

2017 Annual Report

Massachusetts Debt Relief
Foundation Benefit



Mission

To improve the quality of life for people who are unduly burdened with excessive debt by providing compassionate and effective pro bono legal representation in order to eliminate debt and restore peace of mind.



Why We Help

Debt relief is a vital resource for low-income individuals as without relief, debt affects not only your finances, but also health, employment prospects, housing, and ability to afford food and utilities. A recent survey conducted in the Greater Boston area demonstrates the barriers created by debt, showing that debt is a contributing barrier to employment, post-secondary education, and most importantly to the individual's ability "to meet basic needs such as obtaining food, shelter, and medical care."¹ Without sufficient income, low income households use other means to afford necessities, such as pay day loans or credit cards.² Respondents' excessive debt prevents employment opportunities due to credit checks and leads to an increased use in costly check cashers and payday lenders due to the inability to obtain a bank account.³ The majority of those surveyed "who had been contacted by a debt collector agency or bill collector reported feeling harassed [51%], intimidated [40%] and pressured [53%]."⁴

1. Crittenton Women's Union, *From Opportunity to Burden: Profiles of Low-Income Households Caught in the Credit Trap*. Nov. 2014. pg. 3.

2. Traub, Amy & Reutschlin, Catherine. "The Plastic Safety Net: Findings from the 2012 National Survey on Credit Card Debt of Low and Middle – Income Households" *Demos* 22 May 2012.

3. Crittenton Women's Union, pgs. 6-7.

4. *Ibid.*, pg. 11.



How We Help

Our experienced bankruptcy attorneys provide comprehensive consultations to all who contact us for help, regardless of eligibility for representation. We review the individual's long-term and short-term goals, current and prospective budget, overall debt, assets and other factors to discuss all debt relief options and their consequences.

For those that are eligible under our guidelines, if bankruptcy is advisable and the individual chooses to move forward, we offer 100% pro bono representation in Chapter 7 Bankruptcy. The bankruptcy discharge relieves clients of most debt obligations, so they can start fresh and begin to rebuild their financial life equipped with the financial education tools they've acquired during the case.

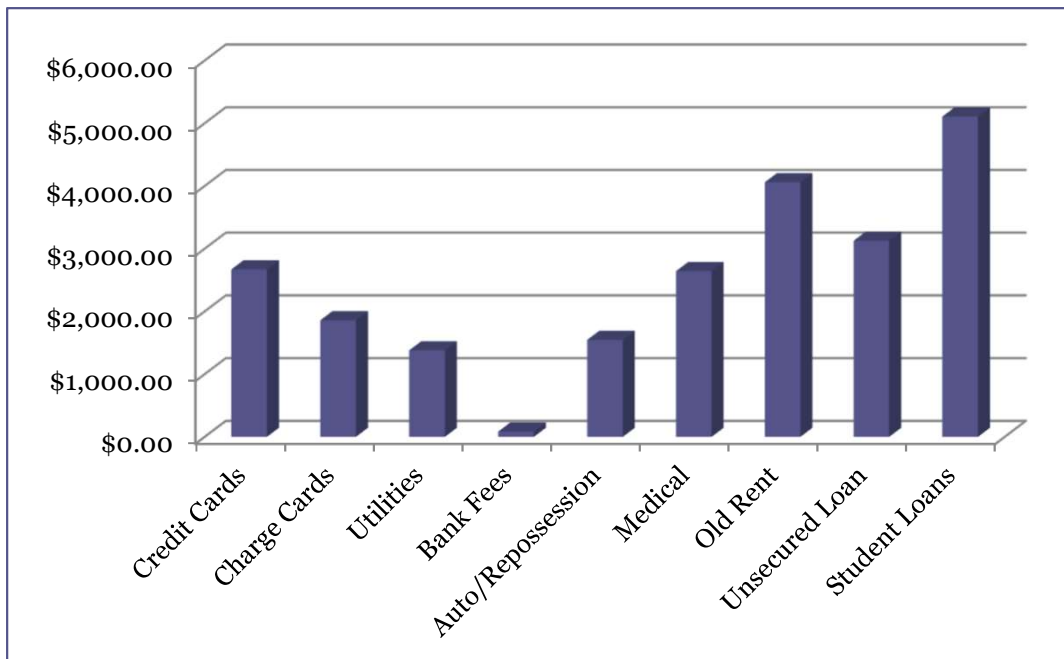
2017 Client - Single 25yo Woman

25 year old woman from Worcester area, who has worked in the hospitality industry as a bartender. She now has a position as a bank teller and is working to advance in her career. She currently makes \$1,605.50 per month before taxes, about \$1,233 net.

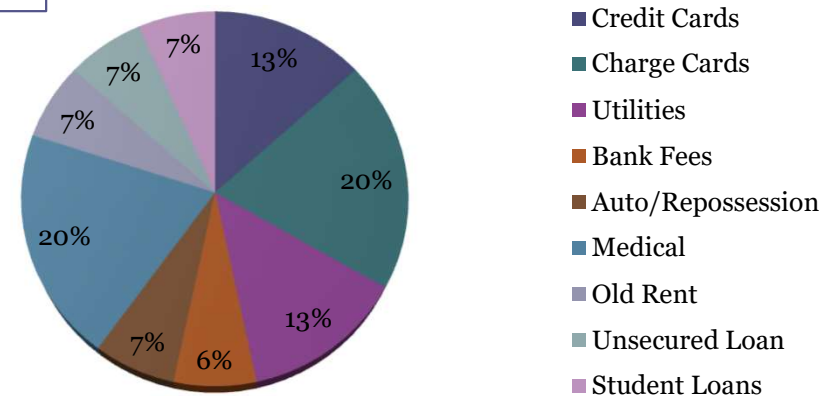
Client has four bank accounts, including checking, savings and a money market account, with total funds available of about \$1,495. She has a life insurance policy. Client recently lost her car to repossession. Her expenses include \$800 in rent, and she is hoping to save up enough to purchase a used car, as she needs reliable transportation for work.

Discharged Debt: \$24,606.72

2017 Client - Single 25yo Woman



Number of Creditors



Consultation Statistics - 2017

118 individuals counseled on debt relief.

