

How to Pass the Bankruptcy Means Test: A Lawyer's Guide to Avoiding Chapter 13



Did you know that 90% of people qualify for Chapter 7 bankruptcy based on income alone? They don't even need to complete the full means test.

Your income might exceed your state's median income. If so, you'll need to pass the chapter 7 means test to check if you're eligible. Many people think there's a fixed income cutoff for Chapter 7 bankruptcy, but that's not true. The court looks at your average monthly income in the last six months and compares it to your state's median income for your household size.

The means test applies specifically to bankruptcy applicants who earn more than their community's median income. Here's something positive - you can still qualify even if your income seems too high at first. The test allows you to subtract certain standard and actual expenses from your income, which could help you pass.

In this piece, we'll guide you through the bankruptcy means test step by step. You'll learn how to calculate your income the right way and find expenses you can deduct. We'll also share strategies that could help you qualify for [Chapter 7 bankruptcy](#) instead of Chapter 13.

What Is the Bankruptcy Means Test and Why It Matters

The bankruptcy means test is a crucial screening tool that's 18 years old, introduced by the [Bankruptcy Abuse Prevention and Consumer Protection Act of 2005](#). This test decides if you can file for Chapter 7 bankruptcy or need to go with Chapter 13 instead ^[1].

Purpose of the means test

The main goal of the means test is to stop people from abusing the bankruptcy system if they can actually pay their debts ^[2]. People with lots of spare cash could wipe out their debts through Chapter 7 before this test existed. Now, the test reviews your finances to check if you really can't pay back your creditors ^[3].

The court must figure out if you're genuinely unable to pay or just trying to dodge payments despite having enough money. The test gets into your ability to repay creditors ^[2]. Courts across the country use this standard test to review everyone's financial situation.

Who needs to take it

You don't always need to pass the means test to file bankruptcy. The test only applies if you have mostly consumer debts—like credit cards, medical bills, and personal loans ^[1].

You don't need to take the test in these cases:

- Your debts are mostly business-related or tax obligations ^[1]

- You're a disabled veteran, depending on your disability and debt timing ^[1]

- You serve in military reserves or active National Guard and meet certain requirements ^[4]

The [National Guard and Reservists Debt Relief Extension Act of 2023](#) says qualified reservists and Guard members on active duty for 90+ days can skip the test during service and 540 days after [\[5\]](#).

Everyone else with consumer debts must take the test. Most people need to fill out Official Form 122A-1 (Chapter 7 Statement of Your Current Monthly Income) and maybe more forms based on their income [\[5\]](#).

How it affects Chapter 7 eligibility

Your ability to file Chapter 7 or Chapter 13 bankruptcy depends on this test. Chapter 7 clears most unsecured debts, while Chapter 13 needs a payment plan. That's why most people prefer Chapter 7.

The test works in two steps:

Step 1: Your current monthly income (average over six months before filing) gets compared to your state's median income for your household size [\[2\]](#). You can file Chapter 7 if your income is lower than the median. Most people pass right here [\[1\]](#).

Step 2: Higher income means more math to find your disposable income. You subtract allowed monthly expenses like food, clothing, healthcare, housing, utilities, and transportation from your income [\[2\]](#).

The test checks if your leftover money could pay some unsecured debts. This is a big deal as it means that if your disposable income over 60 months is more than \$12,850 or 25% of unsecured debt, you'll probably need Chapter 13 instead of Chapter 7 [\[2\]](#).

All the same, you might still qualify for Chapter 7 even if the numbers say no. You just need to be willing to show "special circumstances" that explain why you need extra expenses or income adjustments [\[6\]](#).

Step 1: Compare Your Income to the State Median

**Florida Median Income Standards for Means Test
for Cases Filed On or After May 15, 2022**
Standard applied based on the petition date

Number of Persons in Household	Monthly Median Income	Annual Median Income
1	4,640	55,681
2	5,824	69,884
3	6,255	75,057
4	7,434	89,206
5	8,259	99,106
6	9,084	109,006
7	9,909	118,906
8	10,734	128,806
9	11,559	138,706
10	12,384	148,606

Image Source: [Bruner-Wright](#)

The first step of the bankruptcy means test compares your income with your state's median income level. This simple math calculation helps determine your eligibility for Chapter 7 bankruptcy without additional testing.

How to calculate [current monthly income](#)

Your "current monthly income" (CMI) calculation needs your average monthly income from the six full calendar months before filing bankruptcy [\[7\]](#). To name just one example, see a January 19, 2023 filing - your look-back period would cover July 1, 2022, through December 31, 2022 [\[8\]](#).

Your CMI calculation involves:

Adding all qualifying income from the six-month look-back period

Getting your monthly average by dividing this total by six

Finding your annual income by multiplying the result by 12 ^[9]

Let's say you earned \$24,000 in reportable income during the six-month look-back period. Your current monthly income would be \$4,000 (\$24,000 divided by six) ^[8].

