

Strength in Diversity

By KANDIS COLEMAN¹

The Gendered Fresh Start: Financial Vulnerability in Men and Women

In times of economic distress, consumers seek relief through various channels. Supplementing income through secondary employment, increasing credit card usage, borrowing money from loved ones, utilizing debt-consolidation loans, and leveraging home-equity loans are ways that consumers seek relief from financial strain.² Although financial distress is a universal phenomenon that can strike any household, the experience is rarely equitable. Studies indicate that gender acts as a key variable, alongside the degree of financial strain.

Both factors stem from “financial vulnerability,” which has been defined as the absence of a buffer for unexpected costs, difficulty making ends meet and the necessity of borrowing for consumer purchases.³ In the context of bankruptcy, financial vulnerability measures a filer’s susceptibility to cope with financial shock. Factors such as income fragility, household expenses, debt levels, medical bills and access to emergency resources fundamentally alter how men and women cope with insolvency.

Gender Gap in Filing Trends

Despite debtor demographics remaining elusive in government data-reporting, bankruptcy filing trends reveal a persistent gender gap: Each year more women file for bankruptcy than men, even though there are slightly more men in the U.S. than women.⁴ Among these filers, Caucasian, middle-aged women are identified as the prototypical filer.⁵ Despite the evolution of American insolvency, this gender disparity has remained persistent. Bankruptcy is often discussed as a gender-neutral remedy. However, emerging research implies that the precipitating vulnerabilities leading to filing are deeply rooted in the distinct economic realities that men and women face.

The Male Filer: Sudden Economic Shock

In the context of male bankruptcy filers, the most frequently identified precipitating factors include employment loss, business failure and credit overextension.⁶ For men, a bankruptcy filing is often linked to a singular economic event.

Economic shifts that result in a sudden reduction in income, such as a recession or the collapse of a commercial venture, can disrupt what is perceived as the traditional “provider role” of males. This economic shock often serves as the primary driver for insolvency. Furthermore, sociocultural pressures to maintain wealth and status, associated with this provider identity, often lead to a delay in seeking financial relief, which exacerbates the depth of the debt.⁷

The Female Filer: Compounding Financial Vulnerabilities

Female bankruptcy filers frequently face distinct, yet commonly identified, contributory factors: significant student loan debt, compounding medical debt, insufficient dependent support, burdens of family caregiving and hardships from divorce.⁸ For women, insolvency is often correlated with a systematic abundance of financial vulnerabilities.⁹

For example, a single mother, acting as the custodial parent of three children, might be forced to rely on high-interest-rate credit cards and loans to cover essentials and the spiraling cost of childcare. This scenario is common and can lead to financial strain. This type of debt composition — comprised of student loans, medical debt and consumer credit cards — disproportionately burdens women in relation to their income.¹⁰

The statistics are stark: 63.6 percent of all student loan debt belongs to women.¹¹ This imbalance



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2 Ben Luthi, “What Is Debt Restructuring?,” Experian (Dec. 17, 2025), experian.com/blogs/ask-experian/what-is-debt-restructuring (“Debt Management Plan” section) (unless otherwise specified, all links in this article were last visited on Feb. 17, 2026).

3 M. M. Naeser Seldal & Ellen K. Nyhus, “Financial Vulnerability, Financial Literacy, and the Use of Digital Payment Technologies,” 45 *J. Consum. Pol’y* 281 (2022), pmc.ncbi.nlm.nih.gov/articles/PMC8899442.

4 “Who Files for Bankruptcy?,” Brock & Stout, LLC (March 17, 2025), brockandstout.com/blog/who-files-for-bankruptcy; statisticstimes.com/demographics/country/us-sex-ratio.php.

5 “Bankruptcy Demographics,” ABI (Jan. 31, 2026), abi.org/feed-item/bankruptcy-demographics.

6 “Bankruptcy Statistics,” Debt.org (Feb. 11, 2026), debt.org/bankruptcy/statistics (“Income Level” section).

