

INSTITUTE FOR FINANCIAL LITERACY®



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Middle Class Bankruptcy Filings on the Rise as Recession Continues

PORTLAND, Maine — The recession led significantly more individuals earning \$40,000 or more per year to file for bankruptcy in 2008 than in years past according to the *2008 Annual Consumer Bankruptcy Demographic Report* released by the Institute for Financial Literacy, a non-profit financial counseling and education organization based in Portland, Maine.

“As in years past, the average American in financial distress and seeking credit counseling and financial education is a 35 – 44 year old married Caucasian with a high school degree or some college who is working and earning less than \$30,000 per year,” noted Leslie Linfield, Executive Director of the Institute for Financial Literacy. “What changed in 2008 were the increased percentages of individuals ages 45 – 64, individuals with Associates or Bachelors degrees, and individuals earning \$40,000 per year or more who found themselves in financial distress.”

Information on gender, age, ethnicity and other factors was gathered from more than 45,000 consumers seeking pre-bankruptcy credit counseling or post-bankruptcy debtor education courses throughout the United States. The Institute for Financial Literacy has published a Consumer Bankruptcy Demographics Report annually since 2005. The 2008 report provides insight into the effect of the recession on American debtors.

Demographic data also showed the following:

- Women continued to file bankruptcy at a disproportionately higher rate than men last year, a trend that has remained constant since the first demographic report was published in 2005.
- The primary reasons for financial distress include:
 - Overextension on credit
 - Reduction of Income
 - Unexpected Expenses
- Individuals earning \$40,000 per year or more saw an increase in bankruptcy filing rates of 2.5%

The full report has been published on the Social Science Research Network, and can be located at <http://ssrn.com/abstract=1414337> or downloaded from the Institute for Financial Literacy's website at www.financiallit.org/resources/articles.aspx

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 education 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. For more information about the Institute and its programs, please contact 207-221-3613 or visit www.FinancialLit.org.

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