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If I'm Filing Bankruptcy, Can I Keep A Credit Card?

The bankruptcy law is designed with the purpose of giving an honest debtor a financial fresh start by discharging his debts.

So, if you are filing bankruptcy, why would you want to hold on to one of your credit cards?

I think the question is rooted in the fear many people have that, without access to a credit card, "What will I do in case of an emergency?" I remember when I was an impressionable, naive, 18 year old freshman in college, I asked my parents if it would be a good idea to get a credit card. After all, It came with a free t-shirt! They said "Sure, you can use it for emergencies". Well, I found that there were plenty of situations, that, in my mind, qualified as an emergency, and therefore would allow me to employ the services of the trusty credit card.

If life, there are valid emergencies and in those moments, knowing you have a credit card to fall back on to help you out of the mess is gratifying. However, don't you think it would be even more gratifying if you could fall back on your savings and not have to rely on a credit card company to help you in an emergency? Filing bankruptcy and achieving that fresh start is a great time to break yourself of the myth, perpetuated by the credit card companies, that credit cards are the solution to life's emergencies. Just think, after you have eliminated your debts with your bankruptcy, you can take that minimum payment you were sending to the credit card companies each month, \$100/month as an example, and pay it into your savings account. With your own emergency fund, you could concentrate on rebuilding your credit without worrying that one emergency will send you back into debt.

You will be surprised at how quickly you can build an effective emergency fund. Car break down? Your savings covers you. Son fall out of the tree in the back yard and you need to go to the emergency room? With your own emergency fund, you will not be still be paying for that visit to the doctor next year.

The court requires that all people filing bankruptcy list every creditor they owe money to on their bankruptcy petition. When signing their petition, I advise all clients filing Chapter 7 or Chapter 13 that they are declaring they have done so under penalties of perjury. I am not an 18 year old college freshman anymore, so as much as I would like to think that my advice is being followed, I know that is not always the case.

I know, for example, that some clients have tried to keep a credit card out of their bankruptcy in the hopes that they could use it. Problem is, even if you don't list a credit card in your bankruptcy petition, your creditors will know you've filed (they subscribe to services that flag accounts of their customers who file for bankruptcy) and they will deactivate the account. Then, you've got no credit card and no disclosure of the debt in your bankruptcy. Not good.

Why not free yourself from that ball and chain and take control of your financial life by saying "goodbye" to the idea that you need a credit card to help you out of a jam and, instead, rely on the emergency fund that YOU created!

Want to find out more about [bankruptcy](#)? Then visit K. Hunter Goff's site on how to choose the best [bankruptcy lawyer](#) for your needs.