7 Michelle Clardie, “Men, Women and Debt: Does Gender Matter?,” Bankrate (Feb. 14, 2025), bankrate.com/personal-finance/debt/men-women-and-debt-does-gender-matter.

8 “Women, Debt, and Bankruptcy,” Hoyes, Michalos & Assocs. (2018), hoyes.com/press/joe-debtor/women-and-bankruptcy (“Income Disparity and the Gender Gap” section).

9 *Id.*

10 Melanie Hanson, “Student Loan Debt by Gender,” EducationData.org (Feb. 22, 2025), educationdata.org/student-loan-debt-by-gender.

11 *Id.*

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often stems from the home, and while research illustrates that more women go to college than men, parents are statistically more likely to take out loans for male students, forcing female students to carry higher debt loads to achieve their educational milestones.¹²

Gender Gap in Wages

For most debtors, insolvency develops years before a bankruptcy filing occurs, correlated to gender disparities in lifetime earnings. Historically, the income gap ensures that men generate more income than women throughout their working years, ultimately resulting in men accumulating higher pension benefit wealth than women.¹³ Working-class men and women spend a lifetime pursuing occupations to reach the age of retirement, as society conditions most of us to do. Many women find themselves serving in low-paying professions as a trade-off to maintain flexibility for family caregiving and taking time away from work for pregnancy.¹⁴

Studies show that women continue to earn less than men, even when performing the same job.¹⁵ As of 2024, women earn an average of 85 percent of what men earn.¹⁶ The median income for American men in 2023 was \$56,280, while the median income for American women was just \$42,110.¹⁷

Furthermore, for women, retirement is often a time when economic insecurity presents itself.¹⁸ According to the National Economic Council Interagency Working Group on Social Security, only 30 percent of women aged 65 or older in 1994 were receiving pension benefits, compared to 48 percent of men.¹⁹ The same study found that the median annual benefit for pension recipients was \$4,800 for women and \$9,600 for men.²⁰ Accumulating lower lifetime wages than men affects women's capacity to service debt and build wealth. Men earning more on average allows them to save, spend and invest more — advantages that women partake in more cautiously.

Gender Gap in the Means Test and Judicial Remedies

Pursuant to the provisions and requirements of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, the means test is codified at 11 U.S.C. § 707(b)(2). A means test is required for individuals filing for bankruptcy who earn more than the median income for their state. The test aims to ensure that bankruptcy appli-

cants make full or partial repayment to their creditors, if they can afford to do so.²¹

For a chapter 7 filing, if the debtor's current monthly income (CMI) is more than the state median, the Bankruptcy Code requires application of the means test to determine whether the filing is presumptively abusive.²² Applicants who cannot afford repayment installments are considered eligible for chapter 7, which might require forfeiture of assets.

On the other hand, individuals who can afford to make some payments to creditors are eligible for chapter 13, and the means test aids in setting the amount and term length of the payments that the debtor will make to help reimburse their creditors.²³ Consumer debts are defined in the Code as "debt incurred by an individual primarily for a personal, family, or household purpose."²⁴ The means test calculation is based on the CMI the six months preceding the bankruptcy filing.²⁵ With that, the CMI might present a snapshot rather than an actual reflection of someone's ability to maintain a repayment plan under a bankruptcy filing.

For women bankruptcy filers, who are statistically more likely to have gaps in employment due to such unique vulnerabilities as family caregiving and pregnancy, calculations of their CMI might result in misrepresentations of their long-term financial abilities. In such occurrences, a presumption of abuse might be found unnecessarily under § 707(b)(2), triggering a dismissal or conversion of a filer's bankruptcy case to another chapter, forcing rebuttal efforts.²⁶

Bankruptcy judges could exercise judicial discretion, taking into account each bankruptcy filer's specific circumstances impacting their income and expenses. Expanding on the logic of the "forward-looking approach" established in *Hamilton v. Lanning*, 11 U.S.C. § 707(b)(2)(B) permits judges to utilize the special circumstances provision as a remedy to ensure that gendered-precipitating vulnerabilities do not disqualify an eligible debtor.²⁷ Financial strain is far too complex to be boxed into a one-size-fits-all approach.

