



YOUR MONEY



H&R BLOCK TO DEVELOP BANKING SERVICE

H&R Block Inc., best known for its tax preparation services, is expanding into banking. The company plans to begin offering bank accounts to customers who need them so they can take advantage of direct deposit of their tax refunds. H&R Block estimates some 3 million of its clients do not currently have bank accounts, forcing them to pay high fees for check-cashing services. AP

DATA

7 Number of years the owner of iBackups.net, one of the nation's largest Internet software piracy Web sites, has been sentenced to serve in prison. Nathan Peterson, 27, of Los Angeles, sold copyrighted products at a huge discount on his site, which was shut down by the FBI in February 2005. AP

EDITED BY KATY WEBER
katy.weber@metro.us

Teaching Bankruptcy 101 CARE shows students how to increase their financial IQ

WHEN THE HONORABLE John C. Ninfo II of the Bankruptcy Committee for the Second Circuit of the Western District of New York began seeing large numbers of young people declaring bankruptcy during the late '90s, he became alarmed.

"My interviews with thousands of bankrupts made it clear to me that financial literacy education was not being taught in the schools and certainly not in most homes. To me that says that most Americans don't understand financial personal finances and the true cost of consumer credit, so how can they possibly teach it to their children?"

“The consumer credit and services industries will take advantage of you every day in as many ways as possible as often as possible.”

JUDGE JOHN C. NINFO II

Judge Ninfo decided he had to do something to help these young people, so in 2002 he created the Credit Abuse Resistance Education program. Ninfo enlisted other members of the bankruptcy community — judges, trustees, private attorneys and court staff members — to form a financial literacy education initiative among the bankruptcy community. CARE is directed especially toward young people, with the hopes of increasing

their financial IQ.

Today, CARE has a presence in 32 states. It targets high school seniors and college freshman, those most at risk for naively getting into credit card debt. The program has volunteer speakers from the bankruptcy community working with high school and college educators to help teach students lessons, tactics and techniques that will help them avoid credit card debt in the

future and the serious consequences of bankruptcy.

"Bankruptcy is designed to give honest but unfortunate debtors a fresh start by giving them a partial or complete discharge from their debts," Ninfo says. "Nevertheless, bankruptcy will stay on your credit report for up to 10 years, and seriously affects any future credit that you may get, including the rates that you will pay for any such credit."

Nin角度 believes the best ways to avoid bankruptcy is to avoid as much debt as possible.

"We know that the average college student graduates with \$3,000 of credit card

debt and \$20,000 of student loan debt," he says. "If you're a college student, minimize your student loan debt. Far too much of student loan debt is lifestyle debt, like living off campus and so forth."

According to Ninfo, it doesn't look like young people have slowed down on accumulating debt. "Bankruptcies increased by 96 percent in the 1990s among young people between 18 and 24 years old. These young people were not experiencing job loss, medical problems or divorce, as much as they were faced with overwhelming financial problems because of excessive credit card debt and student loan

debt. There is nothing that I have seen in my court since 2000 that indicates that this group is filing less frequently, but the courts don't keep these statistics."

Nin角度 says CARE is focusing on increasing its presence in more states nationwide and partnering with other financial literacy education initiatives to help people look out for their own futures.

"The consumer credit and services industries will take advantage of you every day in as many ways as possible as often as possible," he says. "And no one cares — not the government or anyone else."

WAFA R. MUSITIEF