- 20 – Bankruptcy advisable, but ineligible under DRF.
- 26 – Advised bankruptcy may be advisable, but other options may be appropriate.
- 20 – Bankruptcy is not advisable under current circumstances.
- 52 – Bankruptcy advisable, and eligible for representation.

Eligibility Guidelines

These guidelines may be adjusted on a case by case basis based on the individual's specific need or unusual hardship.

- Cannot own or have an interest in any real estate of any kind;
- Must not have realized a profit on the sale of any real estate in the past year;
- Cannot have more than \$2,000 in cash or cash equivalents, in any type of account, bank or institution, including retirement accounts. (Excludes social security benefits);
- Total value of all other assets, (excluding cash or cash equivalents) cannot exceed \$10,000;
- Household income should not exceed the poverty guidelines used by the Court to determine filing fee waiver applications.



2015 Client - JS from Athol

We are all in need of help in some kind of way in our lifetime, and I will be forever grateful for the help I received. After the bankruptcy, it has helped in the ways of better understanding how to use your income wisely. I have learned that there are things in one's life that unexpectedly happen you never think will. You need to think of the unexpected and prepare yourself ahead of time for situations that may happen beyond one's control, in managing one's income wisely. It has taken a huge relief of pressure and worry off my nerves, knowing I won't have to appear in court anymore, and being free from my debts. Thank you ever so much for the help of everyone at the Massachusetts Debt Relief Foundation who was involved with my case.

Eligibility Guidelines

Persons in Household	Monthly Income	Annual Income
1	\$1,507.50	\$18,090
2	\$2,030.00	\$24,360
3	\$2,552.50	\$30,630
4	\$3,075.00	\$36,900
5	\$3,597.50	\$43,170
6	\$4,120.00	\$49,440
7	\$4,642.50	\$55,710
8	\$5,165.00	\$61,980
For each additional person add	\$522.50	

150% of HHS Poverty Guidelines

Updated each year, published around Jan. 31st. Numbers shown for 2017

Eligibility Guidelines - Veterans

Beginning October of 2015, MDRF's eligibility guidelines have been expanded so that the income limits for *veterans, national guardsmen and members of the military* is limited by 200% of the HHS Poverty Guidelines. This increase is over the 150% limit relied on by the Bankruptcy Court in granting fee waivers, so clients accepted with income over 150% will be responsible for the \$335 court filing fee and the cost of the two required bankruptcy courses, which generally cost between \$10-50 per course. However, qualifying clients will not be charged a legal fee.

Persons in Household	Monthly Income	Annual Income
1	\$2,010.00	\$24,120
2	\$2,706.67	\$32,480
3	\$3,403.34	\$40,840
4	\$4,100.00	\$49,200
5	\$4,796.67	\$57,560
6	\$5,493.34	\$65,920
7	\$6,190.00	\$74,280
8	\$6,886.67	\$82,640

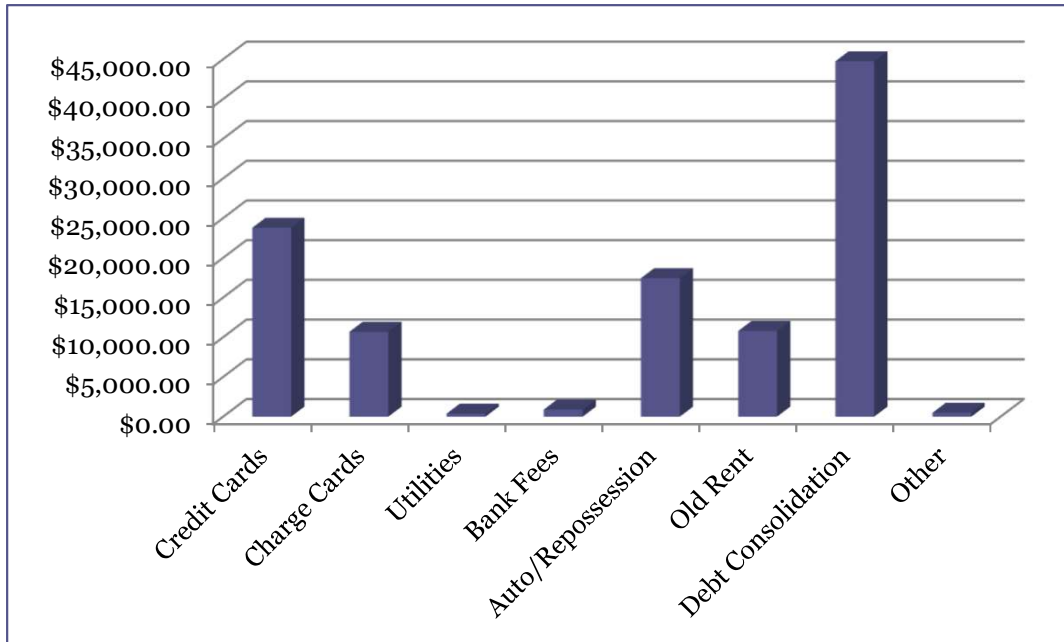
2017 Clients - Family of Five

Husband and wife with three young daughters, ages 13, 6, and 2, living in the Springfield area. Both were laid off in 2015. Total wages in 2015 was \$63,970. In 2016 this decreased to \$19,806 total. The husband has been working as a ride share driver, while the wife has been searching for new employment. She has found a few contract jobs, but these are limited and sporadic. Due to the loss of employment the family was forced to break their rental lease and move in with family. They also attempted to accommodate their drastic decrease in income through debt consolidation. The family has lost two vehicles to repossession. Prior to filing they were able to obtain a new apartment.

