24.4: Concluding Thoughts

A fundamental goal of bankruptcy is to give debtors a financial “fresh start” from overwhelming debts. This goal is accomplished through discharging debts, which releases the debtor from liability from specific debts and prohibits creditors from undertaking collection actions against the debtor. However, bankruptcy does have a cost to it. It negatively impacts a debtor’s credit history and impacts an individual or business’s ability to get a loan or build up assets again. Businesses also run the risk of liquidation and the business terminating, even if intending only to reorganize. Before filing for bankruptcy a business should consider if there are better alternatives available to manage and pay off their debt.