



the pursuit of happiness

WITH THE RIGHT PLAN, YOU CAN BOUNCE BACK FROM BANKRUPTCY

At one point Rodney Jones' financial problems were so bad that he could barely sleep at night, but he never imagined that four years after filing bankruptcy, he and his family would be living out their financial dreams.

At first, the situation was pretty bleak. He'd lost his six-figure IT job, and by the time his wife, who had been a stay-at-home mom to their three-year-old daughter, managed to find a job to help out, they were already six months behind—about \$27,000—on their mortgage and owed \$9,000 on a car. The credit card bills had mounted to \$30,000. There was also a

daughter in college and a 14-year-old son to support.

"We were just paying what we could: the utilities and basic necessities," recalls Jones, 49, an IT sales manager.

Facing foreclosure on their upscale suburban Atlanta home, Jones knew the best decision for his family was to file Chapter 13 bankruptcy. The harassing phone calls stopped, but signing up for the three-year repayment plan was no easy feat; it required a \$1,200 monthly payment toward the major debts tacked on to the family's steady stream of other bills.

To maintain the pay schedule, the family

scaled back even further. Jones traded in his leased luxury vehicle for an affordable gas-efficient one; grocery shopping replaced dining out.

In July of 2007, Jones celebrated paying off all of the family's debt by attending a budgeting class with his wife, refinancing their 30-year mortgage to a 15-year fixed (allowing more money going toward the principal of the loan each month) and maxing out their 401(k) contributions. The family has since managed to build up a \$20,000 nest egg.

"It took filing bankruptcy for it to happen, but our financial story actually ended better than it started," says Jones. "We are living proof that things can turn around when you apply yourself and adjust your focus."

Sure, your credit score will nosedive after bankruptcy and its effect will typically linger on your credit report for a decade, but financial educator, author and radio host Rob Wilson, whose *Solutions & Remedies* program is heard weekdays on WAOK.com, says more often than not, stories like the Jones' can be the rule as opposed to the exception. He offers these tips for bouncing back after bankruptcy.

Maintain a budget—"Everything starts with setting financial goals for yourself. Creating and, more importantly, maintaining a budget will allow you to get your finances back on track. You should be living below your means."

Establish a detailed savings plan—"It should be a three-step plan that includes emergency, short-term and long-term savings in three different bank accounts. This will also help you to reestablish a relationship with a financial institution."

Pay all bills on time—"Remember, the overall goal is to restructure your financial life, and making payments on time is critical. Many people see bankruptcy as a breakdown, but sometimes you need a breakdown to have a breakthrough. You can rebound after bankruptcy if you decide to take control of your financial future."

—Chandra R. Thomas