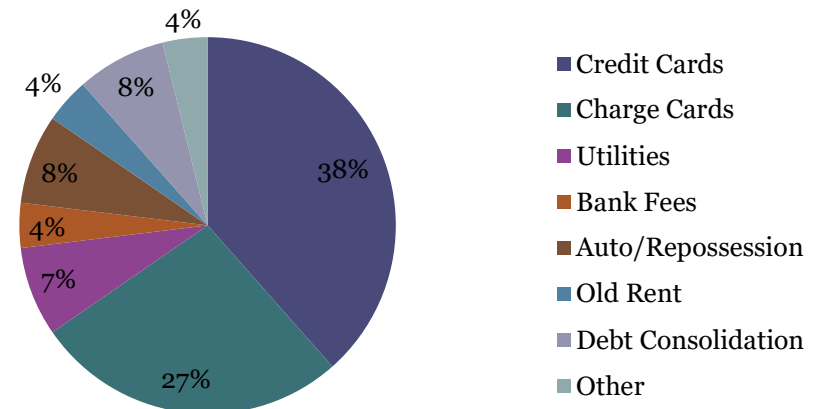
Between the two of them, they have seven deposit accounts, including checking, savings, and online accounts, with total available funds of \$329. They each have term life insurance policies. As a ride share driver, the Husband makes about \$2,074 net after all related expenses, but this income varies drastically. New rent is \$800 per month.

Discharged Debt: \$112,694.10

2017 Clients - Family of Five

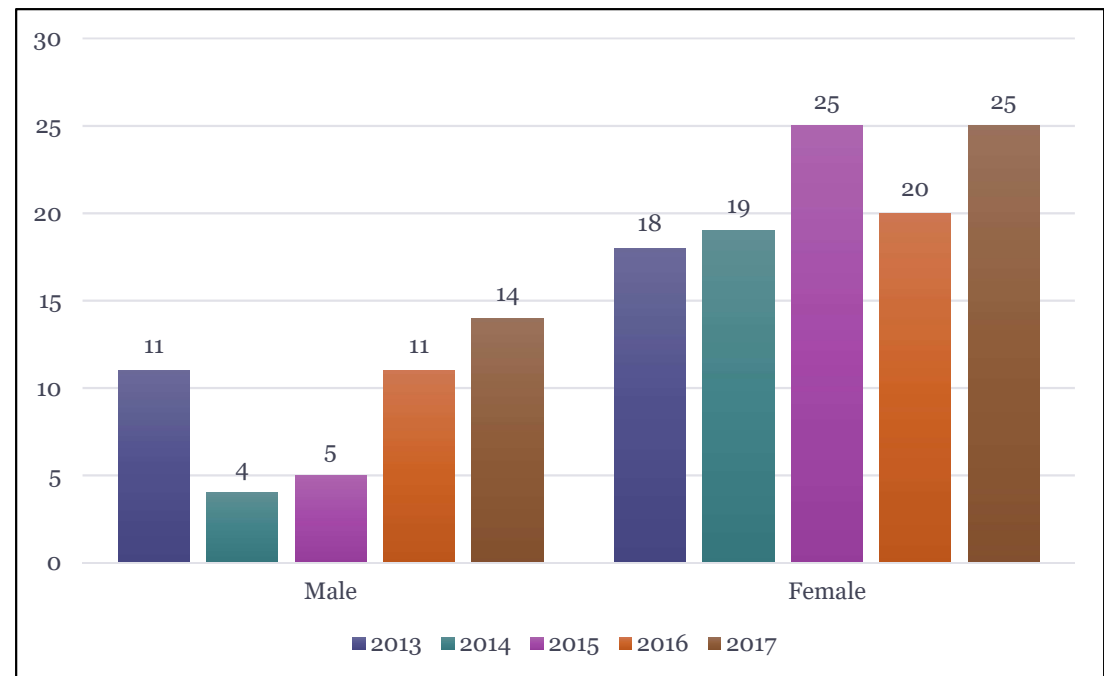


Number of Creditors



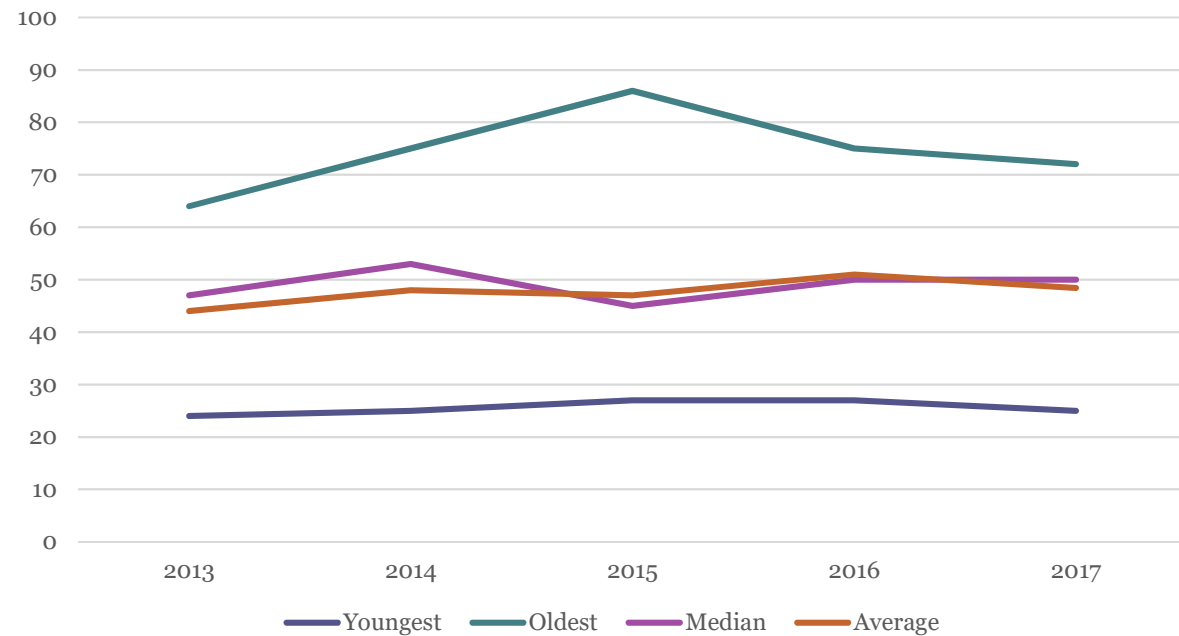
Demographics - Gender

	2013	2014	2015	2016	2017
Male	11	4	5	11	14
Female	18	19	25	20	25



Demographics - Age

	2013	2014	2015	2016	2017
Youngest	24	25	27	27	25
Oldest	64	75	86	75	72
Median	47	53	45	50	50
Average	44	48	47	51	48



Demographics - Location

	2011	2012	2013	2014	2015	2016
Boston	5	11	7	5	7	10
Brockton	1	4	6	1	1	1
Worcester	2	5	12	8	13	16
Springfield	0	1	1	7	10	5

* City where mandatory bankruptcy meeting held, based on town in which the client resides.

