

# HOW DO I PAY FOR FILING BANKRUPTCY?

## What You Should Know

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If you need to file bankruptcy it may seem overwhelming to figure out the answer to “How can I pay for bankruptcy?” You have living expenses to pay. You may be receiving collection letters. You may even be receiving threatening phone calls from collection agencies. You are broke. You need debt relief. Everything that is going on in your life does not help you think clearly about how to pay for bankruptcy attorney fees and court costs.

Once you have met with an attorney and decided to file for bankruptcy relief there is some good news. For many people, coming up with the money to pay attorney fees and bankruptcy court filing fees may not be as hard as it might first appear. Some options to raise money to afford to file bankruptcy include:

1. **Stop paying credit cards and other unsecured debts.** If you are still making payments on debts that will be discharged (wiped out) in your bankruptcy then, after talking with your attorney, consider stopping your monthly payments to these creditors. Many people pay hundreds of dollars (or more) each month on payments to credit cards, unsecured loans and other bills that will usually be discharged in bankruptcy. This money can be used to pay for your bankruptcy. You should check with your attorney first about what debts are not dischargeable.
2. **Use your tax refunds.** Many people receive a tax refund each year. You can use all or part of the refund to help obtain a fresh start by filing for bankruptcy relief.
3. **Sell any items of property that you own free and clear that you do not need.**
4. **Take a temporary second job or cut out any unneeded living expenses.** Reducing unnecessary living expenses or taking a temporary second job can help provide money to file bankruptcy.
5. **Obtain a loan from your 401k or life insurance policy.** Do you have a 401(k) plan or life insurance policy that you could obtain a loan from? You would be, in essence, borrowing money from yourself but at the same time there are few better investments than getting a fresh start financially from overwhelming debt.

6. **Ask family members or friends for help.** It is usually far and away lower cost for family or friends to help you with paying for filing bankruptcy than helping you pay off all your debts.
7. **Consider Chapter 13 bankruptcy.** Attorney fees for a Chapter 7 bankruptcy are usually far lower than for a Chapter 13. Further, many people in southeast Kansas do not have sufficient disposable income to realistically fund a Chapter 13. In a Chapter 13, however, you may be able to pay all or part of your attorney fees through the Chapter 13 plan. This possible option can depend on your attorney's policies and your specific situation. Chapter 13, which generally lasts 3-5 years, does have a significant failure rate which, in my opinion, your attorney should discuss with you. Currently, the filing fees charged by the court are \$335 for a Chapter 7 bankruptcy and \$310 for a Chapter 13 bankruptcy. Attorney fees in your case can vary substantially by the type of bankruptcy you file, the details of your case and your attorney's policies.
8. **Reset Your Priorities.** Last, in Kansas and some other states your creditors can garnish up to 25% of your wages once they obtain a judgment against you. In a sense, if you are working, the least you should be able to afford to help pay for your bankruptcy if you have a job is around 25% of each paycheck because that is usually what your creditors are going to be taking by wage garnishment anyway once they have a judgment against you. Once a creditor starts a garnishment it can be more difficult to come up with the money to file bankruptcy.

The vast majority of people wanting to file bankruptcy can come up with the money to do so by rearranging priorities. Hopefully, the above list will help you afford to file for bankruptcy relief and answer the question "How can I pay for filing bankruptcy?"

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*Depew Law Firm is designated as a Debt Relief Agency under U.S. bankruptcy law. We have helped people file bankruptcy in Kansas Bankruptcy Court since filing our first bankruptcy case in 1957.*

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