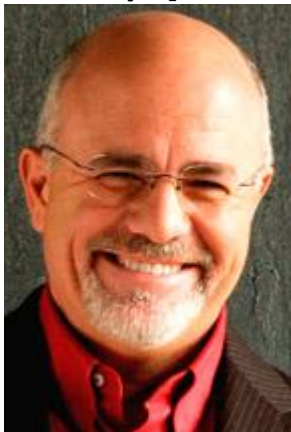


What happens to your debt when you die?

written by Special to Arkansas Catholic |



Dave Ramsey

Dear Dave,

I've started your personal finance course in high school, so I'm asking this for the entire class. What happens to your debt if you pass away with no relatives or heirs to take responsibility for what you owed?

Elizabeth

Dear Elizabeth,

In many cases it simply does not get paid. Relatives or heirs of the deceased are not responsible for a friend or family member's debt, except in cases where they have been a co-signer on that debt.

Let's say someone's parents died, and at the time of their death they had \$100,000 in debt in their names only. The only way that debt will be paid is if they owned enough stuff — if they had enough in the way of assets — to pay the debt. If they owned a \$200,000 home, the house would have to be sold in order to pay the debts. Their estate would be the only thing standing good for the debt. If they owned nothing and had no co-signers on any of the debt, the creditor would not get paid. The bank lost that money.

Elizabeth, I hope that helped. Please tell your teacher I said thank you for leading the class!
— Dave

Dave Ramsey has authored seven best-selling books, including "The Total Money Makeover." The Dave Ramsey Show is heard by more than 13 million listeners each week on 585 radio stations and multiple digital platforms.