

The Good News for Seniors and Others

As much as most people complain about the changes to the Bankruptcy Code there are changes that benefit persons filing for Bankruptcy. So here are the top 5 changes:

1. I.R.A. of up to \$1,000,000.00 can be exempted from creditors;
2. Social security income is not included in the computation to determine “gross” income under the means test nor is it treated as available for payment to creditors in Chapter 13;
3. Loans from a qualified retirement plan can be repaid during a chapter 13 bankruptcy. Previously such loans were not recognized and the amounts used to pay such loan was considered available to be paid through the plan to other creditors. The Retirement Plan Administrator can now be included as a creditor and the loan repaid while in Chapter 13.
4. Federally guaranteed student loans can now be included in a person’s budget without penalty. Student loans were treated in the same fashion as Retirement Plan loans above. Previously such loans could not be paid or discharged while in chapter 13 Bankruptcy;
5. For persons who must complete the Means Test Formula the following expenses may be deducted:
 - a. Health Insurance;
 - b. Support for Elderly or disabled family members;
 - c. Reasonably necessary expenses to avoid domestic violence; and
 - d. Public or private school educational expenses of up to \$1500 per minor child.