What the Recent Drop in Bankruptcy Filings Really Means

Since long before the 2008 economic crisis was even a twinkle in Wall Street's eye, the hardships of bankruptcy have plagued both individuals and businesses alike. While the right bankruptcy lawyer from an established firm, such a Brent George Law, can make all the difference in a filing, it will always be a difficult and stressful life event. This is why the recent news of a four percent drop in bankruptcy filings shines brightly as a beacon of hope for many.

How Significant is a 4 Percent Drop?

Based on data originally reported by Epiq (formerly Epiq Systems), a legal services industry leader, findings show that as of May 2018, the total number of all U.S. bankruptcy filings was 67,307—a figure that clocks in at 2,425 fewer filings (or 4%) than the 69,732 cases filed in May 2017.

- **Consumer bankruptcy filings** experienced a 3% drop, from 66,057 in last year to 63,982 this year.
- **Commercial bankruptcy filings** decreased by a healthy 10% year-over-year, down to 3,325 from 2017's total of 3,675.
- **Total commercial Chapter 11 filings** reported the most extreme change, falling to 447 cases total from last May's 579, a remarkable decline of 23%.

Will Filings Continue to Drop?

There is no way to predict the future of bankruptcy filings, and a bankruptcy lawyer should always be consulted on a case-by-case basis. That being said, these findings must be viewed through a critical lens that takes into account all filings, not solely the difference between the same months, one year apart. That 10% drop in commercial filings also happens to be a 2% increase from April 2018, and the impressive 23% decrease in commercial Chapter 11 filings includes 14 *more* cases than that of the previous month.

Are Any Steps Being Taken to Combat Bankruptcy?

American Bankruptcy Institute (ABI) executive director Samuel Gerdano warns that many businesses and families are still experiencing financial pressure, due to the steady increase in borrowing costs and its role in overall debt. In light of this, ABI has doggedly supported two initiatives that will help unburden struggling businesses and individuals:

- ABI's Commission to Study the Reform of Chapter 11, which addresses the restructuring of small and medium-sized enterprises and is currently before Congress.
- ABI's Commission on Consumer Bankruptcy's Department of Education recommendations in the evaluation of student loans in bankruptcy, which will be released next year.

Making the decision to file for bankruptcy is hard, finding the right bankruptcy lawyer shouldn't be. If you want to learn more about your options or believe filing for bankruptcy is right for you, contact the Brent George Law Office today and take the first step to a fresh start.