



Live a Richer Life

A Roadmap to Personal Financial Health
Following Bankruptcy



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

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make all the difference.*

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**No portion of this text is in any way intended as legal advice.
Readers are strongly advised to consult an attorney regarding specific
bankruptcy issues and questions.**

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CHAPTER ONE

Rebuilding Following Bankruptcy

What to Expect

You are about to complete the *bankruptcy* process. As you know, your personal financial life has undergone a significant change. On the positive side, you have a fresh financial start. Many, perhaps all, of your debts are about to be *discharged*, and you will no longer be obligated to pay them; your *creditors* should no longer contact you to demand payment of your discharged debts; and your budget will become more manageable. If you have filed a *Chapter 13 bankruptcy*, you are still paying off at least a portion of your old debts, but on a monthly plan that is easy to keep track of and which must be incorporated into your budget planning.

On the other hand, your bankruptcy also has some unpleasant side effects. If you are not already encountering these, you will begin to feel them more fully in the weeks and months ahead. For one thing, you will be asked on any number of different types of documents such as applications for jobs, insurance or loans if you have ever declared bankruptcy. Although it may be unpleasant, you should answer these questions truthfully in every instance. Your bankruptcy is a matter of public record, and a dishonest answer might be considered fraud that could expose you to future legal consequences. Even if fraud is not an issue, you can sour a new employment or business relationship if

someone finds out later that you were less than open about it. Your bankruptcy also means you will have a more difficult time obtaining credit, and you will almost certainly have to pay higher interest rates or accept other unfavorable terms because of your bankruptcy. In addition to these high costs, you are also a prime target for “*predatory lenders*.” Predatory lenders often seek out people who are just emerging from bankruptcy. It is, therefore, important that you learn what to look for in considering offers of credit.

But the most important fact about your bankruptcy is that it has given you an opportunity to retake control of your financial life.

As a major first step, we strongly recommend that you follow Rule #1: *Don't even consider borrowing money for any reason until you have reorganized your financial affairs and proven that you can live within a budget.* While carefully planned use of credit will almost certainly be part of your life again, during this interim period new credit and new debts should be off limits. Stop using any credit cards you still have. It also means no car loans, no bank loans, no credit from department stores, and no loans from friends. You will be tempted by many different types of offers almost every day to break this rule, but you must resist these temptations at this stage of your life.

CHAPTER THREE

Developing Sound Financial Habits

This chapter will help you analyze your current thinking about money and introduce sound money management habits that are critical to long-term financial health. Again, some of what we suggest is not possible right now as a result of your bankruptcy. However, by learning to budget and by developing these habits, you will soon have extra money available each month to expand your options. Right now, your financial horizon is very short—you may be focused on making it to the end of the week or month on your paycheck. As you develop these habits, however, your horizon will begin to expand. You will soon see your savings grow and future financial goals become a real possibility. Following is a list of things you want to know or do as you begin to reorder your financial life. Some of them are big things, some are small things, but they all help establish the habits that will enable you to take charge of your money.

Understand how you handle money now.

As a first step back to financial health, you need to take stock. Think long and hard about the choices you have made in the past as you traveled the path to bankruptcy and the choices you must make now as you move forward. You need to be honest with yourself.

If you are a person who has a hard time denying yourself something you want—like the latest

electronic gadget or the most expensive new athletic shoes—you need to find a way to remove the temptation. That might mean giving up the credit cards that appear to make things easy to buy. Or, if you can't control an ATM habit, you might need to get rid of your ATM card.

On the other hand, you may be responsible in these areas but have had setbacks because of a job loss or health problems. In that case, you still need to work out a strategy to bounce back. A nationally certified credit counselor can help by acting as your financial “coach.” The good ones cost very little. In fact, the best ones will help you even if you can't afford to pay them.

To help with your self-assessment of your attitude about money, read each of the topics below and choose the answer, or any combination of answers, that you believe represents the best financial habit or habits. If you have other ideas, write your own choice in the blank slot.

_____ **1. Spending:**

- A. You know where your money is being spent.
- B. You know where most of your money is being spent.
- C. You have no idea where your money is going.
- D.

