

The Bankruptcy Starter Guide

Chapter 7 vs Chapter 13, the means test, and the exact questions to ask an attorney — in plain English.

What's inside

- Chapter 7 vs Chapter 13 at a glance
- Means-test basics without the jargon
- A document checklist to prepare
- 10 questions to ask a bankruptcy attorney

Chapter 7 vs Chapter 13 — at a glance

Two paths cover most consumer cases. Here's the plain difference.

Chapter 7 — 'liquidation'

Can discharge qualifying unsecured debts (credit cards, medical bills) in a few months, if you pass a means test based on your state's median income. Common for lower-income filers. Usually does NOT erase most student loans, recent taxes, or support obligations.

Chapter 13 — repayment plan

Reorganizes what you owe into one court-approved payment over 3–5 years. Often used when income is higher, or to keep a home or car while catching up on missed payments.

The automatic stay

The moment you file, most collection activity — calls, many garnishments, lawsuits — must stop. This breathing room is often why people file when facing a garnishment.

Means-test basics + document checklist

The means test compares your household income to your state's median for your household size. Below it, you generally qualify for Chapter 7; above it, a second step looks at allowed expenses and disposable income. Household size and expenses matter — which is why two people with the same salary can get different results. Only a licensed attorney can run the real numbers for your state.

Documents to gather

- Recent pay stubs (last 6 months)
- Last 2 years of tax returns
- List of debts (creditors + balances)
- List of assets (home, vehicles, accounts)
- Monthly bills and living expenses
- Recent bank statements

10 questions to ask a bankruptcy attorney

1. Do you focus on consumer bankruptcy (Chapter 7 and 13)?
2. Based on my income, which chapter likely fits?
3. What is the total cost — filing fees plus your fee?
4. Will I be able to keep my home and car?
5. Which of my debts can and can't be discharged?
6. How long will my case take start to finish?
7. Who will I actually work with day to day?
8. What happens at the meeting of creditors?
9. How will filing affect my credit, and for how long?
10. Are there alternatives I should consider first?

Ready to talk to someone?

Get a free, no-obligation case review with a licensed attorney.

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