

Insolvency Worksheet

You do not include canceled debt in your income to the extent you are insolvent immediately before the cancellation. Insolvent immediately before the cancellation means: your liabilities exceed the FMV of your assets the day before the cancellation.

Client name: _____ Name of Creditor: _____

Amount of Canceled Debt: _____ Date Debt was Canceled (mm/dd/yy): _____

(IMPORTANT ADVICE: Keeping your Records for this worksheet could prove to be important. Print out & include any proof for the FMV of your assets (what you use to determine FMV) and the balances of your liabilities (Examples include: bank statements, online values, appraisals, balance sheets, etc.). You never know when the IRS is going to ask you to **PROVE IT!!!**)

Part I. Total Liabilities the Day Before the Cancellation (Do not include the same liability in more than one category)

	Liabilities (Debts)	Amount Owed on the Day Before Cancellation
1	Credit Card Debt	
2	Mortgages(s) on real property (including first & second mortgages and home equity loans) <i>mortgages(s) can be on personal residence, additional residence, or property held for investment or used in a trade or business</i>	
3	Car and Other Vehicle Loans	
4	Medical Bills	
5	Student Loans	
6	Accrued or Past-Due Mortgage Interest	
7	Accrued or Past-Due Real Estate Taxes	
8	Accrued or Past-Due Utilities (Water, Gas, Electric)	
9	Accrued or Past-Due Child Care Costs	
10	Federal or State Income Taxes Remaining Due (for Prior Tax Years)	
11	Loans from 401(k) Accounts, Interest in Pension Plan, or Other Retirement Accounts	
12	Loans Against Life Insurance Policies	
13	Judgements	
14	Business Debts (including those owed as a sole proprietor or partner)	
15	Margin debt on Stocks and Other Debt to Purchase or Secured by Investment Asset <i>other than real property</i>	
16	Other Liabilities (Debts) - Not Included Above	
17	Total Liabilities - Immediately Before the Cancellation. Add lines 1 through 16.	\$0

Part II. Fair Market Value (FMV) of Assets Owned the Day Before the Cancellation

(Assets include everything you own. Do not include the FMV of the same asset in more than one category)

	Assets	FMV on the Day Before the Cancellation
18	Cash and Bank Account Balances	
19	Residences (Including the Value of Land) <i>can be on personal residence, 2nd residence, or property held for investment or used in a trade or business</i>	
20	Cars and Other Vehicles	
21	Computers	
22	Household Goods and Furnishings (Example: Appliances, Electronics, Furniture, etc.)	
23	Tools	
24	Jewelry	
25	Clothing	
26	Books	
27	Stocks and Bonds	
28	Investments in Coins, Stamps, Paintings, or Other Collectibles	
29	Firearms, Sports, Photographic, and Other Hobby Equipment	
30	Interest in Retirement Accounts (IRA, 401(k), and Other Retirement Accounts)	
31	Interest in a Pension Plan	
32	Interest in Education Accounts	
33	Cash Value of Life Insurance	
34	Security Deposits with Landlords, Utilities, and Others	
35	Interest in Partnerships	
36	Value of Investment in a Business	
37	Other Investments (Annuity Contracts, Guaranteed Investment Contracts, Mutual Funds Commodity Accounts, Interest in Hedge Funds, and Options)	
38	Other Assets - Not Included Above	
39	FMV of Total Assets - Immediately Before the Cancellation. Add lines 18 through 38.	\$0

Part III. INSOLVENCY

40	Amount of Insolvency. Subtract line 39 from line 17. If zero or less, you are not insolvent.	\$0
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PLEASE SIGN AND DATE THIS WORKSHEET

Date: _____