

## Exercise 8:

Objective: Use the below information to complete Schedules I & J and Form 22C: Statement of Currently Monthly Income and Means Test Calculation.

Directions:

1. From the client list in Best Case Bankruptcy, select “New Client”.
2. From the list of exercises, select Exercise 8 and enter your name in the Index As field.
3. After reviewing the materials, open Schedule I or J to enter the client’s current income and expense information.
4. Next, open Form 22C and begin the Means Test by entering in the provided income information.
  - a. Means Test Guides published by Best Case Solutions are available and will aid the completion of this assignment.
5. When entering expense information into the Means Test, use the Current Expenses form used with Schedule J.
  - a. Page 2 of the Means Test Guide includes a useful chart which categorizes income and expense information and shows Means Test line numbers associated with them.

Notes on this exercise:

- Your Educational Version will default to using the District of Columbia as your jurisdiction. As a result, changing the jurisdiction applied to this case will affect the results of this exercise.
- To change the state median income figure which will be compared to your clients, go to the General tab in the Means Test Calculator, click Change Location in the top of the window, and select the new county of residence. This will allow you to examine the results of this test with your local median income information applied to it.
- Best Case Solutions publishes a Means Test Guide as a reference tool for users. It is strongly recommended that you utilize this guide while completing this exercise. The guide is available for download through our Student Resource Center <http://www.bestcase.com/edu/students.htm>.

**Section 5 ➤ Current Income**

Marital Status: <input checked="" type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Divorced <input type="checkbox"/> Separated <input type="checkbox"/> Widowed	List all dependents of you and your spouse, their ages, and their relationship to you:		
	Name	Age	Relationship

**Part A. Debtor's Income**

1. What is your occupation? **Sales Rep**
2. Name and address of your employer:  
**Rockford Medical Supplies**  
**2551 N Washington Ave**  
**Washington, DC 20007**
3. How long have you been employed there? **2 Years**
4. What is the gross amount of your paycheck, before taxes/other deductions are taken out? **\$1342.31**
5. How often do you get paid?  once a week  
 every two weeks  twice a month  
 once a month  other \_\_\_\_\_
6. Do you receive overtime pay outside of your salary? If so, how much per month? \$ \_\_\_\_\_
7. How much is taken out of each paycheck for taxes and social security? Social Security: **\$24.00** Taxes: **\$98.00**
8. How much is taken out for insurance? **\$75.00**
9. How much for union dues? \$ \_\_\_\_\_
10. Are there other deductions? If so, what are they and how much? \_\_\_\_\_

Complete the below questions with your estimate of monthly averages.

- Do you receive
- a) income from business operations outside of your regular paycheck listed above? If so, what is the business and how much do you receive per month?
  - b) income from real estate property? If so, how much per month?  No  Yes \$ \_\_\_\_\_
  - c) interest or dividends? If so, how much per month?  No  Yes \$ \_\_\_\_\_
  - d) alimony or family support payments for your use or for the care of your dependents? If so, how much per month?  No  Yes \$ \_\_\_\_\_
  - e) social security or other forms of monetary government assistance?  No  Yes \$ \_\_\_\_\_
  - f) retirement or pension money?  No  Yes \$ \_\_\_\_\_

Do you have any other sources of income not listed?  
**Yes, son repays car loan. \$400.00 per month.**

**Part B. Joint Debtor's Income**

1. What is your spouse's occupation? **Nurse Practitioner**
2. Name and address of your spouse's employer:  
**North Shore Memorial Hospital**  
**1291 Saulk Ave**  
**Washington, DC 20001**
3. How long employed there? **5 years**
4. What is the gross amount of your spouse's paycheck, before taxes/other deductions? \$ **1050.00**
5. How often does your spouse get paid?  once a week  
 every two weeks  twice a month  
 once a month  other \_\_\_\_\_
6. Does your spouse receive overtime pay outside of your salary? How much per month? \$ \_\_\_\_\_
7. How much is taken out of each paycheck for taxes and social security? Social Security: **\$21.00** Taxes: **\$84.00**
8. How much is taken out for insurance? **\$38.00**
9. How much for union dues? **\$16.00**
10. Are there other deductions? If so, what are they and how much? **IMRF – 52.00**

Complete the below questions with your estimate of monthly averages.

- Does your spouse receive
- a) income from business operations outside of the regular paycheck listed above? If so, what is the business and how much does your spouse receive per month?
  - b) income from real estate property? If so, how much per month?  No  Yes \$ \_\_\_\_\_
  - c) interest or dividends? If so, how much per month?  No  Yes \$ \_\_\_\_\_
  - d) alimony or family support payments for spouse's use or for care of dependents? If so, how much per month?  No  Yes \$ \_\_\_\_\_
  - e) social security or other forms of monetary government assistance?  No  Yes \$ \_\_\_\_\_
  - f) retirement or pension money?  No  Yes \$ \_\_\_\_\_

Does your spouse have any other income not listed?

**Section 6 ➤ Current Expenses**

Do you and your spouse maintain separate households?  No  Yes. If so, fill one page out for your household and another for your spouse's.

The following questions ask for your expenses each month. If you are unsure of the amount you pay each month, but know the amount for a different period (per week, per day, every 2 months, etc.), write in the amount and the frequency that you pay the amount.

