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Bankruptcy Means Testing

Means testing is required by the court regardless of the chapter.

In a Chapter 7, the means test determines whether you qualify to file for relief under this chapter. There are two parts to qualify under. The first part determines if your gross income from your last 6 months annualized is over or under the median income based on your dependants and location. If your income is under than you automatically qualify; if it is over then we move to the second part. The second part will determine your expenses. Some we can add, like secured & priority debt, childcare, internet expense, etc. These expenses against your income will determine your disposable income. If the disposable income multiplied by 60 is over \$11,725.00, then you will not qualify for a chapter 7.

In a Chapter 13, the means test determines the length of your plan and the disposable income. If your income is under the median income then you qualify for 3 years, if it is over the median income then you will have to go 5 years. The disposable income is very important in a Chapter 13 means test because this amount multiplied by 60 is the total amount paid to your unsecured creditors only. This amount determines the percentage that is paid in the plan to your unsecured creditors and can cause your plan payment to increase, (this is not the only reason your plan payment can increase).

The means test is based off of your current last 6 months. So, you can initially qualify for a Chapter 7 and a few of months later you may not qualify and vice versa. In between the time of your first meeting and the completion of the paperwork, if your income dramatically changes either way this will affect the means test. Please keep this in mind.

Means Testing Checklist

Please provide the following documents, with this checklist:

- Your current last 6 months pay advices. (include spouse's, if married)
- Your income for the last 6 months, from any other source other than your regular employment income (including monthly interest on accounts, pension, retirement, social security, disability, unemployment, dividends or royalties, etc.) (include spouse's, if married)
- If your current income is from an operation of a business or profession, or farm, I need the profit and loss statements for the last 6 months. Operating reports will be provided if needed. (include spouse's, if married)
- If you and/or your spouse own any real property used for rental property, I need the income for the last 6 months. Operating reports will be provided if needed.
- Are you and/or you spouse currently receiving any child support and/or spousal support? If so, I need the your last 6 months income. Include paperwork.

Required Information:

1. Dependents:
(including yourself) _____

County you reside in: _____

Number of Vehicles Operated: _____

Number of Vehicles for which
there is a lien or a lease. _____
2. Expenses: (monthly payments only)

Mortgage _____

Are the taxes & insurance included?
If not, list the monthly amount for each. _____

Vehicle(s) (if more than one lien/lease,
list each payment separately) _____

All other installment payments-See **“Secured Debt”** examples below.

List each separately.

Child Support Payment

Is this payment deducted from your income? Yes or No

Daycare

Medical Out of Pocket expense (anything not covered by insurance)

Medical Insurance (Do not list if it is deducted from your income)

Life Insurance (Do not list if it is deducted from your income)

Charitable Contributions (list only if you have proof)

Internet Expense (If it is combined with cable and/or Phone, please separate)

Education for Employment

Court Ordered Payments (other than Child Support)

Education for a Physically or Mentally challenged child

Support for a Disabled or Elderly Family Member

Education Expense for Children (for private or public elementary or secondary school, amount not to exceed \$147.92)

Any other expenses that are not listed
(Please list separately)

Is your retirement mandatory?
(this consists of TRS, Retirement Plans
& Pensions in place of Social Security)

What type of retirement do you have?

Secured Debt: including mortgages, vehicle liens/leases, furniture, appliances, cd's, etc. (Best Buy, Conn's, Circuit City, Gallery, Fingers, Fry's Sear's, etc. are examples of secured creditors) Basically, anything that is held for collateral is considered secured lien.

Balances ONLY for Secured Debt:

Mortgage

Vehicle

Any other secured debt-See Example above:
(list each separately)

Priority Debt: TYPES OF PRIORITY CLAIMS

Please list below if claims in that category pertain to you.

Domestic Support Obligations

Claims for owed child support
or spousal support. _____

Extensions of credit in an involuntary case _____

Claims arising in the ordinary course of the debtor's business or financial affairs after the commencement of the case but before the earlier of (BUSINESSES ONLY)

Wages, salaries, and commissions _____

Wages, salaries, and commissions, including vacation, severance, and sick leave pay owing to employees and commissions owing to qualifying independent sales representatives up to \$11,725* per person earned within 180 days (BUSINESSES ONLY)

Contributions to employee benefit plans _____

Money owed to employee benefit plans for services rendered within 180 days immediately preceding the filing of the original petition, or the (BUSINESSES ONLY)

Deposits by individuals _____

Claims of individuals up to \$2,600* for deposits for the purchase, lease or rental of property or services for personal, family, or household use (BUSINESSES ONLY)

Taxes and Certain Other Debts _____

Owed to Governmental Units Taxes, customs duties, and penalties owing to federal, state, and local governmental units as set (IRS and other taxing entities)

Claims for Death or Personal Injury _____

While Debtor Was Intoxicated Claims for death or personal injury resulting from the operation of a motor vehicle or vessel while the debtor(s) was intoxicated from using

Administrative allowances under 11 U.S.C. Sec. 330 _____

Claims based on services rendered by the trustee, examiner, professional person, or attorney and by any paraprofessional person employed