Are You Thinking about **Bankruptcy?**



July 2026

Do you have a legal problem?
Call our hotline:

Statewide Legal Services
1-800-559-1565

Are you having trouble paying your bills?

You are not alone. Many people fall behind on their bills at some point in their lives. Don't worry—you won't go to jail. Owing money is not a crime.

You might think bankruptcy is the answer to your problems, but it may not be. Bankruptcy is a good choice for some people, but it is not for everyone. Chapter 7 bankruptcy is a legal process that can get rid of certain debts and give you a chance for a fresh start, but it doesn't get rid of all debts. You will still have to pay child support, alimony, unpaid taxes, your mortgage, and federally insured student loans. Chapter 13 bankruptcy can help you set up a payment plan to pay off your debts. If you are thinking about bankruptcy, you should talk to a lawyer to learn about your options.

The debts that bankruptcy can help with are known as private, unsecured debt. If you have these kinds of debts, you may be able to get rid of them by filing for Chapter 7 bankruptcy:

- credit card bills,
- medical bills,
- utility bills, and
- personal loans.

The rules are different for other debts, such as

- child support;
- alimony;
- taxes;
- federally insured student loans and most private student loans;
- secured debts (like a mortgage or car loan);
- debts not listed on your bankruptcy papers (including debts you get after filing bankruptcy);
- debts where you were dishonest; and
- drunk driving fines, criminal fines, traffic tickets, and more.

If you have not been sued, you may not need to file bankruptcy right away. But you should speak with a bankruptcy attorney as soon as possible.

Do I need to file bankruptcy?

If you are thinking of filing bankruptcy, first you should find out if your income or personal property is *protected*. *Protected* means that you don't have money or property that a debt collector can legally take from you. You might not need to file bankruptcy if

- your income is very low, and
- you don't have a lot of valuable things.

You may also hear the words *collection proof*, which is another way of saying that your income and property are protected.

Am I already protected?

If...	Then...
☐ you do not own a house; or ☐ you own a house but the equity in your home is less than $250,000 for an individual or $500,000 for a couple; or ☐ you own one or two cars having a total value of up to $7,000;	You are already protected (collection proof). You probably do not need to file bankruptcy right now.
AND	
☐ you take home less than $677.60 per week or your income is from Social Security, public benefits, disability, etc.	

How does being protected or collection proof help me?

If you owe money to someone and you don't pay, you can be sued. If a creditor sues you and wins, the court will enter a *judgment* (also called an *order*) against you that says you have to pay back the debt.

But if your money and property are protected, then creditors cannot take them from you. A judgment stays in force for 10 to 20 years and can be renewed by the creditor. You will not have to pay the debt for as long as your

situation stays the same during that 10 to 20 years. If your situation changes—for example, you go back to work and make enough money to repay your debt—then you may have to pay the debt.

How can a creditor collect money from me?

Until a creditor sues you and wins, the only way it can collect from you is by asking you to pay. It can do this by calling you and sending you letters.

However, if the creditor sues you and wins and your income or property is not protected, the creditor has three ways it can try to collect from you. It can take money from your pay, take some of your property, or take money from your bank account.

Even if a creditor sues you and wins, it can only collect from

- your wages if you take home more than $677.60* per week,
- your house if you have a lot of equity in it,
- certain unprotected types of valuable belongings, or
- your bank account if it contains more than $1,000 that is not protected.

*This number is calculated by multiplying 40 x the current state of Connecticut minimum wage, which is $16.94 per hour in January, 2026.

What can a creditor do if it sues me and wins?		
Can a creditor…	**No, not if …**	**Yes, if…**
take money from my pay?	you take home less than $677.60 per week.	you take home more than $677.60 per week, but not more than 75% of your take-home pay.
take my home?	you rent or if your equity in a home or condo that you own is less than $250,000 for an individual or $500,000 for a couple.	you have equity in your house or condo that is greater than $250,000 for an individual or $500,000 for a couple.
take money from my bank account?	your money is protected (see below).	your money is not protected.

Is the money in my bank account protected?

