

ARE YOU “MAXED OUT”?

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April 2008

(I've updated this article, written last year, because it seems even more relevant today.)

“Maxed Out” is the title of a documentary (now available on DVD) that explores the impact of credit-card debt and predatory lending practices on average Americans. Filmmaker James Scurlock, in the companion book, explains: *“Over the past generation, incomes have basically stagnated while the costs of some pretty important items – e.g. healthcare, housing and education – have skyrocketed. At the same time, the financial industry discovered it could make a lot more money getting us to spend than to save.”*

As a result, while more of us are having trouble making ends meet, we're encouraged to use credit cards and high-interest loans to bridge the gap. We're using the Visa card to buy groceries, making minimum payments, and receiving offers from the same company to borrow more (*“Need new patio furniture? Just use the enclosed checks.”*)

The average American's credit card debt is about \$9,300, according to the National Foundation for Credit Counseling. And the personal savings rate in 2006 was at its lowest point in 73 years: *negative one percent!* In other words, people are borrowing just to pay their regular monthly bills, not setting aside any money for the proverbial “rainy day”, *and* many of them won't ever be able to catch up and pay off their mounting debt.

So it's no surprise that personal bankruptcy filings have increased, by 70% from 2006 to 2007, returning to levels seen before October 2005, when stricter bankruptcy laws took effect. Experts attribute the current upswing to the skyrocketing rate of home foreclosures and ever dwindling refinance options, but certainly credit card debt is also a factor.

What does all this have to do with mental health? Well, in my practice I've seen families torn apart and relationships destroyed as the result of overwhelming debt. Scurlock's film tells the stories of two college students who committed suicide after running up thousands of dollars of credit-card debt. There's no question that financial woes have a major impact on emotional and mental well-being, as well as on relationships.

Yet this is a topic that rarely is talked about, because there's often a sense of embarrassment or shame. People seem to have an easier time talking about their sexual problems than their financial problems! (And they even have trouble telling their psychotherapist.)

So while I encourage anyone in financial distress to come clean and start talking about it, I've also compiled some information and resources for those who prefer to remain anonymous:

There is a self-help group, patterned after AA, called Debtor's Anonymous. You can learn more, and find out about local meetings, on their website: <http://debtorsanonymous.org> . The National Foundation for Credit Counseling, a non-profit, has a website, <http://www.debtadvice.org> , with helpful tips. They will refer you to an affiliated local credit counselor if you call (800) 388-2227. And finally there may be help available through the Debt Relief Hotline (800-291-1042), the Tax Relief Hotline (877-283-8580) or the Mortgage Payment Assistance line (800-750-8956).