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Women more likely to file for bankruptcy



PERSONAL BANKRUPTCY

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Women may have come a long way, but when it comes to finances, they still fall short — and not just on the wage scale. Today's high rate of divorce, which hovers around the 50-percent mark, affects women's financial status more than it does men's, and we are seeing the fallout in bankruptcy courts.

Nationally and locally, the percentage of single women filing bankruptcy is significantly higher than that of single men, and that figure often exceeds the number of joint filings.

In the 20 years between 1977 and 1997, out of total bankruptcies filed nationwide, the percentage of women filing went from 10 percent to slightly more than 30 percent. In my firm's Buffalo and Rochester offices over the past several years, we have seen approximately 10 percent more single women file compared to single men.

Common factors

Women who file bankruptcy typically share certain characteristics.

In 2003, the hourly wage for women in the bottom 20th percentile of the job market was \$7.94. Men in the same circumstances received \$9.22 an hour — and at all levels, women still make less than their male counterparts. According to the U.S. Census Bureau, females head 68.3 percent of Erie County households living below poverty level. In Rochester, 57.3 percent of households living below poverty level are headed by females.

Many women are single parents whose

ex-partners either don't provide sufficient child support or don't pay child support regularly. Those who work in middle-class positions can find themselves making less than what is necessary to pay rent and utilities, transportation costs, and for child care, food and clothing for their families. Yet such women are often excluded from public assistance such as food stamps, HEAP or child-care subsidies because they make too much money to fit within program guidelines.

According to the recently adopted New York state self-sufficiency standard, which measures economic independence for working families, a family of four in Erie County with two school-age children needs \$35,292 a year to cover its basic household needs without outside financial help. If the father leaves the home, the mother still needs about the same income to maintain the family at the same standard of living.

One reason the United States has the highest child-poverty rate in the industrialized world, according to a recent article in *BusinessWeek*, is the number of single mothers living on low-income (\$7.94 an hour or less) wages. Many of these women can't afford after-school care for their children, leaving them with few options.

The insurance divide

Additionally, more and more companies are shifting the cost of health care to their employees, causing low-income workers to forgo health insurance altogether. And many workers in menial positions such as retail clerk, janitor and cashier are not offered health insurance by their employers.

In 2000, the last year for which statistics are available, approximately 63 percent of all workers had health insurance coverage, while only 33 percent of low-wage work-

ers were covered. One serious illness in a family can quickly drive a single mother to bankruptcy court.

For hourly workers who are living paycheck to paycheck, even minor illnesses or a car breakdown that causes lost wages can put the family in an extremely vulnerable position. A \$1,000 trip to the emergency room can start a downslide into debt.

Combine this fragile financial existence with the ready availability of unsecured credit card debt, and you've got a recipe for bankruptcy.

Credit cards are marketed aggressively to people at all income levels. The crunch comes when debtors on tight budgets have an emergency and get behind on their payments or can only make minimum payments. Interest rates go up significantly when cardholders make late payments, and the late fees added to card balances can cause the debt load to spiral out of control in no time.

Businesses, particularly small businesses, generally consider the solutions to this problem — a higher minimum wage, national health insurance — too costly. But it's an economic trade-off.

We can pay women enough to be self-sufficient and make sure absent fathers pay child support, or we can pay more taxes for public assistance and continue to see increases in the number of women filing bankruptcy.

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