Under Connecticut law, some of the money in your bank account may be protected and should not be taken by creditors. We say that this money is *exempt*. Some of that exempt money will be protected by the bank **automatically**. The bank will not give it to the creditor, and you may not even know that the creditor has asked for it. The bank will **automatically** protect:

- The last two months' worth of money from these sources, as long as they were directly deposited into your account:
  - Social Security, SSI, or other similar federal benefits;
  - Veterans' benefits;
  - state welfare benefits (with no limit on the number of months);
  - certain federal stimulus payments (with no limit on the number of months);
  - unemployment compensation;
  - child support (if paid by the Title IV-D system); and
  - the first $1,000 of your wages in your bank account.

If you don't have any (or enough) of the protections listed at the bottom of page 3, up to $1,000 will be left in your account.

The rest of your exempt money can also be protected, but **only if you take some action to *claim* it**. Here is a partial list:

- any of types of money in the list above that was not directly-deposited or was deposited more than two months ago;
- pensions;
- 75% of your wages above the first $1,000;
- workers' compensation;
- the first $677.60 of alimony and 75% of the total, whichever is higher; or
- health and disability insurance payments.

How do I claim an exemption?

If the bank takes any money out of your account to pay a creditor, it must mail you a notice immediately. The notice is a form with a checklist of common exemptions. Check the exemptions that apply to you, and mail or bring the form back to the bank. You have 15 days, but don't wait – deliver the form to the bank as soon as possible.

The bank will send the form to the court, and a court hearing will be scheduled. The bank will take the money out of your account and hold it. It will not give the money to the creditor, but you will not be able to spend it.

You must go to the hearing. If the judge agrees that the money is protected, the bank will put it back into your bank account.

For more about how to claim an exemption, see the legal aid article, *Bank Executions*.

To learn more about how to claim an exemption, see Bank Executions: www.ctlaw.help/bank-executions

Direct Deposit of Paychecks

Be careful if you have your paychecks directly deposited into a bank account. A creditor may be able to take some of that money from your bank account.

Are there times when I should definitely file bankruptcy?

Bankruptcy may be your best option if

- your income or assets are not *protected*, or
- you now have a job that will increase your income enough so that creditors will be able to take money from your paycheck and you do not expect to incur new large debts that you will be unable to pay (such as medical bills).

Here are some reasons why bankruptcy may not be the best option:

- Most or all of your money and belongings are protected from creditors.
- You are unemployed or have no significant new money coming in with which to pay your current bills.
- You expect to have significant new debts arising in the future (such as uninsured health care costs).

You should not file bankruptcy because of stress and worry over debt collection unless bankruptcy is actually your best option. There are other ways to reduce the stress and worry. You should talk to a credit counselor or a lawyer about how to do this.

How can bankruptcy help me?

You may be able to do the following:

- Get rid of certain debts under a Chapter 7 bankruptcy. They will be legally erased (or discharged) so you won't have to pay them.
- Stop collection calls and other efforts by creditors to collect debt while your bankruptcy case is pending .
- Stop most wage attachments (money taken from your pay to repay the debt).
- Keep any wages, money, or property you get in the future.
- Either turn your utility service back on or stop a shut-off (if it was because you didn't pay your bills).
- Stop a foreclosure of your home (for some types of bankruptcy).

What items can I keep after filing bankruptcy?

What you can keep after filing bankruptcy depends on which property exemptions you use. You can choose two different sets of exemptions: those provided by the Bankruptcy Code or the exemptions allowed by Connecticut law. You can only use one set of exemptions – you cannot pick and choose some from each group. Here are some examples of exemptions allowed:

Bankruptcy Code Exemptions	Connecticut Law Exemptions
Home: Real property, including mobile homes and co- ops, or burial plots up to $27,900. The unused portion of this amount up to $13,950 can be used for other property.	Home: Real Property, including mobile or manufactured home, up to $250,000 (up to $500,000 for a couple).
Motor Vehicle: Up to $4,450.	Motor Vehicle: Motor vehicle(s) up to $7,000.
Wild Card: $1,475 of any property, and the unused portion of homestead exemption up to $13,950.	Wild Card: $1,000 of any property not otherwise exempted.
Note: You should talk to a lawyer about which set of exemptions are better for you before filing for bankruptcy.	

What else can I keep?

You can generally keep your car if the equity (the value of the car minus the amount you owe on it) is less than the allowable exemption. If you owe money on your car but you are not making payments on it, the lender can repossess it. People usually keep all of their personal belongings and furniture, except for jewelry or bags that are very expensive.

What will happen to my credit?

