

Exercise 8:

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

Directions:

1. Click **New** to open the client list in Best Case Bankruptcy.
2. From the client list, select **New Client**.
3. From the list of exercises, select Exercise 8 and enter your name in the Index As field.
4. After reviewing the materials, open **Schedule I or J** to enter the client's current income and expense information.
5. Next, open **Form 22C** and begin the Means Test by entering in the provided income information.
 - a. Means Test Guides, published by Wolters Kluwer Law & Business, are available and will aid the completion of this assignment.
6. 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.
- Wolters Kluwer Law & Business 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 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. Name and address of your employer:

Rockford Medical Supplies
2551 N Washington Ave
Washington, DC 20007

 2. What is your occupation? **Sales Rep**

 3. How long have you been employed there? **2 Years**

 4. How often do you get paid? once a week
 every two weeks twice a month
 once a month other _____

 5. What is the gross amount of your paycheck, before taxes/other deductions are taken out? **\$1342.31**

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 **\$55.00** Taxes: **\$200.00**

8. How much is taken out for insurance? \$ _____

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?

Part B - Joint Debtor's Income:

1. Name and address of your spouse's employer:

North Shore Memorial Hospital
1291 Saulk Ave
Washington, DC 20001

 2. What is your spouse's occupation? **Nurse Practitioner**

 3. How long employed there? **5 years**

 5. How often does your spouse get paid? once a week
 every two weeks twice a month
 once a month other _____

 4. What is the gross amount of your spouse's paycheck, before taxes/other deductions? **\$ 696.00**

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 **\$23.00** Taxes: **\$65.00**

 8. How much is taken out for insurance? **\$155.00**

 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, complete one page 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 is paid.

Indicate how much you pay for each item each month:

- | | |
|---|------------------|
| 1. your rent or your home mortgage | \$2108.00 |
| 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 | |
| homeowner's or renter's insurance | \$150.00 |
| home maintenance (including repairs and general upkeep) | \$225.00 |
| 2. utilities | |
| a. electricity and heating | \$400.00 |
| b. water and sewage | \$102.00 |
| c. telephone service/long distance | \$ _____ |
| d. Do you have any other utility bills? If so, what and how much per month? | |
| Phone and Cable Package | \$100.00 |
| Home Internet and Cell Phone | \$124.00 |
| _____ | \$ _____ |
| 3. food | \$600.00 |
| 4. clothing | \$150.00 |
| 5. laundry and dry cleaning | \$100.00 |
| 6. medical and dental expenses | \$275.00 |
| 7. transportation (not including car payments) | \$330.00 |
| 8. entertainment, recreation, newspapers, magazines | \$75.00 |
| 9. charitable contributions | \$50.00 |
| 10. insurance not deducted from paycheck | |
| a. life insurance | \$100.00 |
| b. health insurance | \$ _____ |
| c. vehicle insurance | \$400.00 |
| d. other insurance _____ | \$ _____ |
| 11. taxes not deducted from paycheck | \$ _____ |
| 12. installment payments for car, furniture, etc. (Please specify) | |
| 2009 Gallant Loan(to be included in Chapter 13 Plan) | \$435.57 |
| 2007 PT Cruiser Loan(to be included in Chapter 13 Plan) | \$180.00 |
| _____ | \$ _____ |
| 13. alimony, maintenance, support paid to others | \$ _____ |
| 14. payments for support of dependents not living at home | \$ _____ |
| 15. expenses from operation of business | \$ _____ |

16. Additional Expenses (707(b) Expenses)

a. mandatory payroll deductions (not already listed) _____ \$ _____

b. court ordered payments (not already listed) _____ \$ _____

_____ \$ _____

_____ \$ _____

c. education necessary to maintain employment \$ _____

d. education for a physically or mentally challenged child \$ _____

e. childcare \$ _____

f. disability insurance (if not listed on line 14) \$ _____

g. health savings accounts \$ _____

h. care for elderly, chronically ill, or disabled family members \$ _____

i. protection from family violence \$ _____

j. education expense for your children under 18 \$ _____

k. non-mandatory contributions to retirement accounts (including loan repayment)

_____ \$ _____

_____ \$ _____

l. other expenses not listed above

Car Maintenance **\$350.00**

Food and Care for Labrador Retriever **\$100.00**

_____ \$ _____

_____ \$ _____

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 (<i>NOT Social Security</i>). | | | | | | | |
| 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. | 3758.41 | 3498.52 | 3672.42 | 3744.12 | 3415.51 | 3670.33 | |
| 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. | | | | | | | |