

More College Grads Filing for Bankruptcy

Written by Lucky

Thursday, 15 September 2011 00:00

If you are a college graduate and struggling with debt, you are not alone. The percentage of college graduates filing for personal bankruptcy rose 20 percent during the last five years, according to the 2010 Annual Consumer Bankruptcy Demographics Report, published by the Institute for Financial Literacy.

The report suggests that an advanced education is no longer the hedge it once used to be in preventing personal financial turmoil. "The Great Recession has had a dramatic impact on the bankruptcy filings of American consumers across the economic spectrum -- including college-educated, high-income earners," said Leslie Linfield, executive director and founder of the Institute for Financial Literacy, which conducted the study.

Those who didn't graduate from college make up 70% of debtors, the study found that the rate of college graduates filing for bankruptcy increased by 20%. "While less educated, low-income individuals continue to represent the typical bankruptcy filer, this report underscores a sophisticated evolution of the profile of the American debtor that now extends to disparate age, income and ethnic groups," Linfield said.

The study involved more than 50,000 respondents and ran from 2006 to 2010, tracking the financial status of debtors since the passage of the Bankruptcy Abuse Prevention and Consumer Protection Act.

Not surprisingly, the rate of unemployed Americans filing for bankruptcy increased by 21% since 2006. But since the study was first conducted in 2006, there has been a gradual shift in bankruptcy filings toward higher income earners. In 2006, only 5.5% of the debtors participating in the report made more than \$60,000, but this income bracket shifted to more than 9% by 2010.

If you are struggling with debt, our office can help. [Contact Us](#) for a free consultation.