Bankruptcy will stay on your credit history for 10 years. You can probably still get a credit card or a loan after bankruptcy, but it is up to the lender. For people under sixty, it might be harder to rent an apartment or get certain jobs because of the bankruptcy on your credit history. For people over 60 who are looking for senior housing, a bankruptcy can't be taken into account when considering your application.

If someone signed a loan with me and I file for bankruptcy, will the debt be erased for that person too?

No. The other person who signed the loan with you (the co-signer) is still responsible for paying the debt, even if bankruptcy erased it for **you**.

More about the bankruptcy process

You may hear the words *file for bankruptcy* or *declare bankruptcy*, which both mean to start the legal bankruptcy process. It usually takes at least six months to finish the process. Chapter 7 is the most common type of bankruptcy.

If you can't afford the fee to file your papers with the court, you can apply to make payments or to have the fee waived (erased). You can get the forms at a Connecticut bankruptcy court clerk's office or online at www.ctb.uscourts.gov.

Before you file for bankruptcy

You must complete credit counseling. To get a list of approved credit counseling agencies, ask the clerk at the Connecticut bankruptcy courthouse or visit their website at www.ctb.uscourts.gov. The counseling costs vary, but can be as low as $15 to $20. If you can't afford the fee, ask the agency to waive the fee before the counseling begins.

You should talk to a lawyer. Because bankruptcy is a complicated legal process, do not sign up for any counseling until you have spoken with a bankruptcy lawyer about whether bankruptcy is the best choice for you.

Where can I get help?

- **Consumer Law Project for Elders (CLPE)**
  The CLPE provides free legal assistance to Connecticut residents 60 and over who have consumer problems. Call 1-800-296-1467.

- **Statewide Legal Services**
  Call 1-800-453-3320 or visit www.slsct.org for more information about how SLS can help. Apply for bankruptcy assistance online at apply.slsct.org.

- **U.S. Bankruptcy Court**
  https://www.ctb.uscourts.gov/application-pro-bono-attorney

  New Haven County
  157 Church Street, New Haven
  Telephone: 203-773-2009

  Fairfield County
  915 Lafayette Boulevard, Bridgeport
  Telephone: 203-579-5808

  Hartford County
  450 Main Street, 7th Floor, Hartford
  Telephone: 860-240-3675.

- **Connecticut Bar Association Bankruptcy Pro Bono Program:** www.ctlaw.help/cba-bankruptcy

Budget Counseling

- **U.S. Bankruptcy Court**
  You can get a list of approved credit counseling agencies at www.CTLaw.help/doj-credit.

- **University of Connecticut**
  Cooperative Extension System
  305 Skiff St., North Haven, CT
  Phone: 203-407-3161

How to Get Help from Legal Aid

If you are under age 60, call:

Statewide Legal Services

www.slsct.org

1-800-453-3320 or 860-344-0380

SLS provides free advice to low-income people who have legal problems in Connecticut.

Are you age 60 or over? If yes, free legal assistance is available.
If you have a debt collection or other consumer problem, please call:

Consumer Law Project for Elders
1-800-296-1467

eviction HELP CT

Need help with a housing problem?

If you are facing eviction or losing your housing subsidy, you may have the right to a free lawyer. Call 1-800-559-1565 or go to www.EvictionHelpCT.org.

Contact your local legal aid office:

Connecticut Legal Services

www.ctlegal.org

Bridgeport
203-336-3851
1000 Lafayette Blvd.

New Britain
860-225-8678
16 Main St.

New London
860-447-0323
125 Eugene O'Neill Dr.

Stamford
203-348-9216
255 Bank St., 3rd Floor

Waterbury
203-756-8074
255 Bank St., 3rd Floor

Willimantic
860-456-1761
1125 Main St.

Greater Hartford Legal Aid

www.ghla.org
999 Asylum Ave., Hartford
860-541-5000

New Haven Legal Assistance Association

www.nhlegal.org
205 Orange St., New Haven
203-946-4811

Do you know your rights?
Go to **www.CTLawHelp.org** for free legal information.

For more information, go to www.CTLaw.Help/bankruptcy

This booklet was produced by Connecticut Legal Services, Greater Hartford Legal Aid, New Haven Legal Assistance Association, and Statewide Legal Services of Connecticut. The information in this booklet is based on laws in Connecticut as of 7/2026. This information is not intended as legal advice. For advice on your situation, call Statewide Legal Services or contact a lawyer.