_____ **2. Credit cards (assume you will eventually have credit cards):**

- A. You should not use credit cards.
- B. You should be able to pay off all of your credit card bills each month.
- C. If you can't pay them off, you should pay more than the minimum amount due each month.
- D. You need only pay the minimum amount due each month.
- E. Transferring balances to delay payments is okay.
- F.

_____ **3. Credit cards:**

- A. You should have as many cards as you want. Many cards mean you can afford to have them.
- B. You should have no more than two or three cards of any kind.
- C. Department store cards and bank cards are the same thing.
- D. You can have many cards as long as you pay them all off each month.
- E.

_____ **4. Credit cards:**

- A. You should always make your payments by the due date.
- B. It is okay if your payments are sometimes late because of your pay cycle.
- C. Your interest rate will stay the same whether your payment is late or not.
- D. Late payment penalties are not that bad.
- E.

_____ **5. Housing:**

- A. Owning a home is better than renting.
- B. Renting is better than owning a home.

- C. Your rent or house payment should not be more than 30 percent of your take-home pay.
- D. Sharing rent with a roommate is a sign of failure.
- E.

_____ **6. Savings:**

- A. It is okay to use savings for day-to-day living expenses.
- B. It is okay to use savings to pay monthly bills.
- C. You should have 1-3 months of living expenses saved.
- D. You should have 3-6 months of living expenses saved.
- E. Savings are a nice thing to have, unless you can't afford to save.
- F.

_____ **7. Savings:**

- A. You should keep your savings at home.
- B. You should keep your savings in your checking account.
- C. You should keep your savings in a savings account at a bank or credit union.
- D. You should keep your savings in a money market account or fund.
- E. You should keep your savings in 6 or 12 month certificates of deposit (CDs).
- F. You should keep your savings in U.S. Government savings bonds.
- G.

_____ **8. Transportation:**

- A. You drive your car until it no longer runs.
- B. You buy a new car, SUV, or truck every few years.
- C. You lease your vehicles.
- D. You rely on public transportation.
- E. You carpool.
- F.

CHAPTER FOUR

My Current Budget: How Did I Get Here?

“Budgets are nothing but a set of oppressive rules that limit my freedom. It’s my money and I’ll spend it however I want.” Sound familiar? That’s one of many reasons people avoid budgeting. They see it as a freedom issue. In reality, a budget can actually free you from worries about overspending and debt. Ultimately, your budget may become a source of pride, a clear sign that you are in control and on the right track. Financial experts agree that developing and sticking to a budget are the keys to good money management, yet many people resist the idea of living within a budget. Since money issues forced you to file for bankruptcy, it’s time to stop resisting. Before you can begin to create a budget, however, you need two important pieces of information. You need to know what you have been doing with your money and also what financial goals you want to achieve. In this chapter, we’ll find out what you’ve been doing with your money.

Developing Sound Budgeting Skills

In the last chapter, we asked you to answer some questions about your current thinking about money and to discuss your answers with your credit counselor. Now we’re going to begin giving you the basic building blocks to take control of your finances. We will start with five basic budgeting skills you should learn to achieve long-term financial wellness. These skills and habits will, in turn, enable you to ultimately achieve your short- and long-term financial goals. Chances are, if you’re like most people, at least some of your financial habits can be improved. First, let’s take a look at the five basic budgeting skills we want you to develop and use. We also ask you to commit to

improve these essential skills and to practice them for the rest of your life. Take a few moments to answer the following questions honestly. A “yes” answer is a sound budgeting skill you’ve already developed. A “no” represents a skill you need to develop to achieve your goals. If you check “no” in any box, resolve here and now to develop that skill. At the end of the next chapter, you will be able to write a specific plan based on these skills which will help you achieve your goals—a plan called a workable budget.

- 1. Do I have a written budget that addresses my income and spending?**
 YES NO (I **will** create a written budget by _____ and live by it!)
- 2. Have I stopped adding to my debts and developed a plan to pay them off?**
 YES NO (I **will** stop adding to my debts and create a plan to pay them off!)
- 3. Do I save for periodic expenses such as car insurance, car repairs, vacations, and gifts?**
 YES NO (I **will** save money for periodic expenses and pay cash!)
- 4. Have I set up an emergency savings plan to cover my living expenses for 3-6 months if I become unemployed?**
 YES NO (I **will** save money for emergencies to cover 3-6 months of living expenses!)
- 5. Have I created a plan to save for my retirement and major expenses?**
 YES NO (I **will** save for my retirement and major expenses!)

