

## FAMILY FOCUS COLUMN

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### Plan to Stay Ahead Financially

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With the changes in Bankruptcy Law effective October 2005 those filing bankruptcy must now participate in credit counseling and a financial management education class. Both requirements are offered by organizations approved by the Executive Office of the United States Trustees.

Iowa State University Extension is approved to offer *Planning to Stay Ahead*, a personal financial management education class. This course will also benefit individuals and families who are experiencing financial problems and/or have thought about filing bankruptcy. Topics addressed in the course include budget development, money management, use of credit, and consumer information. The two hour course includes activities, video, and discussion and is offered at locations throughout the state. Pre-registration is required at least 48 hours before the class. The cost is \$20 per household and includes a workbook. For course dates, times, locations, and registration information visit the website: [www.extension.iastate.edu/financial/stayahead/](http://www.extension.iastate.edu/financial/stayahead/). Upon completion of the class, ISU Extension will provide a certificate of course completion.

So who is the typical bankruptcy filer in Iowa and why do they file bankruptcy? In 2002, nearly 300 individual debtors from the Southern Judicial District in Iowa participated in a nationwide study of consumer bankruptcy. The results showed the average bankruptcy petitioner in Iowa is 42 years old. Over half (51%) of the petitioners are married, and about half (48%) own their own home. Iowa bankruptcy petitioners are well educated, with 86% having graduated high school, and over 50% having some college education or a university degree. Most bankruptcy filers (80%) are employed and the average Iowa debtor has worked more than 5 years for his or her current employer.

The study revealed that debtors from Iowa are very similar to their counterparts nationwide and have qualities widely associated with the middle class such as college educations, employment, and homeownership. However, families in bankruptcy have dramatically lower household incomes. Iowa bankrupt debtors' median household income was \$21,816 compared with the U. S. Census median household income of \$42,228. The lower incomes often make households more vulnerable to financial crisis.

Bankruptcy debtors in the study were also given a list of 16 reasons for filing bankruptcy and asked to identify any or all that applied to their situation. Job related problems were the leading cause of bankruptcy in Iowa, followed by credit card debt, medical problems, and changes in family circumstances.

Before making a decision to file bankruptcy, individuals and families should gather information, especially about changes in the bankruptcy law. ISU Extension's Iowa Concern Hotline is available to help with an attorney on staff. Call 1-800-447-1985 or visit their website at [www.extension.iastate.edu/iowaconcern](http://www.extension.iastate.edu/iowaconcern).