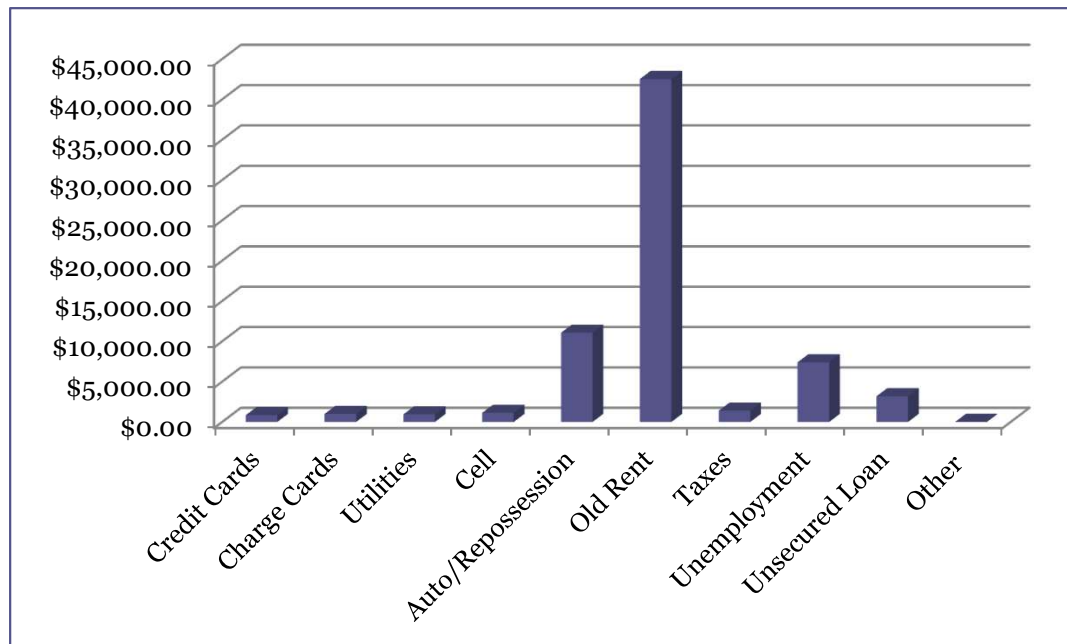


2017 Client - Single Man

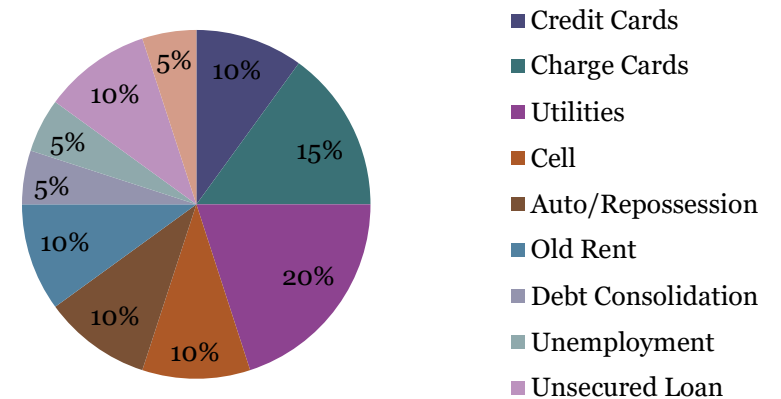
Single man from Worcester area, with a large judgment owed following an eviction case. Behind in rent with current landlord, but is working to catch up. Client performs handy-man, landscaping, cleaning, and other odd jobs to obtain income, making on average about \$900 per month. Also receives food stamps. Rent is \$575 per month. Client has two prepaid cards, with \$14.06 in available cash when case was filed. He does not have a vehicle, but has a bicycle he uses for transportation.

