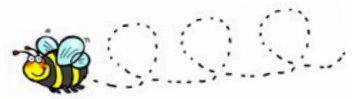




Minnesota Bankruptcy Buzz

KAIN & SCOTT P.A.

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Bankruptcy news Minnesota Lawyers can use FACTS AND FIGURES

Minnesotans filed 740 Chapter 7 and Chapter 13 bankruptcies in July, 2017. In July 2016, Minnesotans had filed 691 Chapter 7 and Chapter 13 bankruptcies. That is an increase in filings year over year of 7.1%.

Thus far, in 2017, Minnesotans have filed 5,715 Chapter 7 and Chapter 13 bankruptcy cases. Compared to this time in 2016, Minnesotans had filed 5,698 Chapter 7 and Chapter 13 bankruptcy cases. That is an increase of .0029%.

Testimonial: "Life is just that again, my life. It's good to have it back. Thank you, Eric"



More bankruptcy news you can use

INHERITANCES IN CHAPTER 7 AND CHAPTER 13 BANKRUPTCY

The clients with whom I meet to discuss filing bankruptcy come in all ages, and genders. Some of my clients are very low-income wage earners; others have fairly high salaries. But my clients have one thing in common: they haven't had very much good luck financially. For many of these people, filing a bankruptcy case, whether under chapter 7 or chapter 13, is the best option they have to resolve their financial issues. For a small percentage of these people who file bankruptcy cases, the years of bad luck that they experienced prior to filing is changed suddenly when they learn that they will inherit money or property from a deceased loved-one's estate.

In some cases, the bankruptcy debtor who inherits money or property does so without the inheritance causing complications. However, for a few of my clients, they are confronted with the irony that this piece of financial good fortune brings with it strings attached.

THE RULE REGARDING INHERITANCES IN CHAPTER 7 BANKRUPTCY

The rule regarding inheritances for Chapter 7 is straightforward: Section 541(1) of the Bankruptcy Code provides that if a bankruptcy debtor becomes entitled to receive an inheritance within 180 days of the day that the bankruptcy case was filed, that inheritance is property of the bankruptcy estate, and subject to administration by the chapter 7 bankruptcy trustee.

The key point here is that the death of a person, from whose estate the debtor will inherit property or money, is the event that triggers the inclusion of the inheritance into the bankruptcy estate. It does not matter if the money or property is not received until after the 180-day period post-filing ends.

Debtors are required to report the possibility of inheriting to their attorney, so that the existence of an inheritance interest is reported properly to the case trustee.

This rule also applies to the debtor's right to receive a beneficiary payment from a deceased person's life insurance policy. Again, the bankruptcy debtor who, through the death of another person, discovers the potential to receive a life insurance check has the absolute obligation to report that situation to his attorney so that the life insurance interest can be reported to the case trustee.

CONTINUE READING

Words to live by...

"Individual commitment to a group effort— that is what makes a team work, a company work, a society work, a civilization work."

- Vince Lombardi

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