

Bankruptcy Quiz: How much do you know?

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[Bankruptcy](#) is something we all hear about, but how much do you really know? There are many myths and misunderstandings' surrounding the bankruptcy process, so this blog will focus on making sure what you know about bankruptcy, is actually the truth! Many debtors believe:

If I transfer my assets to somebody else to hold for me, I will be able to keep them.

Not only is this not true, it could result in big trouble for you and the person "holding" the [asset](#) for you! Trustees conduct investigations of any transfers of property by the debtor prior to filing the case. The trustee can demand that your friend or relative return the asset. If they fail to do so, it could result in the trustee filing a lawsuit against them to recover the asset for the benefit of the estate. The trustee could also bring allegations of bankruptcy fraud against you for attempting to hide the asset.

I should avoid bankruptcy by cashing in my retirement accounts.

You may get different opinions on this issue, but I will give you mine. Your [IRA](#) and 401(k) are among the most protected assets in your bankruptcy case. In fact, even if your retirement account is significant in size, you generally will emerge from your bankruptcy with your account fully intact. Thus, it seems only logical to leave your IRA and 401(k) alone.

Since my debt will be discharged, I should max-out my credit cards right before I file my case.

While it is true that most credit card debt is dischargeable, there are some exceptions. If you use your credit card when you have no intent or ability to pay the bill, if you make balance transfers, or if you are purchasing frivolous or luxury items, you may be held liable for the debt. If you feel you must use your credit cards for "necessary living expenses" before you file your bankruptcy, be sure to discuss it with a bankruptcy lawyer.

Be sure to read my blog tomorrow titled "Bankruptcy Quiz Part 2: How much to you know?"

Call Fresno bankruptcy attorney [Jerry R. Lowe](#) at [\(559\)513-8535](tel:5595138535) if you are considering filing a bankruptcy case. Mr. Lowe practices throughout California's Central Valley in communities such as Fresno, Clovis, Reedley, Sanger, Selma, Madera, Chowchilla, Oakhurst, Coarsegold, Auberry, Prather, Coalinga, Avenal, Corcoran, Hanford, Lemoore, Tulare and Visalia. He is experienced in Chapter 7 and Chapter 13 bankruptcy issues and is prepared to answer any questions you may have regarding your filing.