fails, you can contact your local bar association and seek pro bono (free) legal representation. Don't give up and don't assume that relief is not available due to financial constraints.

*Image courtesy of: [asimzb](#).*