Gender Gap in Consumer Debt Stress

Stress is a clinical predictor of legal outcomes as it relates to insolvency. The day-to-day rigors of life have notable impacts on individuals. A Global Emotions Report found that 49 percent of Americans experience significant daily stress, equating to nearly one in every two adults carrying stress daily.²⁸ Sources of stress might range from inflation, work, health concerns, family matters and/or political unrest.

¹² *Id.*

¹³ "Ruth Bader Ginsburg's Fight for Gender Equity Was for All of Us," Am. Civil Liberties Union (Sept. 21, 2020), aclu.org/news/civil-liberties/ruth-bader-ginsburgs-fight-for-gender-equity-was-for-all-of-us.

¹⁴ Richard Fry & Carolina Aragão, "Gender Pay Gap in U.S. Has Narrowed Slightly over 2 Decades," Pew Rsch. Ctr. (March 4, 2025), pewresearch.org/short-reads/2025/03/04/gender-pay-gap-in-us-has-narrowed-slightly-over-2-decades.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ Clardie, *supra* n.7.

¹⁸ "Women and Social Security," Soc. Sec. Admin., ssa.gov/history/reports/women.html.

¹⁹ *Id.*

²⁰ *Id.*

²¹ "What Is a Bankruptcy Means Test?," Experian (April 21, 2023), experian.com/blogs/ask-experian/what-is-bankruptcy-means-test.

²² "Chapter 7 — Bankruptcy Basics," U.S. Courts, uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-7-bankruptcy-basics.

²³ *Id.*

²⁴ 11 U.S.C. § 101.

²⁵ *Id.*

²⁶ 11 U.S.C. § 707.

²⁷ *Hamilton v. Lanning*, 560 U.S. 505 (2010).

²⁸ "State of the World's Emotional Health 2025," Gallup (Feb. 10, 2026), gallup.com/analytics/349280/gallup-global-emotions-report.aspx.

The American Psychological Association's Stress in America survey noted that 66 percent of Americans reported personal finances as being a significant stressor.²⁹ Carrying the burden of insolvency leads to overall stress from debt. Stress shows itself through many symptoms, such as restlessness, weight fluctuation, changes in appetite, skin outbreaks and mood changes. Research notes that debt has become a significant disruptive factor in the lives of consumers.

Debt stress by gender was captured in a survey by *Consumer Finance Monthly*, which found that women consistently exhibited greater overall stress from debt than men over a seven-year period.³⁰ Contributing factors include gender differences in financial literacy, planning, and attitudes toward using debt for different types of purchases. It was also commonly tied to women's greater household and family responsibilities.

29 "What the Latest Reports Say About Stress in America," Am. Inst. of Stress (Aug. 29, 2025), stress.org/news/what-the-latest-reports-say-about-stress-in-america.

30 Lucia F. Dunn & Ida A. Mirazie, "Gender Differences in Consumer Debt Stress: Impacts on Job Performance, Family Life and Health," 44 *J. Fam. Econ. Issues* 550 (2023), [pmc.ncbi.nlm.nih.gov/articles/PMC9514182](https://pubmed.ncbi.nlm.nih.gov/articles/PMC9514182).

Debt-stress findings illustrate that debt stress for women is an area of opportunity in which policy-makers could focus their attention. Debt-related stress is also a predictor of bankruptcy plan payment failure. The stress gap might manifest into a debtor's ability to maintain timely payment and reporting requirements.

Moving Toward a More Equitable Fresh Start

While bankruptcy is designed as a gender-neutral process for filers, the path to financial relief for debtors is rarely uniform and is paved with gendered economic realities. Data suggest that although women file for bankruptcy more frequently than men, their path to insolvency is often the culmination of compounding financial vulnerabilities over time, while men's filings are often linked to a sudden economic event. By continuing to acknowledge the precipitating factors that propel men and women into bankruptcy, evaluating each debtor's case through the totality of the circumstances and exercising judicial discretion when appropriate, both practitioners and the courts can ensure that bankruptcy remains an equitable remedy through which diverse filers can attain their "fresh start." **abi**