

Are you 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

Call SLS for help if you are under 60.

Statewide
Legal Services
of Connecticut, Inc.

Statewide Legal Services
1-800-453-3320
860-344-0380

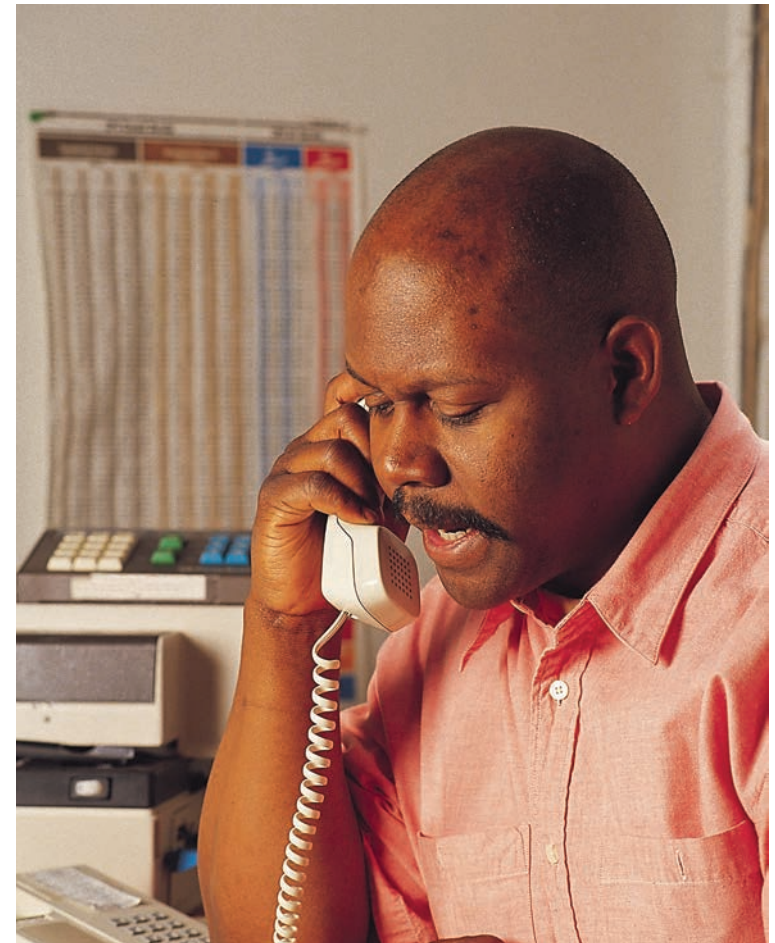
Search our website for help.



www.ctlawhelp.org

Are You Thinking About Bankruptcy?

June 2018



We offer free legal help in many areas including:

- welfare,
- SNAP (food stamps),
- divorce,
- child support,
- domestic violence,
- bankruptcy,
- special education,
- nursing home care,
- health insurance,
- eviction,
- foreclosure,
- and more.

See the reverse side for more about legal services.

If you're 60 or over, call your local legal aid office:

Eastern CT	800-413-7796	Western CT	800-413-7797
Hartford Area	860-541-5000	Bridgeport Area	800-809-4434
Stamford Area	800-541-8909	New Haven Area	203-946-4811

If you're under 60, call SLS for help:



Statewide Legal Services

1-800-453-3320

860-344-0380

Search our website for help:



www.ctlawhelp.org

If you're under 60, call us for help:



Statewide Legal Services

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

Search our website for help:



www.ctlawhelp.org

If you are over 60, call the
Consumer Project for Elders at 1-800-296-1467.

Connecticut Legal Services

www.ctlegal.org

Bridgeport

1000 Lafayette Blvd 203-336-3851
Suite 950

New Britain

16 Main Street 860-225-8678

New London

125 Eugene O'Neill Dr.
Suite 120 860-447-0323

Stamford

20 Summer Street 203-348-9216

Waterbury

85 Central Avenue 203-756-8074

Willimantic

1125 Main Street 860-456-1761

Greater Hartford Legal Aid

www.ghla.org

999 Asylum Avenue
Hartford, CT 06105
860-541-5000

New Haven Legal Assistance Association

www.nhlegal.org

205 Orange Street
New Haven, CT 06510
203-946-4811

Consumer Law Project for Elders (CLPE)

Free legal assistance to seniors 60 and over throughout CT who have money/debt problems.

1-800-296-1467

Are You Thinking About Bankruptcy?