Monthly Fixed Expenses

Monthly Fixed Expenses	Current Monthly Spending	Necessary Changes	Planned Budget
Mortgage #1			
Mortgage #2			
Auto Loan/Lease #1			
Auto Loan / Lease #2			
RV Loan			
<i>Home Equity Loan</i>			
Debt Consolidation/Other Loan(s)			
Student Loan(s)			
Rent			
Condo or Homeowner Association Fees			
Electricity			
Oil or Gas			
Water			
Garbage Collection			
Sewer			
Phone (land line)			
Cell Phone, Pager, PDA			
Cable/Satellite TV/TiVo Boxes			
Internet Access			
Car Insurance			
Health Insurance (if it isn't deducted from your paycheck)			
Long-Term Care Insurance			
Child Support			
Alimony			
Medical/Dental Payments			
Retirement Savings			
Emergency Fund Savings			
Other			
Total Monthly Fixed Expenses			

CHAPTER FIVE

My New Budget: Developing a Plan That Works

Now that you have calculated your current income and expenses, you're ready to build a new, smarter budget that puts you in charge of your finances and will help you achieve your personal financial goals. This chapter helps you through that process by asking you to set goals and look for ways to increase income and cut expenses. It also provides you with financial tips and important "rules to live by."

Once you have established your goals, you can then build a budget that is designed to achieve each goal. It's also a good idea to revisit your goals each year. As you examine each goal, decide whether:

1. You have achieved that goal.
2. You are making progress toward the goal, even though you haven't yet achieved it.
3. You have not made any progress toward the goal.
4. Your ideas have changed and you want to change your goal or add new goals.
5. Your goals are realistic.

If you find you haven't made any progress toward a goal, you need to ask yourself why. Is the goal still important to you? If not, get rid of it. Does the goal need some fine tuning? If so, do it. Maybe the plan to reach the goal needs adjustment. Perhaps you've set a time frame that is too short for your goal.

Since you're just now emerging from bankruptcy, you might want to start with several small, short-term goals that make sense for your current financial situation and can be achieved in fairly short order. Short-term success can help reinforce your commitment to stick with your budget plan. It also may give you the confidence to set more ambitious, but still realistic, long-term goals.

What Factors Are Causing the Biggest Problems?

Now that you've established where your money is going, you should go back to Chapter 4 and review each item in your current budget. Where are you spending the most money? Having gone through the bankruptcy process, circle those areas that caused the greatest problems and talk with your counselor about how to manage those areas better in the future. Ask yourself the following questions:

1. Into what large categories does most of my spending fall? (Groceries, eating at restaurants, utilities—electricity, gas, water, land phone, cell phone, cable—car expenses and other transportation, etc.?)
2. Everyone has situations arise that they don't anticipate. Which of my items represent financial emergencies (e.g. car repairs, emergency dental or medical expenses, etc.) for which I was not reimbursed? How much did I spend?
3. An often repeated statement is that nothing is certain but death and taxes. For most of us there are also gift-giving occasions—birthdays, Mother's and Father's Days, holidays, graduations—you name it, and it frequently requires you to bring a gift. Did I purchase too many gifts or were they too expensive? For whom did I buy, and how much did I spend?
4. What quarterly, semi-annual, or annual expenses such as income taxes (self-employed), personal property taxes, property insurance, car insurance, renters' or homeowners' insurance did I have? Which ones caught me by surprise? What and how much were they? When did they occur?

CHAPTER SIX

Understanding and Using Credit

Types and Sources of Credit and Loans

There are three basic types of credit:

- **Cash loans.** This is a loan, usually from a bank or a credit union, with a fixed payback period. It may or may not be paid back with fixed payments. The most significant of these are mortgage or car loans that enable people to buy expensive assets and pay for them over time. A *home equity loan* provides another way to obtain a fixed amount of cash based upon the amount of *equity* (the difference between the home's market value and what you still owe on the mortgage) you have in your home. This type of loan usually has a fixed rate of interest and is paid off with regular monthly payments over a set period of time like your regular mortgage loan. Or, you may get cash by arranging for a financial institution to grant you a *home equity line of credit*. With a line of credit, the lender may give you a checkbook or an electronic card that enables you to use your home equity to pay for items on the spot. Home equity lines of credit usually have a floating or variable interest rate tied to certain publicly-known interest rates set by the government or financial markets. These rates can go up or down, but when they go up they can greatly increase the cost of credit.
- **Retail credit cards (store cards).** These are credit cards that allow you to purchase an item on credit from the retailer that issued the card, take the item home immediately, and then begin paying for the item later. Unlike bank credit cards (MasterCard, Visa, Discover, American Express, etc.), the store cards can normally only be used at specific retail stores which issued that card. Many times, these types of purchases come with a “no interest, no payments” promise for a certain number of months (terms vary). *These can be good deals when used properly, but can be very harmful if you're not careful.* For one thing, these installment loans may carry very high interest rates, often as high as 20 percent. Second, it is very easy to get used to no payments and forget to include them in your future budget.
- **Bank credit cards.** These are major, national credit cards (MasterCard, Visa, Discover, American Express, etc.) that can be used anywhere. Bank cards normally have a lower interest rate than store cards, but they can still be very expensive. You may be offered a very low introductory rate such as zero percent interest for six months but get hit with a 19 percent interest rate six months later. Bank cards may also require an annual fee. Finally, be careful of hidden costs. Credit card issuers may raise your interest rate immediately for a late payment. They also may have transfer fees for transferred balances. A “*universal default*” clause allows the credit card issuer to raise your interest rate if you default on any account whether or not the account is with that credit card issuer. Such clauses are becoming increasingly common.

CHAPTER SEVEN

Credit Reports and Credit Scores

In Chapter Eight we will look at how to rebuild your credit, but first you should understand how lenders decide whether or not to offer credit and on what terms they will offer it. You should also understand some of the tools you can use to affect your credit score.

Remember, lenders are in business to make a profit. They lend you money and collect interest on the loans. To do this successfully, they have to minimize their risks by limiting the number of “bad loans” that don’t get repaid. When you apply for a loan, lenders examine your credit history and assess the risk that you won’t repay the loan. Borrowers with the best credit records, higher incomes, and job stability tend to get the best terms because they are less likely to default on the loan. Higher risk borrowers will typically be charged higher interest rates or fees. And, if your credit record suggests too much risk, lenders may simply refuse to offer credit.

What Is Your Credit Report?

Your credit report is a compilation of data about you that has been gathered by credit reporting agencies or “credit bureaus.” The credit reporting agencies sell this information to lenders and other companies and organizations with a legitimate business need to know how you manage credit. How you handle credit today will affect your access to credit later, because lenders review your credit history when deciding whether to lend you money.

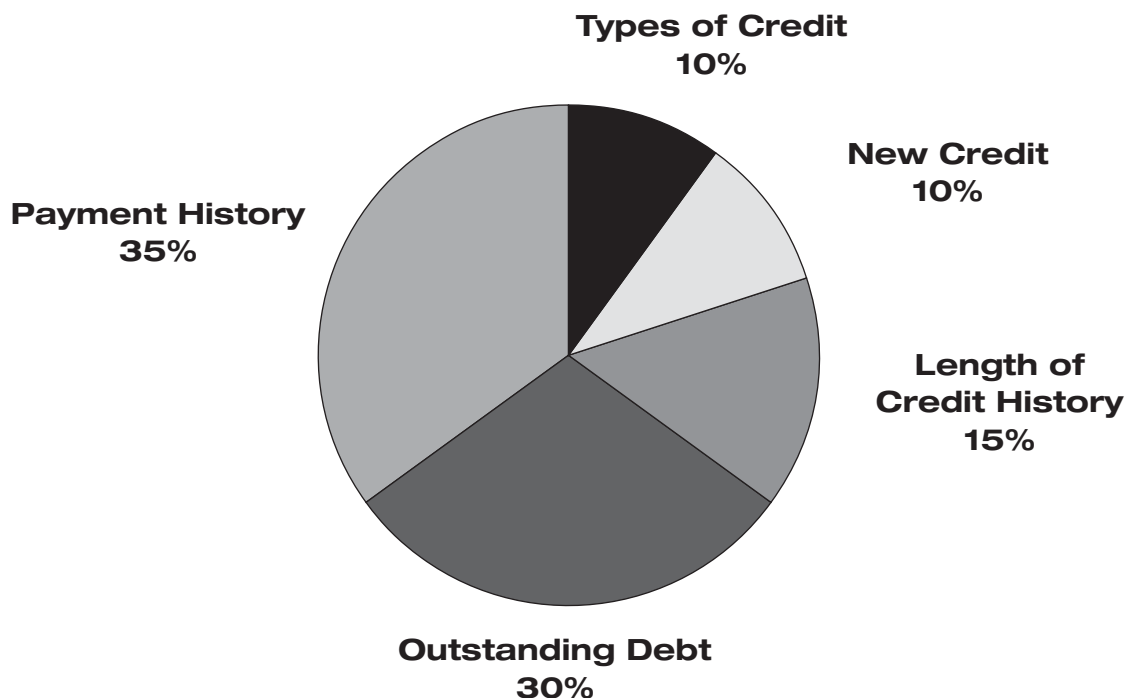
The information included in your credit report includes:

- **Identifying information** – including Social Security number, address and date of birth. This information is used to ensure that the credit report information is accurate and matched with the right person. It can also help detect and prevent identity fraud.
- **Employment history** – where you’ve worked and for how long.
- **Credit history** – account records with creditors.
- **Inquiries** – a list of who has requested your credit report.
- **Public records** – including collections accounts, bankruptcies, and late child support payments.

Most lenders use a mathematical formula to generate a “score” to help them determine if you are a good credit risk. This is called a “credit score” and the most frequently used version is the FICO score created by Fair Isaac and Company. A FICO score is a snapshot of your credit risk picture at a particular point in time. FICO scores range between 300 and 850 with higher values indicating a lower risk to lenders.

As you can see in Figure 6.1, your credit score is determined by five factors: payment history, outstanding debt, length of credit history, recent inquiries, and types of credit in use. Each of these factors is weighted differently to determine your score:

Monthly Fixed Expenses



- **Payment History (35%)** - late payments, judgments, bankruptcy, and tax liens can lower your score.
- **Outstanding Debt (30%)** - maxing out your credit cards can lower your score.
- **Length of Credit History (15%)** - long relationships with banks and credit unions have a positive influence on your score.
- **Recent Inquiries (10%)** - too many inquiries in response to applications for credit within a short period of time can lower your score because it suggests you are frantic for credit and/or may soon be overexposed.
- **Types of Credit in Use (10%)** - too many open lines of credit (i.e. credit cards, retail accounts, installment loans, mortgage accounts) can lower your score. Loans from finance companies generally lower your score, especially when there are no other types of credit reported.

Get a Free Copy of Your Credit Report

A recent amendment to the federal Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer reporting companies to provide you with a free copy of your credit report, at your request, once every 12 months, from each of the three major credit bureaus. A credit report reflects the history of your borrowing and payment practices for a seven-to-ten-year period.

To order your free credit report,

- Click on www.annualcreditreport.com, or
- Call 877-322-8228, or
- Send a request to:
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281.

CHAPTER EIGHT

Rebuilding Your Credit

Developing Good Credit Habits

Whatever your personal financial situation, this chapter will outline successful strategies for rebuilding your credit. This is possible even though you've filed for bankruptcy. The chapter will also provide helpful information about shopping around for credit and managing credit card accounts once you re-enter the credit marketplace.

So what do you need to do to re-establish your credit? Here are some good credit habits that can help.

Manage Your Credit Card(s) Well

This is a big one and includes many important items:

- Check your credit report, as discussed in the previous chapter. Make sure that there are no errors on your report, and, if there are, report them immediately. Also check for missing information on accounts that are current because this information can boost your FICO score. Make sure that your credit report is accurate regarding your employment, current residence, and personal contact information. It does not have to include this information, but often will.
- If you still have open credit card accounts after bankruptcy, keep at least one of them open (preferably an older credit card account). Consumers who use credit accounts moderately—charging low balances and repaying on time—are considered a better risk than those who do not use credit at all.
- Since you have declared bankruptcy, it is likely that most of your credit card accounts were closed. If this is the case, do not rush to apply for new cards. While it will help your FICO score to have a credit payment history, it will not help you to apply for a credit card before you are financially ready. Make sure that you are able to stick to your budget and start off small, perhaps with a gas station or department store card that you use for small purchases each month and pay off in full.
- You might find that you cannot get a traditional credit card account on your own; you need a co-signer or must apply for a *secured* credit card. A secured credit card requires you to deposit money into an account as collateral. Your line of credit is determined by the amount of your deposit. In effect, this is a convenience card that enables you to more easily conduct transactions without carrying a large amount of cash. Unlike a traditional card, a secured card does not provide access to additional credit.