Discharged Debt: \$69,539.19

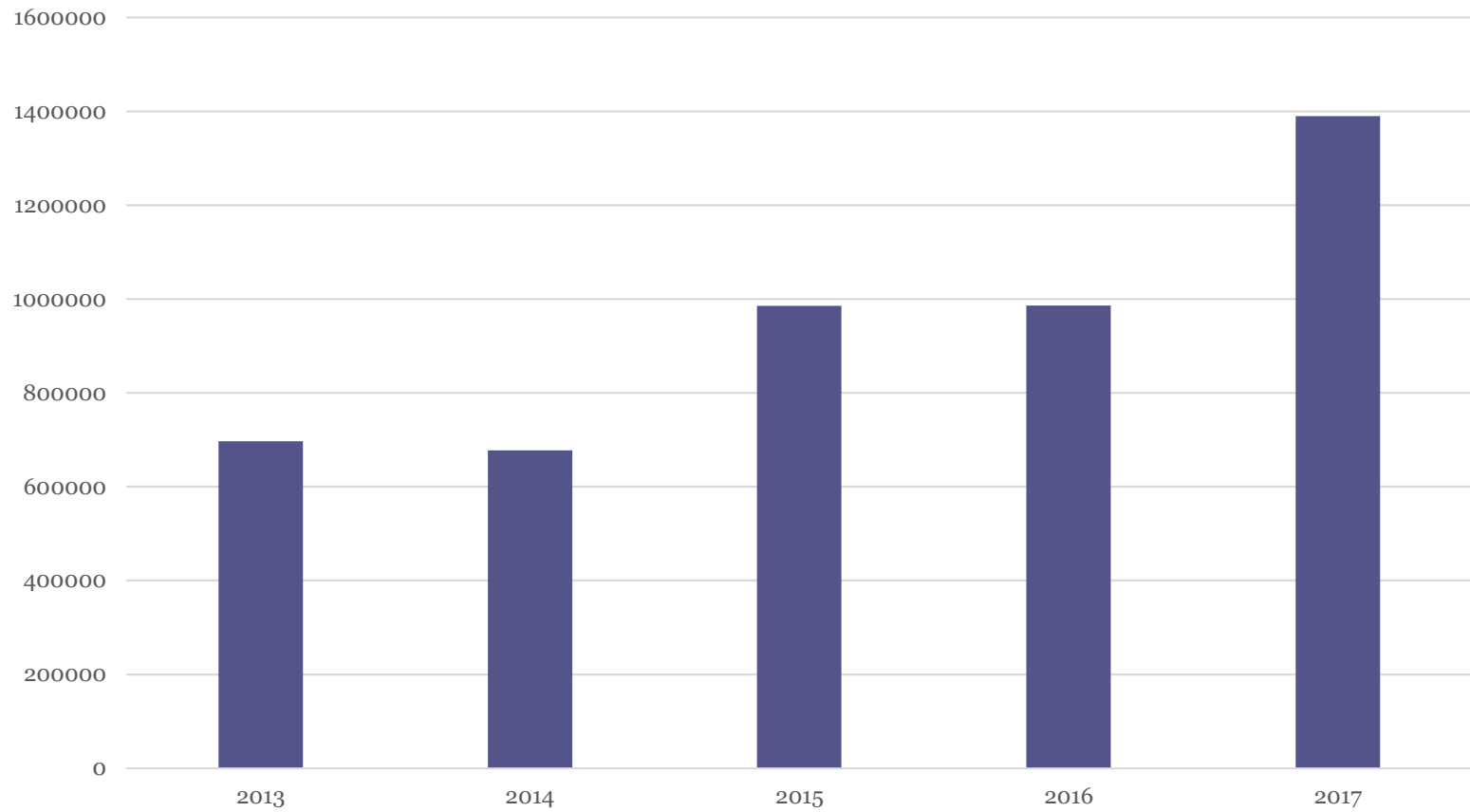
2017 Client - Single Man



Number of Creditors

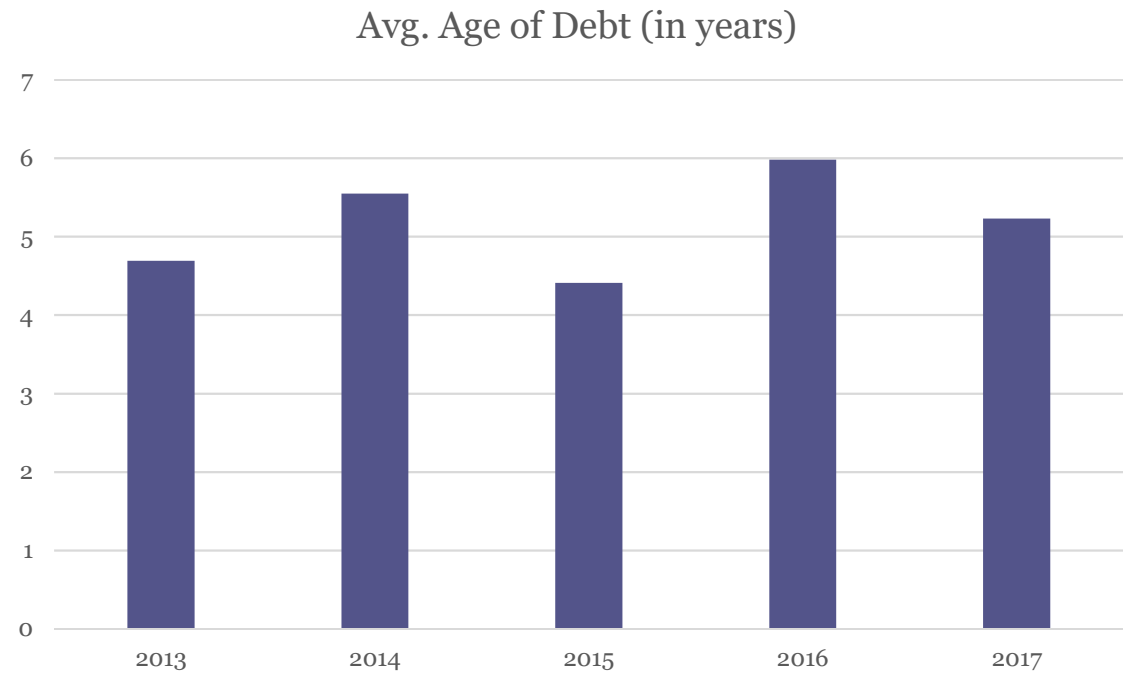


