

Avoiding Bankruptcy Can Backfire

According to a 2015 Federal Reserve Bank of New York report, **people who file bankruptcy fare much better than those who avoid doing that.** Lets look at some of the ways this happens.



- **People who filed bankruptcy had access to more new lines of credit** than those who limped along in a poor financial state.
- **People who filed bankruptcy saw an improvement in their credit scores** over time, compared to those who continued to struggle with their debts. **People who file bankruptcy experience a boost in their credit score after bankruptcy**, but the recovery of credit score is much lower for individuals who do not file bankruptcy.
- **Significant retirement income is lost by people who avoid filing bankruptcy.** Why? Because of the money used to pay back debt instead of (after bankruptcy) investing it in retirement funds.

For a longer article about this on credit.com, [click here](#).

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