Pay Bills on Time

This goes with sticking to your budget—you should pay all of your bills on time to avoid late fees or increases in your interest rates from missed payments. This includes credit card payments, debts that you reaffirmed in bankruptcy, utilities, car loans, and rent or mortgage payments. Remember, all lenders will be looking at your payment habits to determine if you are practicing good financial behavior following your bankruptcy.

CHAPTER NINE

Predatory Lending and Identity Theft

A Few Words about Predatory Lending

In years past, an individual who had filed for bankruptcy would have had few, if any, offers of credit. Recently, however, many lenders have developed specialized businesses that seek out and lend to individuals who are emerging from bankruptcy. It is likely that you will begin receiving such offers in the mail or by phone. These offers may sound very much like the offers you received prior to filing for bankruptcy. **They are not!** Typically, they will involve much higher interest rates or other unfavorable terms. They will also come with much stiffer penalties for late payments or if you don't comply with complex loan requirements.

Lending to people with credit problems is a legitimate business. But some of these offers may come from "predatory lenders" who charge high rates and count on you to ultimately default. These predatory lenders then walk away with the profits from your payments and also repossess the items you bought with the loan.

In addition, these loans are particularly risky because of the legal restrictions on how often a person can file a bankruptcy case and receive a discharge. For example, if you receive a Chapter 7 discharge, you are not permitted to receive another Chapter 7 discharge unless the second case is filed more than **eight years after** the first case. (Although they are shorter, time limitations also apply to Chapter 13 cases.)

Once you are back in the market for credit, you should know how to assess these offers. Following is a list of items to watch for when considering an offer of new credit. Most of the items listed below are legal but costly. A few, such as providing false information, are clearly wrong. If you believe a potential lender may be engaging in fraudulent or dishonest behavior, report it immediately to your local consumer affairs agency and end your contact with that lender.

Identity Theft

Identity theft is when someone uses your personal information (name, Social Security number, credit card information, etc.) without your consent to commit fraud and/or other crimes. The United States Office of Consumer Affairs reports that it received over 635,000 consumer fraud and identity theft complaints in 2004. Consumers reported losses from fraud of over \$547 million.⁶

⁶ Federal Trade Commission Report, "National and State Trends In Fraud & Identity Theft, January – December 2004, pg. 2.

Warnings Signs of Costly or Potentially Damaging Loans

Fees and Interest Rates

- High interest rates as calculated by the Annual Percentage Rate (APR)
- Unusual variable interest rate terms that can go up significantly on short notice. This includes “teaser” or introductory rates
- High fees and closing costs
- Significant prepayment penalties if you pay off the loan ahead of schedule
- Balloon payments (large amounts over and above your monthly payment at a future date, often to close out the loan)
- Negative amortization (your monthly payment will not keep pace with interest charged, so the amount of money you owe goes up even when you are making all of your required payments)

Other Loan Terms

- Credit insurance required as part of the loan
- Mandatory co-signers

Loan Purpose

- Suggestions by a lender that you refinance a recent loan it made to you. (Referred to as “flipping,” the practice of frequent refinancing generates substantial fees for the lender and growing expenses for the borrower.)
- Unnecessary debt consolidation

Documentation and Other Issues

- Post-dating documents
- Large loan broker fees or kickbacks
- Making unaffordable loans based on the value of your property
- Forged signatures
- Inaccurate income listed by the lender on loan applications
- Unrealistic (inflated) appraisals of your home’s value
- Terms at closing different from what you were promised
- Rush, rush, rush to close the deal

These are just a few of the more obvious warning signs. When in doubt, ask your certified credit counselor.

CHAPTER TEN

What is Insurance For?

Protecting Yourself from Financial Losses

All choices involve risk. For example, driving a car involves the risk of an accident. You can reduce that risk by limiting the amount of time you drive your car, walking, or by taking public transportation whenever possible. Or, you might take a defensive driving course to enhance your chances of avoiding accidents caused by somebody else's mistakes.