Discharged Debt

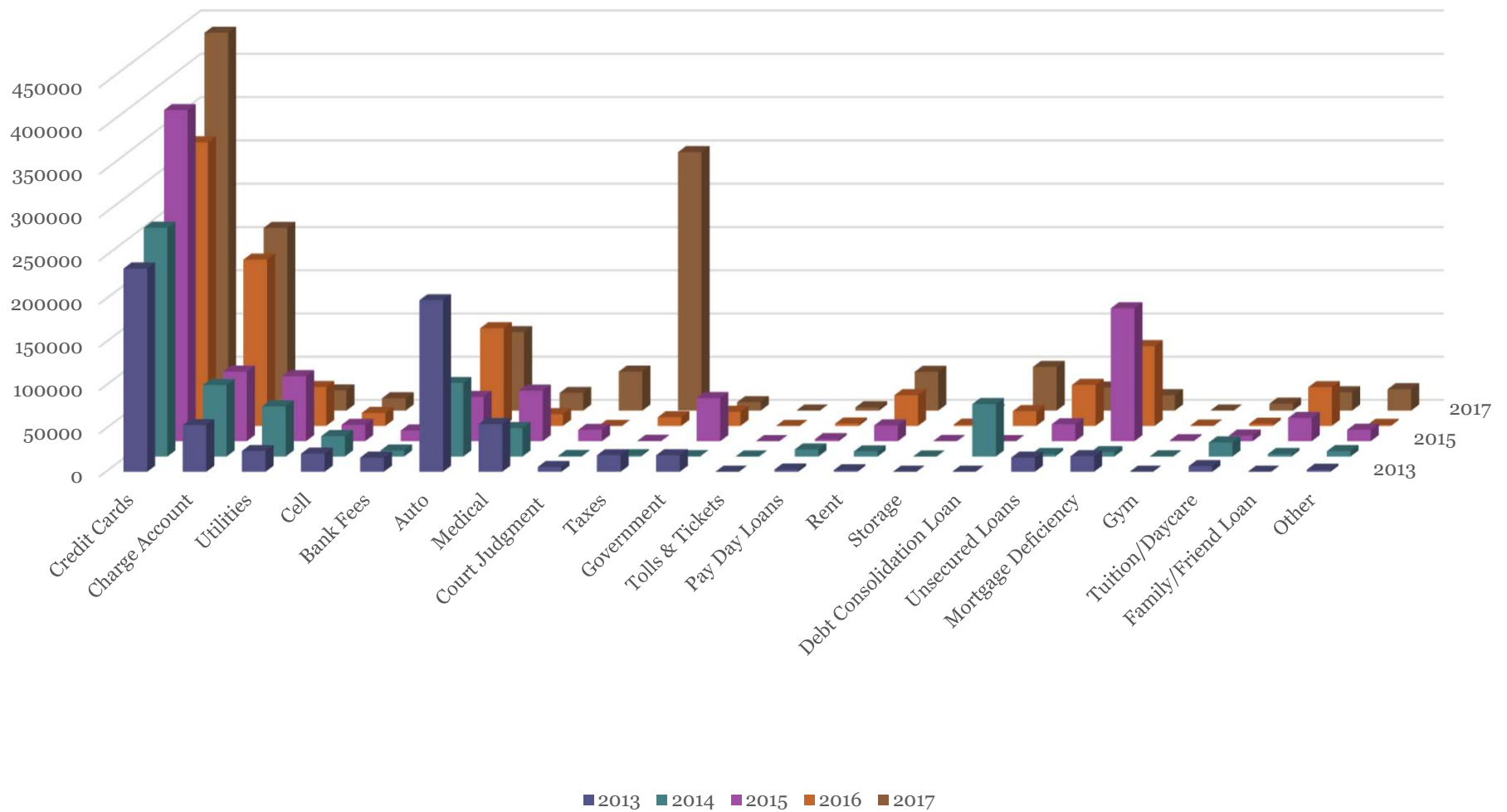


Discharged Debt - Age of Debt

Year	2013	2014	2015	2016	2017
Avg. Age of Debt (in years)	4.69	5.55	4.41	5.98	5.23



