

How much do I pay in Chapter 13?

By the: **Moran Law Group**

The Bankruptcy Code requires that a Chapter 13 plan must:

repay in full [priority claims](#).
meet the [Best Interests of Creditors](#) test and
meet the [Best Efforts](#) test.

So how do you calculate what you have to provide for in payments to get a Chapter 13 plan confirmed? Calculate the amount that is GREATEST of those three tests.

Best Interests of Creditors test asks: what would [creditors](#) get if this were a Chapter 7 liquidation case. Calculate the non [exempt](#) value of assets and subtract the estimated costs of administration by the Chapter 7 trustee. That is the Best Interests Test number.

For cases filed after 10/17/05, the debtor's disposable income is defined in §1325 as being "[current monthly income](#)" less living expenses, charitable contributions, and the expenses of operation a business. If the debtor's annualized current monthly income exceeds the median for households of the debtor's size in the state, then the allowable expenses are calculated as they are for purposes of the means test in § 707(b).

Best Efforts test asks: how much "disposable income" is available monthly. The '05 amendments define "disposable income" as the [Current Monthly Income](#) in [Form b22C](#).

Priority Claims must be paid in full through a Chapter 13 plan. Total any priority tax claims and any unpaid child or spousal support. These are the most common priority claims. This number is the Priority Claims number.

Determine which number is largest. That is the amount that a Chapter 13 plan must provide **to creditors** over the life of the plan. Remember that the plan will also pay the Chapter 13 trustee's commission and allowed attorneys fees. It may also provide for debts secured by vehicles or for a cure of mortgage arrears, which are both secured claims. So to get the required number of dollars to creditors, you will have to pay in additionally enough to pay **secured claims**, the trustee and your attorney.

The plan may run anywhere between three years and five years. Payments may be the same each month, or they may increase over the life of the plan. Plan payments may come from the sale or refinance of assets. But the total must equal the largest of the Test Numbers.