Personal Bankruptcy Differences

This is not legal advice and is a high-level overview.

Chapter 13 is a reorganization bankruptcy designed for debtors with regular income who have enough left over each month to pay back at least a portion of their debts through a repayment plan. It allows debtors to keep their property and catch up on missed mortgage, car, and certain debt payments and may take up to 5 years to compete.

Chapter 7 is a liquidation bankruptcy that wipes out most unsecured debts such as credit cards and medical bills without the need to pay back balances through a repayment plan. Depending on your state of residence, you get to keep things such as:

- A modest amount of equity in a car
- Household furnishings and clothing
- Tools you need for your profession
- Retirement accounts

Personal bankruptcy generally stays on your credit report for 10 years.

Cara O'Neill, "What is the Difference Between Chapter 7 and Chapter 13 Bankruptcy?", Legal Encyclopedia, Nolo.com, Legal Topics, Bankruptcy, Should I file for Bankruptcy? Accessed September 10, 2020.
https://www.nolo.com/legal-encyclopedia/what-is-the-difference-between-chapter-7-chapter-13-bankrutpcy.html