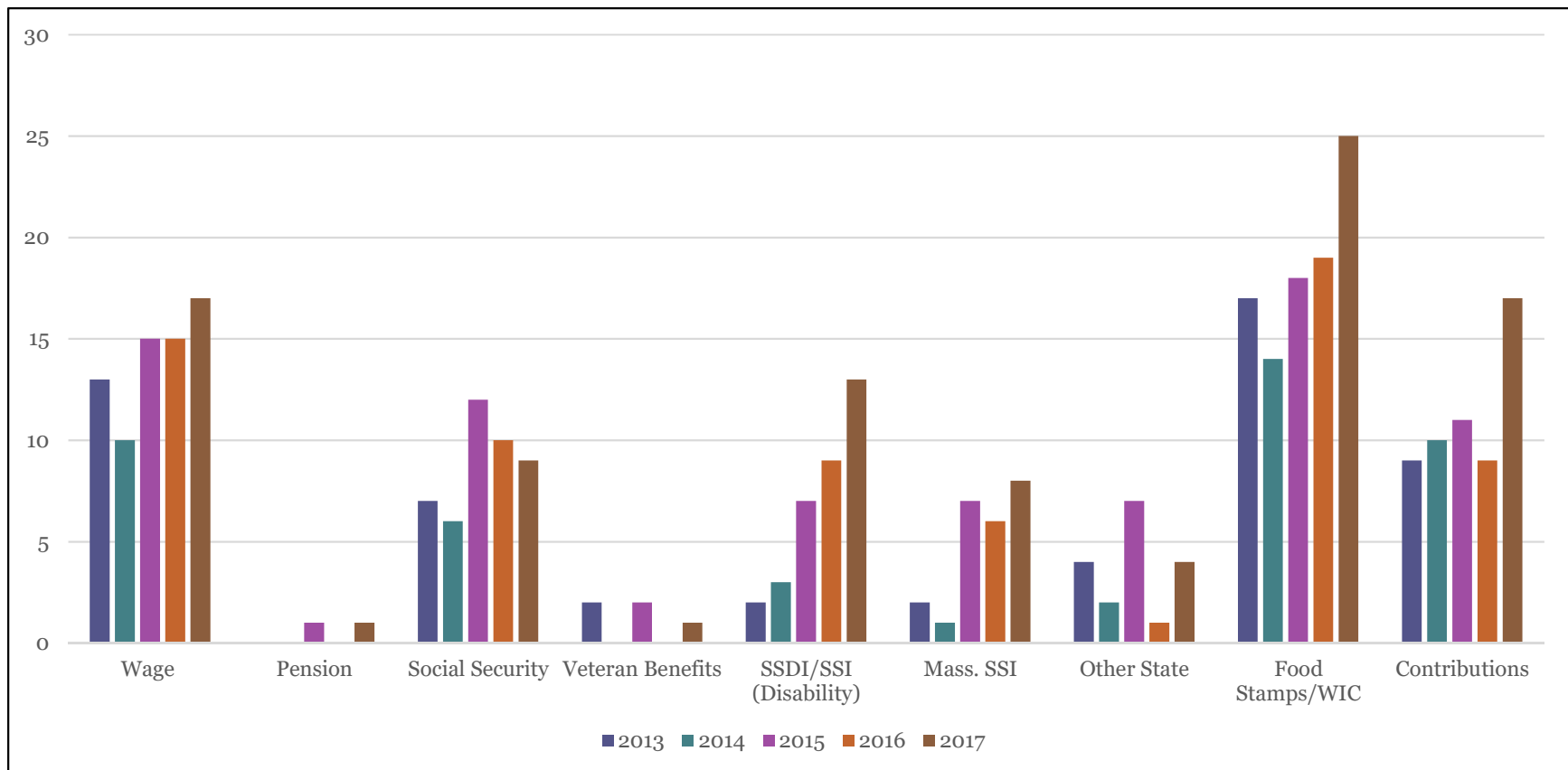
Discharged Debt



Income Sources

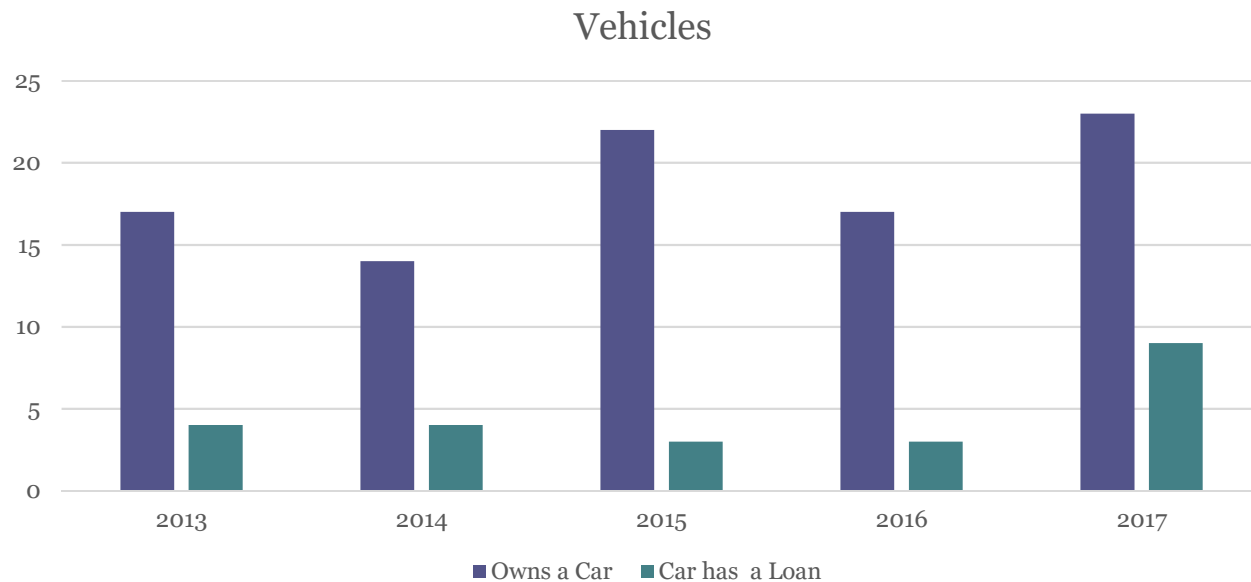
Year	2013	2014	2015	2016	2017
Wage	13	10	15	15	17
Pension	0	0	1	0	1
Social Security	7	6	12	10	9
Veteran Benefits	2	0	2	0	1
SSDI/SSI (Disability)	2	3	7	9	13
Mass. SSI	2	1	7	6	8
Other State	4	2	7	1	4
Food Stamps/WIC	17	14	18	19	25
Contributions	9	10	11	9	17

Income Sources



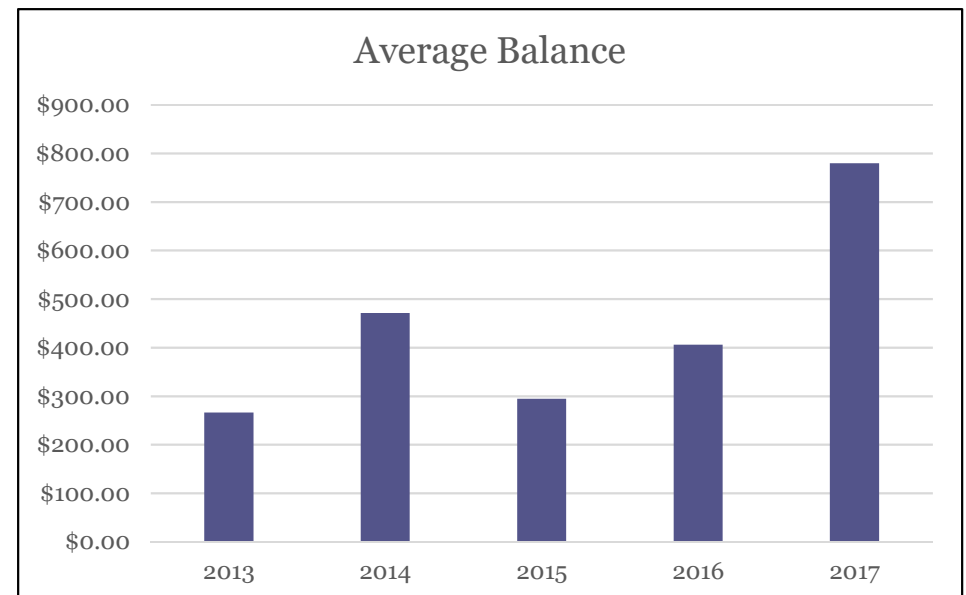
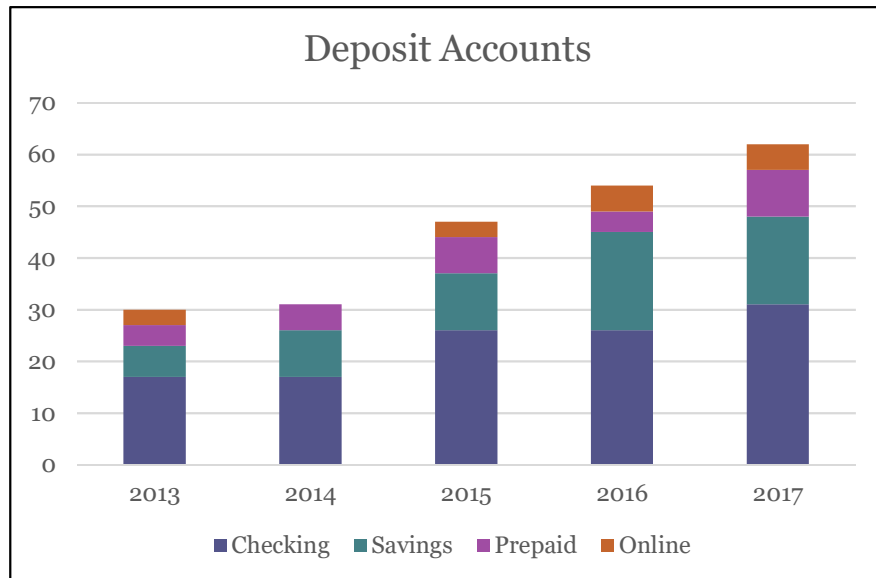
Clients with Vehicles