Similarly, insurance is about reducing financial risk. Auto insurance won't reduce your chances of being involved in an accident, but it will protect you from financial loss due to the car repairs, medical costs, or lawsuits that result from an accident. Buying health insurance reduces the risk that medical bills from a serious illness or injury will wipe out your savings or push you into deep debt. Homeowner's insurance won't prevent a fire, but it means you will likely be able to afford a new place to live if your home burns down.

Protecting yourself against sudden financial catastrophe is as much a part of good money management as paying your bills and accumulating wealth. Often, people look only at the cost of buying insurance and decide not to buy it because they don't receive anything tangible in return. But that's like saying seat belts are useless because they don't matter unless you become involved in an accident.

Having just gone through bankruptcy, you will have to work hard to rebuild your financial well-being. Does it really make sense to jeopardize all that hard work by refusing to pay insurance premiums? Real financial wellness means protecting yourself against the financial impact of events such as illness or accidents that you can't control.

You may not be able to afford all of the insurance that you would like. You will have to make choices. For this reason, it is important to understand the types of insurance protections available, the cost of such insurance, and the ways to decide how much insurance is needed. This knowledge will enable you to make informed decisions.

When choosing insurance coverage, the best rule is to "insure only what you cannot afford to lose." In other words, if the loss would create a crippling economic burden and cause you major financial harm, then you should have insurance for that loss. This will create monthly or periodic expenses for the insurance, so make sure you include the cost in your budget. Paying for any type of insurance in the aftermath of a bankruptcy may be difficult, but not having insurance can lead to an even worse financial outcome. In fact, it's possible that inadequate insurance coverage contributed to your bankruptcy. Part of the process of rebuilding your financial life involves spending a relatively small amount each month to protect yourself from a catastrophic loss. That's what insurance is for. But you also want to avoid buying more insurance than you need.

Types of Insurance

Type	Purpose	Examples of Coverage
Automobile	<ul style="list-style-type: none"> • Provides financial protection from losses due to an auto accident or damage to a car. • Most states require licensed drivers to have automobile insurance. 	<ul style="list-style-type: none"> • Collision: Provides for the repair or replacement of the policy owner's car damaged in an accident. • Liability: Covers the cost of property damage or injuries to others caused by the policy owner. • Comprehensive: Covers the cost of damage to an auto as a result of fire, theft, or natural disaster.
Health	<ul style="list-style-type: none"> • Provides payment of certain health care costs 	<ul style="list-style-type: none"> • Basic: Covers office visits, laboratory, hospital costs, and routine care. • Major Medical: Protects against large bills caused by catastrophic illness or injury. • Dental and Vision: Covers some of the cost of routine exams and specific services.
Renter's	<ul style="list-style-type: none"> • Provides financial protection in case of loss of personal possessions in a rental unit. 	<ul style="list-style-type: none"> • Reimburses policy owner for loss of possessions in a rental unit due to fire, theft, water damage, etc.
Homeowners	<ul style="list-style-type: none"> • Protects against financial loss from damage to your home or its contents, as well as injury to others on the property. • Most financial institutions require homeowner's insurance for mortgages. 	<ul style="list-style-type: none"> • Physical Damage: Reimburses for fire or water damage to house or other structures on the property. • Loss or Theft: Reimburses for personal property damaged or stolen. • Liability: Protects against loss from a lawsuit for injuries to people on your property.
Life	<ul style="list-style-type: none"> • Provides financial protection to the dependents of the policy owner when the policy owner dies. 	<ul style="list-style-type: none"> • Term Life: Offers protection for a specified period of time. • Whole Life: Offers protection that remains in effect during the lifetime of the insured and acquires a cash value.
Disability	<ul style="list-style-type: none"> • Provides income over a specified period when a person is ill or unable to work. 	<ul style="list-style-type: none"> • Policy owner selects a replacement income for lost wages if an illness or accident prevents the person from working.
Long-Term Care	<ul style="list-style-type: none"> • Pays for the daily care of the elderly or permanently ill. Care can range from occasional home visits to assisted living to full-time nursing care. 	<ul style="list-style-type: none"> • Policy owner determines a daily benefit amount and benefit duration. Additional features such as inflation protection can be added to the policy.