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## **HOW TO PREPARE A LIST OF MONTHLY INCOME AND EXPENSES FOR USE IN BANKRUPTCY**

In order to file a Chapter 7 bankruptcy we need to demonstrate to the Court that you have no ability to continue to make payments on your unsecured (i.e., credit card) debt. That is, that your income and your expenses are such that you have no disposable income at the end of the month for the payment of outstanding debt. To complete this task I need to have you prepare, and provide me with documentary support for, your regular monthly income and living expenses. The following are some suggestions as to how to go about this task.

### **1. INCOME**

For those people who are regularly employed, calculating a net monthly income is relatively easy by referring to the last 60 days worth of pay stubs. However, if your employer is able, please obtain a printout of the monies paid to you for the last six months so that we can review it and make sure that the numbers we are submitting to the Bankruptcy Court are accurate.

If you do not receive a regular take home income (i.e., the amount of money you bring home every week varies), you will absolutely need to have a printout from your employer, or your pay stubs going back for the last six months, so that we can calculate an average monthly income.

For self employed individuals we will need to have copies of your business books and records and/or monthly profit and loss statements.

Other types of income (i.e., Social Security or Unemployment Compensation) can be verified by documents generated by the issuing agency.

### **2. EXPENSES - RENT/MORTGAGE PAYMENTS**

Rent/mortgage expenses are usually easy to calculate. Please provide me with mortgage statements and/or rent receipts for the last several months. If, for some reason, your monthly living expense varies, you will need to obtain a printout from the bank indicating what has been paid in the last month so that we can look at it and determine what figures to use.

### **3. EXPENSES - UTILITY BILLS (Electricity, Oil, Telephone, Cable, Internet Service Provider) and INSURANCE (Car, Life, Homeowners)**

The easiest way to calculate these expenses on a monthly basis is to contact the company and request a printout of the amounts that you have paid going back one year. Some bills, will often state how much you have paid for the last year (i.e., oil bills or water bills) so, in those cases nothing else needs to be done. Use the annual expense number and then divide it by 12 to come up with a single month average.

4. EXPENSES - NON RE-OCCURRING MONTHLY EXPENSES (Recreation, Home Maintenance, Food, Clothing, Laundry, Medical Expenses, Gasoline, Car Repairs)

These expenses are difficult to ascertain since most people rarely keep receipts for them as they accrue. Once you have decided to file bankruptcy it is a good idea to hold onto these types of receipts and to put them in an envelope so that they can be reviewed later. Many people regularly pay these types of expenses by using their checkbook or a debit card. If so, consult your checkbook register or your debit card statements for the last six months, review them and ascertain what was actually spent for each category of expense during the last 90 days. Once the numbers are determined and then divide by three to come up with a reasonably accurate average of what your average monthly expense will be for each category of expense.