Year	2013	2014	2015	2016	2017
Owns a Car	17	14	22	17	23
Average Kelley Blue Book Value	\$3,047.14	\$3,147.14	\$2,179.36	\$3,079.67	\$4,715.95
Car has a Loan	4	4	3	3	9
Average Loan	\$9,676.89	\$10,071.18	\$13,936.64	\$11,425.39	\$12,299.26



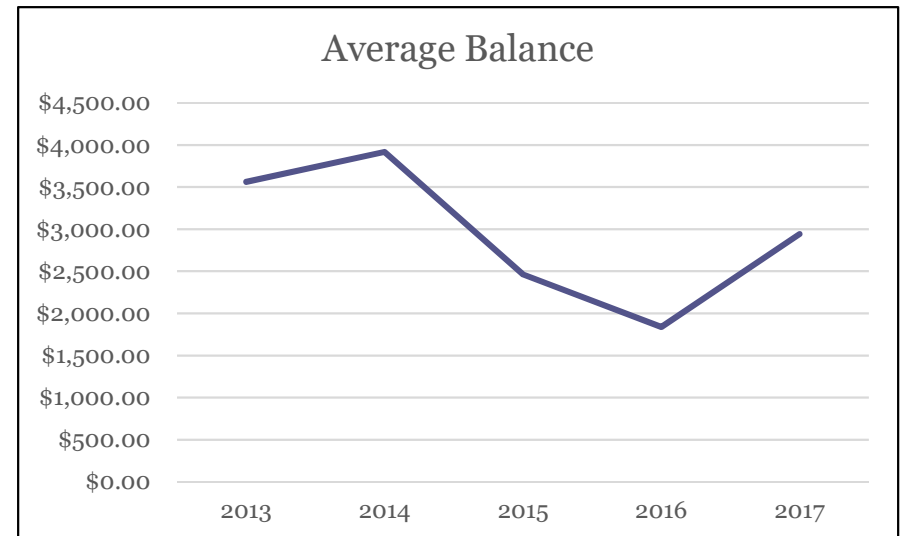
Deposit Accounts

Year	2013	2014	2015	2016	2017
Checking	17	17	26	26	31
Savings	6	9	11	19	17
Prepaid	4	5	7	4	9
Online	3	0	3	5	5



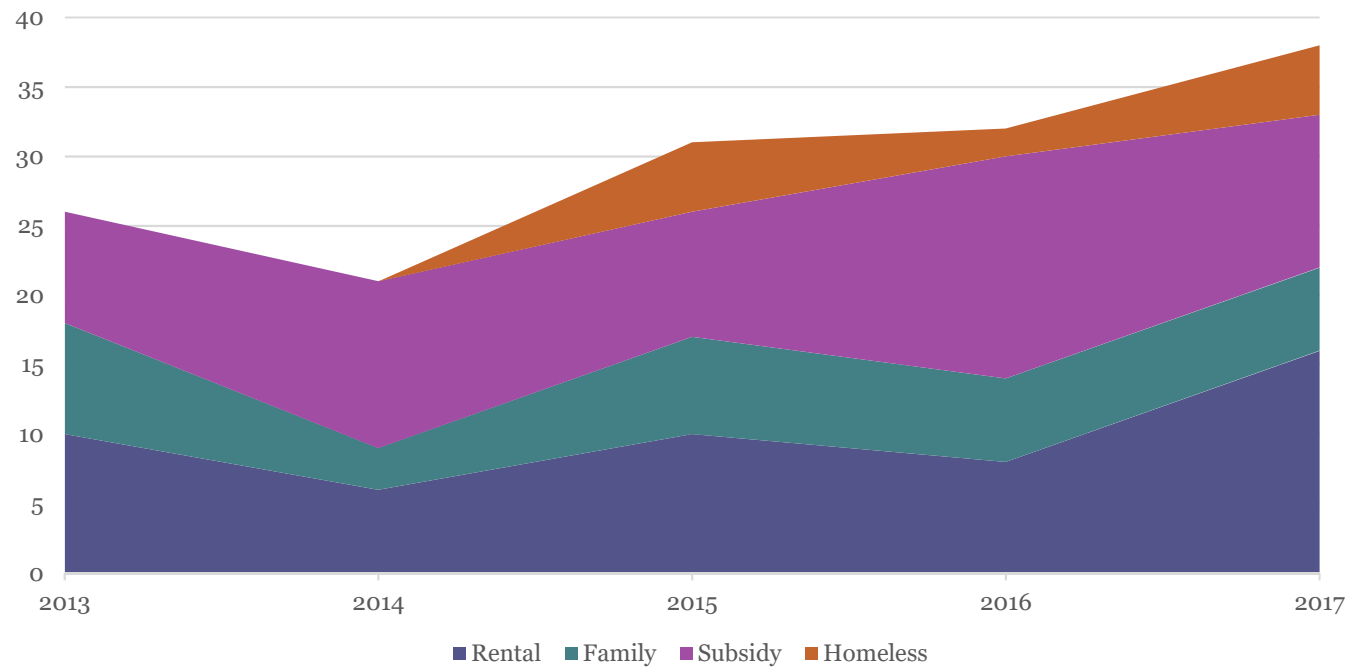
Retirement Accounts

Year	2013	2014	2015	2016	2017
Has a Retirement Account	4	4	10	2	6
Average Value	\$3,562.36	\$3,918.10	\$2,462.07	\$1,838.78	\$2,941.55



Housing

Year	2013	2014	2015	2016	2017
Rental	10	6	10	8	16
Family	8	3	7	6	6
Subsidy	8	12	9	16	11
Homeless	0	0	5	2	5



Legal Actions within year prior to filing

	2013	2014	2015	2016	2017
Collection	9	14	8	11	9
Repossession	2	1	5	3	4
Garnishment	1	2	1	2	1
Eviction	0	1	2	4	1
Foreclosure	0	1	2	0	0

