

# TRI-STATE DEFENDER



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## BUSINESS & ECONOMICS

### It's Your Money

By Walter Dawson

There is a plague upon our community, and its name is financial illiteracy.

Too many of our neighbors and colleagues are having their hard-earned money stripped from them, instead of being able to use that money wisely and build wealth for themselves and their families.

This loss of wealth is creating new titles for Memphis, such as "bankruptcy capital of America," and "the city with the third highest foreclosure rate in the nation."

This is not just a problem for the people who file bankruptcy and succumb to foreclosure. It's a problem for the community.

All of us—you and me—are paying higher prices each day because of this failure in our community. If a merchant suffers a loss when a customer files bankruptcy, that merchant has to raise prices for the rest of us to make up that loss.

One estimate says that a typical family in America pays more than \$400 extra a year to make up for the losses caused by bankruptcies. In Memphis, you can imagine that figure will be much higher.

The MemphisDEBT Collaborative has come together to raise the literacy level of our community. It has spent two years researching the problems and their causes.

It has found:

- People who have filed bankruptcy but deny they have, saying "I only filed wage earner." Filing the wage earner plan is indeed filing bankruptcy.
- People who think the typical bankruptcy filer is a deadbeat. That's not so. The majority of people who file are hardworkers whose lives have been interrupted by major illness, divorce or loss of jobs. That could happen to a lot of us.
- People who don't know how to set up a checking or savings account at a bank. They have no family experience with banks, so they don't even go there. That leaves them open to all sorts of neighborhood check cashers, charging higher fees than a bank would.
- People who don't understand that paying the minimum amount each month on their credit card forces them to pay so much interest that they lose wealth each month.

There are other financial problems in our community that the collaborative is addressing, such as making sure that the next generation gets an education in handling its money.

In the coming weeks, this column will be focused on both the problems and solutions for this plague.

For example, there is free help available for anyone who doesn't feel well

about their finances. The following agencies are nonprofits and offer confidential credit counseling to Memphis-area citizens:

**Memphis Consumer Credit Association**  
321-6730

**Consumer Credit Counseling Service**  
800-255-2227

**Consumer Debt Counseling**  
276-2000

*Walter Dawson, Manager, Publications for First Tennessee, is a member of the MemphisDEBT Collaborative, a group of 150 local nonprofits, governmental agencies, businesses and concerned citizens who are helping Memphians keep the money they earn. For free advice about your finances, you can call the collaborative at 507-6638. Or check out their Web site at [www.memphisdebt.org](http://www.memphisdebt.org).*