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Indiana Institute for Working Families Calls on Indiana's Elected Leaders to Shield Hoosier Families from Poverty & Predatory Loans

Indianapolis – As Hoosier families strive to recover from job losses, cuts to their hours, or the need to drop out of the workforce to provide care for loved ones, Indiana's leaders must step up to provide relief and protection.

"The Institute for Working Families has heard from thousands of Hoosiers over the past few months. Recently, we've been hearing a consistent refrain: without support – and soon – many households face impossible choices about how to meet their basic needs," said Jessica Fraser, Director of Indiana Institute for Working Families. "For some, dire financial straits have already led to increased debt, default, and an inability to meet basic needs."

The Institute has been surveying thousands of Hoosiers across the state and finds many are reporting concerns about their ability to keep up with their expenses. "Our savings will run out in a bout a month and I don't know how we'll pay all the bills," one Hoosier said in response to a survey question about financial well-being. "Spouse can't find a job. I work full time but don't make enough for the four of us," another reported. "Where is the help?" asked a third.

At the federal level, legislators must pull together a relief package to shore up households that are struggling. Stimulus payments, extended unemployment benefits, paid leave, and increased support for housing, food, utilities, and broadband would go a long way toward preventing hardship and allowing Hoosiers to rebound more quickly.

Because support has been slow to arrive, families are falling behind and turning to debt to fill the void. Now, thanks to a new rule finalized by the Office of the Comptroller of the Currency (OCC), they will likely face **emboldened predatory lenders that can undermine Indiana's interest rate caps**. In late October, the OCC issued a so-called "true lender" rule that will facilitate "rent-a-bank" schemes where non-bank lenders can issue loans in excess of Indiana's interest rate limitations so long as a bank is named as the lender in the origination documents. And last week, the Consumer Financial Protection Bureau finalized **a rule allowing debt collectors to contact borrowers by email, text, and social media direct messaging** in addition to phone calls. The Indiana Congressional delegation must revisit these rules and establish a national usury limit, providing greater protection to Hoosiers who fall behind.

At the same time, legislators in our statehouse can play an important role in protecting families that fall behind on bills. **A new report from the National Consumer Law Center gives Indiana a "D" grade** because its laws fail to meet basic standards so that debtors can continue to work productively to support themselves and their families. [No Fresh Start 2020: Will States Let Debt Collectors Push Families into Poverty in the Wake of a Pandemic?](#) surveys the exemption laws of the 50 states, the District of Columbia (D.C.), Puerto Rico, and the Virgin Islands that protect wages, assets in a bank account, and property from seizure by creditors. One of the key recommendations is to adjust wage garnishment protections. Indiana currently protects \$217.50/week (30 times the minimum wage). Increasing that protection to 200% of the federal poverty level would make it responsive to family size and allow families to meet their basic needs. By doing so, Indiana could prevent over-aggressive debt collectors from reducing families to poverty, keep more workers in the workforce, help families stay together, and reduce the demand for social services. Both creditors and society at large benefit when consumers have the financial resources to improve their earning power and meet their new and old obligations in an orderly manner.

The Indiana Institute for Working Families, a program of the Indiana Community Action Association, engages in research and promotes public policy to help more Hoosiers achieve and maintain financial well-being.

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