

A Message to Struggling Friends or Family Members - Transcript

Tom Mullooly: In episode 211, we want to deliver a message for a friend or family member of yours who may be struggling.

Welcome to The Mullooly Asset Show. I'm your host, Tom Mullooly. This is episode number 211. Thank you for tuning in. We're recording this in late September 2020. The pandemic, this virus, is still out there and people are still stressed out and nervous about it. The aid for businesses and individuals, the pandemic aid has been ending.

Unemployment insurance is still out there, but that extra that the federal government, the \$600 a week that they were supplementing, that's over and it may not be coming back or may not be coming back at the same rate, but people are still not back to work. There's a lot of stress out there, and the layoffs that are happening now, here at this time a year, they're real. They're not temporary. These are permanent changes to some of these businesses that are out there.

What do you do? What do you do if you know someone, a friend, or a family member who really ought to file for bankruptcy? Now, before we get too far into this video, it's important to remember some of the terms. Chapter 11 bankruptcy, is really a large reorganization. That's for businesses. A chapter seven bankruptcy is a full liquidation. A chapter 13 bankruptcy is really a repayment plan and you may see these attorneys on late night TV advertising that. A chapter seven bankruptcy is the most common type of bankruptcy you're going to find for individuals. That's a situation where you get a court appointed trustee who oversees the sale of everything; all of your assets. Once that's done, any remaining unsecured debt gets erased.

You can keep some things. In some states you can keep some things, depending on their bankruptcy laws, but you need to reaffirm the debt. Basically, if you've got a mortgage, when this is all over, you have to recommit to paying that mortgage, but know that a chapter seven bankruptcy can't stop a foreclosure. That's really important. A chapter seven bankruptcy is going to be on your credit report for 10 years. There's no escaping that. You can reapply if you need to go through bankruptcy a second time in the seventh year or in your eighth year. A Chapter 13 workout, when you go on a budget, that's a three, four, five year court approved repayment plan. That stays on your credit report for seven years.

Look, what do you do? If you know someone that's in this situation, what's the first thing they should do? They've got to make sure that they've got enough money for food, for shelter, for paying the utilities, keeping the lights on, for getting to and from work. It doesn't mean that they need to keep their Escalade. Okay. As long as they can get to and from work, that's what matters. The next step is they've got to unload whatever they can; whatever they can sell for whatever brings in money. They can't have pride getting in the way. The third thing is they need to find ways to bring in more income. Yes, it means a second job or whatever needs to happen, but the next step, most important, they've got to make a plan. It's so important.

The reason why we're making this video today, we're recording this on September 23rd, 2020, 32 years ago to day 1988, September 23rd, Dave Ramsey filed chapter seven bankruptcy. Now, Dave Ramsey is pretty well-known guy. We have no affiliation or connection at all with Dave

Ramsey. We're big fans of the things that he does because he gets people to talk about saving money and making a plan. That's the exact same business that we're in, but the reason why we bring this up is, hey, chapter seven bankruptcies, money problems, it happens, and it happens to people that you and I know. Look at how Dave Ramsey's life has boomeranged. That guy used to flip houses before he got into doing what he does now.

Bankruptcy doesn't need to be a life sentence. It can be a long-term positive if you look at it the proper way. The message that you really need to share with people who are close to you who might be in this situation is don't give up. Don't quit. If you want us to talk to a family member of yours that might be in a situation like this, get in touch with us. We'd be happy to talk to them and help point them in the right direction.

That's the message for episode 211. Thanks again for tuning in. Make sure you hit that subscribe button as well. Thanks.