Where to find your state's median income

The [U.S. Trustee Program](#) updates median income figures for all states regularly ^[2]. These numbers change based on your household size and where you live. Your state's median income details are available through these steps:

Open the U.S. Trustee Program website

Click "Means Testing Information"

Look for recent data under "Data Required for Completing the 122A Forms"

Find "Median Family Income Based on State/Territory and Family Size" ^[8]

Each additional household member beyond four people adds \$11,100 to the baseline ^[2].

What counts as income (and what doesn't)

The bankruptcy means test takes a broader view of income than you might think. So, you need to include:

Gross wages, salaries, tips, bonuses, overtime, and commissions before any deductions

Your business's, profession's, or farm's net income

Net rental or other property income

Interest, dividends, and royalties

Pension and retirement income

Others' regular contributions to household expenses

Unemployment benefits (except those under the Social Security Act)

Income from all other sources ^[8]

It's worth mentioning that you don't include:

Social Security Act benefits (including Social Security Disability)

U.S. Government payments for disability, injury from service, or death of uniformed service members ^[10]

Your eligibility becomes clear once you compare your annual income to your state's median income for your household size. You pass the means test automatically if your income stays below the median, allowing Chapter 7 bankruptcy filing without extra forms ^[7]. Your next step involves completing the second part of the means test if your income exceeds the median ^[9].

Step 2: Deduct Allowed Expenses to Lower Your Income

Your income might be higher than your state's median, but don't worry yet. The bankruptcy means test gives you another chance through expense deductions. These deductions can help you qualify for Chapter 7 bankruptcy by lowering your calculated disposable income.

Standard vs. actual expenses

The means test looks at two types of expenses: standard and actual. The IRS sets standard expenses at fixed amounts, whatever you actually spend ^[11]. The allowable rental expense for a couple filing jointly in Philadelphia is \$650, and that's all you can claim no matter what rent you pay ^[12].

Actual expenses show what you really pay for certain items. You can deduct the higher amount if your mortgage or monthly car payment is more than the standard deduction ^[12]. This difference matters a lot in calculating your disposable income.

IRS national and local standards

The IRS has two categories of standard expenses:

National Standards: These are the same across the country and include:

[Food \(\\$458 for one person, \\$820 for two persons\)](#) ^[13]

Housekeeping supplies (\$44 for one person, \$75 for two persons) ^[13]

Apparel and services (\$87 for one person, \$157 for two persons) ^[13]

Personal care products and services (\$48 for one person, \$80 for two persons) ^[13]

Miscellaneous expenses (\$171 for one person, \$279 for two persons) ^[13]

Out-of-pocket healthcare costs (\$56 monthly for under 65, \$125 for those over 65) ^[14]

Local Standards: These change based on where you live and cover:

Housing and utilities (based on county and family size) ^[15]

Transportation expenses, including vehicle ownership and operating costs ^[15]

The housing standard includes mortgage/rent, property taxes, interest, insurance, maintenance, utilities, and telecommunications ^[16].

Common deductible expenses

You can also claim these additional expenses:

Tax obligations from income ^[12]

Mortgage and car loan payments ^[17]

Court-ordered payments like alimony and child support ^[17]

Childcare expenses including daycare and preschool ^[18]

Mandatory employment deductions (union dues, uniforms, retirement) ^[12]

Health, disability, and term life insurance costs ^[18]

Regular charitable contributions with proof of ongoing giving ^[12]

Care expenses for elderly, disabled, or chronically ill household members ^[18]

Educational expenses for employment or disabled children ^[18]

Each expense might seem small on its own, but together they can lower your disposable income ^[19]. You might still qualify for Chapter 7 bankruptcy if your remaining disposable income over 60 months is less than \$12,850 or 25% of your unsecured debt.

What Happens If You Don't Pass the Means Test

Not passing the means test for bankruptcy doesn't mean you're out of options for debt relief. Many people who don't qualify for Chapter 7 right away can still find their way to financial recovery by planning ahead and knowing their choices.

Chapter 13 as an alternative

Chapter 13 bankruptcy becomes your main option if you don't pass the Chapter 7 means test. It works differently from Chapter 7's debt discharge. You'll need to create a three-to-five-year repayment plan based on what you can afford each month. A court-appointed trustee will receive your monthly payments and give the money to creditors based on their priority.

Chapter 13 gives you these benefits:

Protection from foreclosure and repossession

A chance to catch up on missed mortgage payments

You might pay less than what you owe on unsecured debts

You can keep property that Chapter 7 might take away

Once you complete your repayment plan, the court usually discharges any remaining qualifying unsecured debts.

Special circumstances that may help you qualify

You might still qualify for Chapter 7 after failing the means test if you can show "special circumstances." These situations let you adjust your income or expenses. Here are some common examples:

- You lost your job or took a big pay cut recently
- You have serious medical conditions with high expenses
- You're a military reservist or National Guard member called to duty
- You care for elderly, chronically ill, or disabled family members
- You have unusually high secured debt payments

You'll need to document your situation on Form 122A-2 and explain why it makes you eligible for Chapter 7.

