

You Should Only Declare Bankruptcy If You Absolutely Have To!

Bankruptcy is something that you should try to avoid unless it is absolutely necessary. There are several ways that you can determine whether or not you need to declare bankruptcy.

Essentially, this is the best choice for you if you do not have a better way to pay off any of your bills, and if you do not think it is possible for you to ever get out of the debts that you owe.

If this is the case, then bankruptcy is a way to avoid paying more than you can afford, and it will allow you to take a fresh start, although you won't have very much money at all. There are a few things that you'll be able to keep even though you declare bankruptcy, and these are generally personal belongings that are not worth any real monetary value. If you are wondering which items are exempted where you live, then you should read through the bankruptcy rules and regulations regarding your state or country.

However, if you can possibly avoid bankruptcy, then you should. One reason for this is that even though bankruptcy can help you start over and get rid of most of your debt, it is still not very good for your credit rating. In fact, declaring bankruptcy can give you a very bad credit rating for years to come.

Luckily, there are a few different things that you can do in order to avoid bankruptcy. One thing that is used by many people every day is debt consolidation. Essentially, debt consolidation allows you to contact all of your creditors and ask them to make your monthly payments and interest rates easier to deal with. The reason that this works is that your creditors would much rather alleviate part of your debt and get most of the money they are owed.

Consolidating and paying your debts is also good for your credit rating. Instead of hurting it, paying off your debts will actually help your credit rating, since every time you pay your debts, it improves. Therefore, debt consolidation and other payment strategies are very preferable to declaring bankruptcy.

Jakob Jelling is the founder of <http://www.cashbazar.com/>. Visit his website for the latest on personal finance, debt elimination, budgeting, credit cards and real estate.