**Indicate how much you pay for each item each month...**

- |   |                   |
|---|-------------------|
| 1. your rent or your home mortgage  | <b>\$2,108.00</b> |
| Does that amount include real estate taxes? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes |                   |
| Does it include property insurance? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes         |                   |
| 2. electricity and heating  | <b>\$200.00</b>   |
| 3. water and sewage   | <b>\$102.00</b>   |
| 4. telephone service/long distance  | <b>\$40.00</b>    |
| 5. Do you have any other utility bills? If so, what, and how much per month?                                    |                   |
| <b>Cable TV</b>   | <b>\$60.00</b>    |
| <b>Home Internet</b>  | <b>\$45.00</b>    |
| <b>Cell Phone</b>   | <b>\$65.00</b>    |
| 6. home maintenance, including repairs and general upkeep   | <b>\$325.00</b>   |
| 7. food   | <b>\$550.00</b>   |
| 8. clothing   | <b>\$375.00</b>   |
| 9. laundry and dry cleaning   | <b>\$50.00</b>    |
| 10. medical and dental expenses   | <b>\$200.00</b>   |
| 11. transportation (not including car payments)   | <b>\$150.00</b>   |
| 12. entertainment, recreation, newspapers, magazines  | <b>\$75.00</b>    |
| 13. charitable contributions  | <b>\$75.00</b>    |
| 14. insurance not deducted from paycheck  |                   |
| a) homeowner's or renter's insurance  | <b>\$150.00</b>   |
| b) life insurance   | <b>\$25.00</b>    |
| c) health insurance   | \$ _____          |
| d) auto insurance   | <b>\$220.00</b>   |
| e) other insurance _____  | \$ _____          |
| 15. taxes not deducted from paycheck  | \$ _____          |
| 16. installment payments for car, furniture, etc. (Specify)   |                   |
| <b>2004 Gallant Loan(to be included in Chapter 13 Plan)</b>   | <b>\$435.57</b>   |
| <b>2002 PT Cruiser Loan(to be included in Chapter 13 Plan)</b>  | <b>\$180.00</b>   |
| _____   | \$ _____          |
| 17. alimony, maintenance, support paid to others  | \$ _____          |
| 18. payments for support of dependents not living at home   | \$ _____          |
| 19. expenses from operation of business   | \$ _____          |
| <b>Additional Expenses (707(b) Expenses)</b>  |                   |
| 20. mandatory payroll deductions not already listed _____   | \$ _____          |

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- |   |                 |
|---|-----------------|
| 21. court ordered payments not already listed _____                               | \$ _____        |
| _____   | \$ _____        |
| _____   | \$ _____        |
| 22. education necessary to maintain employment                                    | \$ _____        |
| 23. education for a physically or mentally challenged child                       | \$ _____        |
| 24. childcare   | \$ _____        |
| 25. disability insurance (if not listed on line 14)                               | \$ _____        |
| 26. health savings accounts   | \$ _____        |
| 27. care for elderly, chronically ill, or disabled family members                 | \$ _____        |
| 28. protection from family violence   | \$ _____        |
| 29. education expense for your children under 18                                  | \$ _____        |
| 30. non-mandatory contributions to retirement accounts (including loan repayment) |                 |
| _____   | \$ _____        |
| _____   | \$ _____        |
| 31. other expenses not listed above   |                 |
| <b>Car Maintenance</b>  | <b>\$350.00</b> |
| <b>Food and Care for Labrador Retriever</b>                                       | <b>\$75.00</b>  |
| _____   | \$ _____        |
| _____   | \$ _____        |

**Section 5A ➤ Current Monthly Income for Debtor**

Fill in your monthly income for the categories below in the column labeled "Month 1." If your income for one of the below categories varies from month to month, complete the below chart by entering in your income for all six months.

	Month 1 (last month) ___/___	Month 2 (2 months ago) ___/___	Month 3 ___/___	Month 4 ___/___	Month 5 ___/___	Month 6 ___/___	Office Use Only
Gross wages, salary, tips, bonuses, overtime, commissions.	2458.75	2479.51	2510.25	2601.71	2482.45	2462.23	
Income from operation of business: a. Gross Income - b. Expenses = c. Net Income.							
Rent and other real property income: a. Gross Income - b. Expenses = c. Net Income.							
Interest, dividends, and royalties.							
Pension and retirement income (NOT Social Security).							
Regular contributions from others to the household expenses, including child support.							
Unemployment Compensation.							
Social Security income.							
Other Income Sources Not Listed: (Specify and state amount)	Son repays car loan each month: \$400.00						

**Section 5A Current Monthly Income for Joint Debtor**

Fill in your monthly income for the categories below in the column labeled "Month 1." If your income for one of the below categories varies from month to month, complete the below chart by entering in your income for all six months.

	Month 1 (last month) ____/____	Month 2 (2 months ago) ____/____	Month 3 ____/____	Month 4 ____/____	Month 5 ____/____	Month 6 ____/____	Office Use Only
Gross wages, salary, tips, bonuses, overtime, commissions.	<b>3758.41</b>	<b>3498.52</b>	<b>3672.42</b>	<b>3744.12</b>	<b>3415.51</b>	<b>3670.33</b>	
Income from operation of business: a. Gross Income - b. Expenses = c. Net Income.							
Rent and other real property income: a. Gross Income - b. Expenses = c. Net Income.							
Interest, dividends, and royalties.							
Pension and retirement income ( <i>NOT Social Security</i> ).							
Regular contributions from others to the household expenses, including child support.							
Unemployment Compensation.							
Social Security income.							