Timing your filing to improve eligibility

The right timing can make a big difference in your means test results. The test looks at your average income over the last six months before filing. Your chances improve if you wait until high-income months fall outside this period. This helps if you:

- Left a high-paying job
- Work fewer hours now
- No longer get overtime or bonus pay
- Don't receive regular help with household expenses anymore

Your calculated monthly income drops when these higher-income months fall outside the six-month window. This could help you pass the means test and qualify for Chapter 7 bankruptcy.

Forms and Documentation You'll Need

The right paperwork is essential to pass the bankruptcy means test process. Filing for Chapter 7 bankruptcy requires specific forms and supporting documents that prove your financial status.

Form 122A-1: Statement of Current Monthly Income

This form serves as your first means test document. You'll need to calculate your average monthly income for the six months before filing. This vital form shows if your income falls below or above your state's median income level. The process becomes simpler if your income is below the median - just check the box and you're done with Form 122A-2.

Form 122A-2: Means Test Calculation

Your income above the state median makes Form 122A-2 mandatory. The form lets you list all allowable deductions from your income. You'll need to calculate standard and actual expenses, subtract them from your income, and figure out your disposable income for a five-year period.

Supporting documents like pay stubs and tax returns

The process requires these additional documents:

- Pay stubs from the past six months
- Income tax returns for the previous two years
- Recent bank statements
- Documentation of all income sources
- Receipts for claimed expenses
- Mortgage statements and vehicle payment information

Getting these documents ready before filing will make the process smoother. This preparation helps ensure your means test calculations stay accurate.

Conclusion

The bankruptcy means test might look intimidating at first, but knowing each step can substantially boost your chances of qualifying for Chapter 7 bankruptcy instead of Chapter 13. Here's some good news - [approximately 90% of filers qualify](#) based on income alone without needing to finish the full means test.

Your options don't end even if your income is above your state's median level. You can pass the second stage of the test by carefully calculating your deductible expenses - both standard and actual - which reduces your disposable income figure. On top of that, it helps to claim special circumstances or time your filing strategically to improve your eligibility chances.

Strong documentation is the foundation of a successful bankruptcy filing. The process becomes smoother when you gather all paperwork beforehand - pay stubs, tax returns, and expense records will make your case stronger.

Chapter 7 bankruptcy usually gives you the quickest debt relief. But if you don't qualify, Chapter 13 comes with its own benefits. This alternative lets you protect assets while you create a manageable repayment plan that still clears remaining qualifying debts when completed.

The bankruptcy means test ended up being a way to keep the system fair for both debtors and creditors. You can make smart choices about your financial future and take real steps toward financial stability by understanding the process and preparing well.

Key Takeaways

Understanding the bankruptcy means test can be the difference between qualifying for Chapter 7 debt discharge versus being forced into a Chapter 13 repayment plan.

- **90% of bankruptcy filers automatically qualify for Chapter 7** based on income alone without completing the full means test calculation.
- **Income below state median = automatic qualification** - Compare your 6-month average income to your state's median for your household size.
- **Strategic expense deductions can save your case** - Use IRS standard deductions and actual expenses like mortgage payments to reduce disposable income.
- **Timing your filing strategically matters** - Wait until high-income months fall outside the 6-month lookback period to improve eligibility.
- **Special circumstances provide backup options** - Job loss, medical conditions, or military service can help you qualify even after failing initial calculations.
- **Proper documentation is essential** - Gather 6 months of pay stubs, tax returns, and expense records before filing to ensure accurate calculations.

Even if you don't initially pass the means test, Chapter 13 bankruptcy still provides debt relief through a manageable 3-5 year repayment plan, making bankruptcy a viable option for most people struggling with overwhelming debt.

FAQs

Q1. What is the bankruptcy means test and why is it important? The bankruptcy means test is a screening mechanism that determines whether you qualify for Chapter 7 bankruptcy or must pursue Chapter 13 bankruptcy instead. It's important because it assesses your ability to repay creditors and prevents abuse of the bankruptcy system by individuals who could actually afford to pay their debts.

Q2. How do I calculate my current monthly income for the means test? To calculate your current monthly income, add up all qualifying income received during the six months before filing bankruptcy, divide this total by six to get your monthly average, and then multiply the result by 12 to determine your annual income for comparison purposes.

Q3. What expenses can I deduct to lower my income in the means test? You can deduct both standard expenses set by the IRS (such as food, housing, and transportation) and actual expenses like mortgage payments, car loans, taxes, court-ordered payments, childcare expenses, and health insurance costs. These deductions can significantly reduce your calculated disposable income.

Q4. What happens if I don't pass the means test for Chapter 7 bankruptcy? If you don't pass the means test for Chapter 7, you may still be eligible for Chapter 13 bankruptcy, which involves creating a 3-5 year repayment plan. Alternatively, you might qualify for Chapter 7 by demonstrating "special circumstances" or by strategically timing your filing to improve eligibility.

Q5. What forms and documents do I need for the bankruptcy means test? You'll need to complete Form 122A-1 (Statement of Current Monthly Income) and possibly Form 122A-2 (Means Test Calculation). Additionally, you should gather supporting documents such as pay stubs from the past six months, income tax returns for the previous two years, recent bank statements, and documentation of all income sources and claimed expenses.

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