

LCAO Opposes Bankruptcy Abuse Prevention and Consumer Protection Act of 2003

March 18, 2003

Dear Representative:

The undersigned members of the Leadership Council of Aging Organizations (LCAO) urge you to vote against HR 975, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2003, expected to come to the floor soon. Although we wish to prevent the few but flagrant abuses of the bankruptcy system, we oppose HR 975 as it is currently written because it would unfairly burden older Americans who turn to bankruptcy in the face of overwhelming financial difficulties.

In 2001, more than 250,000 older Americans [55 years and older] filed for bankruptcy. And the number of Americans aged 65 and older filing for bankruptcy has tripled in the last ten years, making older Americans the fastest growing age group in bankruptcy. The vast majority of seniors facing bankruptcy are not profligate spenders. Instead, they are men and women who worked hard all their lives and, in their later years, are financially devastated by medical or long term care expenses, or by the loss of a job.

If HR 975 is enacted, individuals and families attempting to regroup after a hardship will be adversely affected. This legislation would push many debtors from Chapter 7 into Chapter 13, which requires a repayment plan. Currently, two-thirds of Chapter 13 plans fail and HR 975 contains provisions to make Chapter 13 more difficult. HR 975 adds costly and onerous requirements for debtors, leading to an increased burden on the bankruptcy system and escalating harassment of individuals by their creditors.

The bankruptcy laws have always served as a safety net to provide families encountering serious financial trouble with a fresh start. We believe that most Americans, particularly most seniors, want to pay their debts. Bankruptcy reform should not punish vulnerable individuals and families who have no other alternatives to deal with unmanageable economic problems.

It is especially troubling that Congress is considering this legislation during a time when households have become even more at-risk due to extensive lay-offs, stock market losses, rising health care costs and the trend to shift more of these costs to consumers. This bill would not be acceptable in the best of economic times; it is even more devastating now.

On behalf of older Americans, we urge you to oppose HR 975.

Sincerely,

AFL-CIO Department of Public Policy
AFSCME Retirees
Alliance for Retired Americans
American Association for International Aging
American Federation of Teachers
American Society on Aging
Association for Gerontology and Human Development
in Historically Black Colleges and Universities

Families USA
Gray Panthers
National Academy of Elder Law Attorneys
National Association for Hispanic Elderly
National Association of Retired
and Senior Volunteer Program Directors, Inc. (RSVP)
National Association of Retired Federal Employees
National Association of Senior Companion Project Directors
National Association of State Long Term Care Ombudsman Programs
National Caucus and Center on Black Aged
National Committee to Preserve Social Security and Medicare
National Council on the Aging
National Hispanic Council on Aging
National Senior Citizens Law Center
OWL, the voice of midlife and older women
United Auto Workers Retired Workers Department