



## How Filing for Legal Bankruptcy Affects Women's Health

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Since the late 1970s consumer bankruptcy rates have steadily increased, surpassing one million during the 1990s and peaking just after the Great Recession in 2010. During that same period, the population that filed for bankruptcy had more single females and more joint filers than male filers. Unmarried women with children were at the greatest risk for declaring bankruptcy. Filing status is often tied to marital status, with single women and women in single income households overrepresented among consumers who declare bankruptcy.

Women are disproportionately more likely to declare bankruptcy after their family situations change, usually following a divorce or marital separation. This is not surprising, given that women and women with children are more likely to fall into poverty or lose wealth after marital disruptions. Declaring bankruptcy can be costly due to filing fees, additional court fees, and attorney bills – and can also drain resources in the long run because of wage garnishments, lower earnings, or because of a mark on personal credit records that raises interest rates on future borrowing. Debt-related financial hardships make it harder for women to accumulate savings; and such hardships can harm their wellbeing by making life more stressful and shrinking access to adequate healthcare.

Although researchers have consistently found that poor health and medical-related financial problems are predictors of bankruptcy filings, less attention has been paid to the later health of those who file for bankruptcy. My research finds that filing for bankruptcy tends to hurt women's physical health – and, does not improve the mental health of women who have previously suffered symptoms of depression.

### Unpacking the Relationship between Consumer Bankruptcy and Women's Health

The absence of studies of the impact of bankruptcy on people's subsequent health and wellbeing is surprising. Declaring bankruptcy is one of the few protective steps financially distressed people can take, and the surge in bankruptcy filings from the 1990s through the early 2000s was largely concentrated among the middle-class. In the wake of the Great Recession, there has been a surge in research studies examining the human impact of financial distress, particularly household debt, and this literature documents how such distress harms mental health and leads people to make choices harmful to their health. This is not surprising, because people carrying heavy debt loads often have little to no money to spend on quality health products and services. Debt can also be stigmatizing and there may be shame associated with seeking assistance. In addition, the societal norms regarding debt and debt-related stigma may contribute to chronic anxiety and stress exacerbating poor health conditions.

What might happen when people seek relief through bankruptcy? On the one hand, if debt is associated with poor health outcomes, indebted people who file for bankruptcy might end up enjoying better health than similarly indebted people who do not file. But on the other hand, interviews with bankrupt families reveal that the experience of financial distress and bankruptcy differs for men and women – with women more likely to report stress, concern, and negative and physical health reactions to the process. Studies that have examined the punitive costs of bankruptcy in the labor and credit markets show that bankruptcy's promise of a fresh start may not be realized. Filers may end up suffering poorer outcomes in the labor and credit markets.

The type of bankruptcy filing could also matter. Chapter Seven bankruptcy filings take several years to complete before debts are discharged, while Chapter 13 filings involve a multi-year process of debt repayment that could lead to chronic stress, especially for filers who end up having a hard time making required repayments.

## Key Findings about Bankruptcy and Women's Health

My research results show that ***poor health is an unintended consequence for women who seek financial relief through bankruptcy.***

- Declaring bankruptcy negatively affects older women's assessments of their own health.
- A prior history of depressive symptoms helps explain why bankruptcy declarations can be followed by poor health.
- Women who used the Chapter Seven filing process experienced subsequent poor health more often than comparably indebted women who did not file.
- Chapter Seven filers were more likely to experience depression than Chapter 13 filers.

## Where Do We Go from Here?

This study analyzed the health impacts for indebted women who try to navigate within existing structures that are supposed to deliver financial relief. Financial and economic hardships can hurt women's health and well being. Indebted women who seek debt relief through bankruptcy have decided that the potential punitive effects of bankruptcy are no more costly than debt-related problems – and might be less costly. My research suggests that these filers are primarily using bankruptcy not to escape indebtedness altogether, but instead to extend the time they have to repay debts and retain assets. This approach makes sense, because getting more time to pay down debts, holding onto assets (even those of little value), and experiencing less harassment from debt collectors can reduce stress and lower anxiety in these women's lives.

But poor health outcomes for many women who file for bankruptcy suggest that this legal procedure may fail to provide a fresh start. Negative health consequences can still happen, and bankruptcy filings do not provide relief to indebted women with a history of mental health problems. In a time of persistent inequalities in wealthy, researchers and policy makers need to keep looking for better solutions to indebtedness beyond those currently offered in the U.S. legal system. Improved health and wellbeing for many financially distressed older women depends on finding those improved solutions. Bankruptcy filings may help some, but they fail many.

**Read more in Fenaba Addo "Seeking Relief? Bankruptcy and Health Outcomes of Adult Women." *Social Science and Medicine: Population Health*, 3, (2017), 326-334.**