

INSTITUTE FOR FINANCIAL LITERACY®



2007

Annual Consumer Bankruptcy Demographics Report

A Report Published by the
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About the Institute

The Institute for Financial Literacy is a non-profit financial literacy organization. The Institute's mission is to make effective financial literacy education available to all American adults. The Institute accomplishes its mission by developing financial literacy educational materials, publishing the National Standards in Adult Financial Literacy Education, maintaining the Library of Personal Finance and providing professional development and training through the Center for Financial Certifications.

About the Center

The Center for Consumer Financial Research was established as a division of the Institute for Financial Literacy® in 2007. The mission of the Center for Consumer Financial Research is to expand and disseminate the body of independent, unbiased research within the field of financial literacy. The Center accomplishes this mission by objectively assessing the effectiveness of financial education efforts, researching consumer financial behavior and publishing its findings.

FINDINGS AND EXECUTIVE SUMMARY

- The average American who is in financial distress and seeking credit counseling and financial education is:
 - Caucasian, married, employed, between the age of 35-44 years old, has at least a high school education if not some college, and makes no more than \$30,000 per year.
- The primary reasons for their financial distress include:
 - Overextended on credit, reduction of income or job loss, illness or injury.
- Areas of growing concern include:
 - The increasing filing rates for men
 - That women still file bankruptcy at higher rates than men
 - Bankruptcy filing rates of Middle-Aged Americans
 - Identity Theft's role in bankruptcy filings
 - What role educational attainment plays in bankruptcy

RECOMMENDATIONS

- Research should be conducted to study the bell curve effect which is presenting around the age of financial distressed and bankrupt individuals; policymakers should look to implement potential solutions to assist a population (35-54 yrs old) which may not be financially prepared for its retirement years.
- Policymakers, law enforcement, businesses and financial educators must continue to work in their respective fields to protect and educate consumers on the issue of Identity Theft.
- Research should be conducted to study why women are filing bankruptcy at greater rates than their population representation, and why male filing rates are now starting to increase; policymakers should look to implement potential solutions.
- Policymakers, businesses and financial educators may wish to more closely examine the relationship between bankruptcy and those who only have completed some college and determine if changes need to be made in the current system of higher education and its funding structure.

About The Institute for Financial Literacy

Headquartered in Portland, ME, the Institute for Financial Literacy is a non-profit organization whose mission is to make effective financial literacy education available to all American adults. The Institute accomplishes its mission by developing financial literacy education programs, partnering with non-profit, educational and governmental organizations to integrate these programs into their existing services, and publishing the National Standards in Adult Financial Literacy Education. For more information at the Institute visit its website at <http://www.financiallit.org> or call them at 1-207-221-3613.