

Considering Bankruptcy Because of Too Much Debt?

The Ancient Greeks tell the story of a king named Sisyphus who was condemned by the gods to endlessly roll a rock to the top of a mountain. Every time the man reached the peak, the stone would roll back and he would start again. In the same way, you may be struggling under the crushing burden of debt that grows heavier by the month.

Whether it's credit cards, a mortgage, student loans, or a major home improvement loan, most everyone has a debt or two they need to repay. However, if this ancient Greek tale resonates with you as paycheck after paycheck evaporates in a mist of never-ending credit card payments, you may need to ask yourself the tough questions. Could you survive without your next paycheck? Do you borrow money to pay other debts? Or is it a time to consider bankruptcy? Consider the following practices of people knocking on the door to a financial meltdown:

- Spending more than 20 percent of net income on credit card bills.
- You dip into your savings or retirement accounts to pay your monthly bills.
- Using credit cards to pay for necessities because you do not have the cash.
- You have more than four major credit cards.
- Depending on family and friends to bail you out.
- Financing a car for six or more years to lower the monthly payment.
- You need a co-signer, which indicates you are already over-extended.
- You are hiding purchases from family.

If any of these practices sound familiar you need to examine closely your financial situation and consider bankruptcy seriously. Don't allow yourself to be lulled into a false sense of security because you're not late with any of your payments. Just because you can pay your minimum payments each month does not mean you are financially fit. Low monthly minimum payments benefit the credit card company, not you. The "minimum amount due" is cleverly calculated to keep you shackled to your credit cards for your entire adult life.

Rather than continuing to tread water with ankle weights, recognize you may be in over your head. Determine how much you have saved, how much you owe, how much you net each month and how much you pay toward monthly bills. This analysis will allow you to determine how much help you need.