Are you having trouble paying your bills?	3
Do I need to file bankruptcy?	4
How can a creditor collect money from me?	5
Is the money in my bank account protected?	6
How can bankruptcy help me?	7
What items can I keep after filing bankruptcy?	8
What happens to my credit?	8
More about the bankruptcy process	9
Where can I get help?	10

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 6/2018. We hope that the information is helpful. It is not intended as legal advice for an individual situation. Please call Statewide Legal Services or contact an attorney for additional help.

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 you.
- ▶ **U.S. Bankruptcy Court:** Free legal representation may be available to you through the U.S. Bankruptcy Court. Contact the clerk's office shown below and ask for an application for the pro bono panel.
www.ctb.uscourts.gov

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

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

- ▶ **Budget Counseling:**
Approved credit counseling agencies - get a list from U.S. Bankruptcy Court.

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

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

The rules are different for other debts, such as

- child support;
- alimony;
- taxes;
- federally insured 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;
- drunk driving fines, criminal fines, traffic tickets, and more.

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:
<input type="checkbox"/> you do not own a house; or <input type="checkbox"/> you own a house but the equity in your home is less than \$75,000 for an individual or \$150,000 for a couple; or <input type="checkbox"/> you own a car worth less than \$3,500; AND	You are already <i>protected</i> (<i>collection proof</i>). You probably do not need to file bankruptcy right now.
<input type="checkbox"/> you take home less than \$404 a week (in 2018) 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 it 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.

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.



It will cost you around \$335 to file the papers in court. If you can't afford the fee, you can apply to make payments or to have the fee *waived* (erased). You can get the forms at the 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 Court or visit their website at www.ctb.uscourts.gov. The counseling generally costs \$50 to \$75. 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.

What items can I keep after filing bankruptcy?

You can keep your clothing, household items, and at least \$10,775 in property and cash. If you own a home, you also can keep up to \$75,000 (\$150,000 for couples) in equity.

Can I keep my car?

It depends. If you don't owe money on your car, you can usually keep it if it is worth less than \$3,500.

If you owe money on your car but you are not making payments on it, the lender can take back (or repossess) your car.

What happens 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**.

Types of Debt:

Secured and Unsecured Debt

Is the item something the creditor can take?

No – then it is an **unsecured** debt and it **can be erased** by bankruptcy.

Yes – then it is a **secured** debt and **cannot be erased** by bankruptcy.

Example: Your creditor can take back your car if you don't make the payments on your car loan. Therefore, a car loan is a **secured** debt.

How can a creditor collect money from me?

Until a creditor sues you and wins, the only way they can collect from you is by *asking* you to pay. They 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 your property, or
- take money from your bank account.

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

- you take home more than \$404 a week (in 2018),
- you have equity in a house or have valuable belongings, or
- you have money in a bank account that is not *protected*.

What can a creditor do if it sues me and wins?

Can a creditor...	No, not if...	Yes, if...
take money from your pay?	you take home less than \$404 a week (in 2018).	You take home more than \$404 a week (in 2018) now or when you go back to work.
take your property?	you rent, so you don't have any property to take.	You have equity in a house or other assets greater than \$75,000 for an individual or \$150,000 for a couple.
take money from your bank account?	Your money is protected (see next page).	Your money is not <i>protected</i> .

Is money in my bank account protected?

Some of the money in your bank account may be *protected* and **should not** be taken from your bank account if it is direct deposited and comes from your

- Social Security benefits (retirement, disability, survivor);
- wages;
- unemployment benefits;
- disability benefits (SSI and SSDI);
- state welfare;
- child support;
- alimony; or
- pension.

Two months' worth of your direct deposits of child support, alimony, pension, or government benefits **or** \$1,000 – whichever is higher – is automatically *protected*. Do not keep more than this *protected* amount in your bank account. If you do, the creditor may try to take that money through a bank execution.

However, if the creditor takes some *protected* money through a bank execution, you will be able to get it back after a court exemption claim hearing. You must file papers with the court in order to have an exemption claim hearing.

Direct Deposit of Paychecks

Be careful if you have your paychecks directly deposited into a bank account. A creditor may take that money from your bank account even if you make less than \$404 a week (in 2018). However, if you take home less than \$404 a week, you will be able to get the money back after a court exemption claim hearing. You must file papers with the court in order to have an exemption claim hearing.

TIP: Instead of getting your pay directly deposited, it might be a good idea to get a paper paycheck and keep the cash.

Are there times when I should file bankruptcy?

Bankruptcy may be your best option if

- your income or assets are not *protected*,
- you plan to get a job that will increase your income and creditors will be able to take money from your paycheck, or
- the stress and worry over debt collection is too much for you.

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.
- 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).

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.