

Misperceptions and Ordeals in Consumer Bankruptcy*

Samuel Antill[†]

Eleanor Jenke[‡]

Raymond Kluender[§]

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Abstract

Chapter 7 bankruptcy offers generous debt relief. The average filer discharges \$115,000 of debt, and only 7% of filers forfeit any assets. Even so, most eligible debtors never file. We show that prospective filers systematically underestimate bankruptcy’s financial benefits, amplifying the deterrent effects of small filing barriers. We analyze a novel dataset of 29,686 debtors who have completed their bankruptcy paperwork. Only 49% ultimately file, and nonfilers forgo an average of \$41,335 of debt relief. We show that one small barrier, the modest \$338 filing fee, meaningfully deters filings. In a regression discontinuity at the income threshold for fee waiver eligibility, the fee reduces filings by 11.3 percentage points (22% of the mean). This sensitivity is difficult to explain with rational models, as RD estimates are similar for debtors with varying financial benefits and liquid assets. In a survey of high-debt individuals, we find that misperceptions can explain this pattern. Respondents underestimate bankruptcy’s generosity and overestimate its damage to their credit score. Correcting these misperceptions in a randomized information provision experiment causes participants to take action toward filing for bankruptcy.

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[†]Finance Unit, Harvard Business School (email: santill@hbs.edu)

[‡]Economics Department, Harvard University (email: ejenke@hbs.edu)

[§]Entrepreneurial Management Unit, Harvard Business School and NBER (email: rkluender@hbs.edu).

1 Introduction

Chapter 7 of the US bankruptcy code offers debtors a uniquely generous “fresh start.” Chapter 7 filers discharge \$115,000 of debt on average, and only 7% are required to surrender personal assets to repay creditors (US Courts, 2023). Despite these generous terms, only 0.1% of US adults file each year.¹ Given that 47% of US adults experience daily stress about their debts,² why do so few file for bankruptcy?

In this paper, we provide a novel explanation for this puzzle: debtors substantially underestimate the generosity of Chapter 7 and overestimate the negative credit-score consequences of filing. These misperceptions amplify the barriers embedded in the bankruptcy code that deter filing. As a result, debt relief is misallocated toward individuals who understand the system and can afford its fees, rather than those who would benefit most.

To support this explanation, we combine evidence from two settings: a new dataset of prospective bankruptcy filers and a randomized information provision experiment of high-debt individuals. Our dataset reveals that even highly motivated debtors, who met the screening criteria and completed *all* necessary filing forms to file Chapter 7, are easily deterred by small ordeals: only 49% eventually file, and the \$338 filing fee causally reduces filings by 11.3 percentage points (22% of the baseline filing rate). To understand this extraordinary sensitivity to filing barriers, we field a survey of high-debt individuals. Our survey reveals that debtors’ concerns about bankruptcy center on financial consequences: their primary worries are failing to discharge their debts, losing assets, and damaging their future access to credit. We document that all three concerns reflect systematic misperceptions. Respondents are incorrectly pessimistic about the financial consequences experienced by actual Chapter 7 filers. Randomly providing corrective information causes individuals to take real-world actions toward filing for bankruptcy. Thus, misperceptions amplify the impact of filing barriers.

We begin by studying a novel dataset of 29,686 prospective bankruptcy filers from Upsolve, a nonprofit that provides free software to prepare Chapter 7 filings. Upsolve users have discharged

¹In the 12 months preceding June 2025, 320,007 individuals filed for Chapter 7 bankruptcy. See <https://www.uscourts.gov/data-news/data-tables/2025/06/30/bankruptcy-filings/f-2>. The U.S. adult population at the same time was roughly 268 million, see <https://www.census.gov/quickfacts/fact/table/US/PST040225#PST040225>.

²See <https://www.cbsnews.com/news/nearly-50-of-borrowers-stress-about-debts-daily-what-to-do-about-yours-now/>. The *average* household below the poverty line has over \$28,000 in dischargeable debt. See Table 4 at <https://www.census.gov/data/tables/2022/demo/wealth/wealth-asset-ownership.html>.

\$1.09 billion of debt since 2018 (Upsolve, 2026) and accounted for 16% of all *pro se* filers since 2021.³ Relative to existing sources, these data offer three key advantages. First, we observe *complete* Chapter 7 petitions for both 14,593 filers and 15,093 *prospective filers who did not file*, providing a unique view of deterred individuals. Second, Upsolve users are highly likely to benefit from bankruptcy: users are screened for eligibility and fit, so the average user could discharge \$45,322 in debt. Third, the questionnaire captures unusually detailed information on debts, assets, income, and expenses. Through a partnership with Upsolve, we augment these data with a survey on users' financial circumstances and reasons for considering bankruptcy.

Why do 51% of Upsolve users never file? We show that even these motivated debtors are deterred by small ordeals. Filers with incomes above 150% of the Federal Poverty Level (FPL) must pay a \$338 filing fee, while those below are eligible for a waiver.⁴ We exploit this eligibility threshold in an instrumental variables–regression discontinuity (IV-RD) design to identify the causal effect of the fee on filing rates. The fee reduces filings by 11.3 percentage points (22%), with a *p*-value below 0.001. The specification has a strong first stage: individuals below the cutoff are 88 percentage points less likely to pay the fee. We find no evidence of bunching or differences in filers' characteristics around the threshold, and the estimates are robust to the choice of controls, bandwidth, kernel weights, and functional form. Estimates are larger at narrower bandwidths, providing further support for the exclusion restriction assumption.

Subsample tests do not support two obvious explanations for this result. First, the filing fee could serve as an effective screen by deterring marginal filers with lower financial benefits from filing. This rational explanation would imply smaller RD estimates among individuals with higher financial benefits. We find the opposite: debtors with an above-median financial benefit of filing have RD estimates 92% larger than below-median debtors, though both are significant at the 1% level. Second, individuals deterred by the fee may place an extraordinarily high value on preserving liquidity. While liquidity is evidently an important consideration for prospective filers (Gross et al., 2014; Argyle et al., 2021; Indarte, 2023), it cannot explain our results on its own. The RD estimates are remarkably similar among individuals with high and low liquid assets, and RD estimates for both groups are significant with *p*-values below 0.001. While this result is particularly surprising, it

³A *pro se* filer is one who forgoes hiring a lawyer. Between the third quarter of 2021 and the first quarter of 2026, there were 89,067 *pro se* FJC filings, with 14,519 of them being from Upsolve.

⁴Debtors subject to the fee can elect to pay in installments over 120 days after the filing date (US Courts, 2024a).

likely reflects the ability of filers to pay the fee in installments and the small size of the fee relative to income and the cost of servicing outstanding debt.⁵ Taken together, these rational explanations appear insufficient: some additional reluctance toward filing is needed to explain the outsized effect of this small ordeal.

We argue that this reluctance stems from misperceptions about bankruptcy. In the second part of the paper, we explore debtors’ concerns and beliefs about filing by partnering with a credit reporting agency to survey 245 high-debt individuals who could benefit from bankruptcy. We first ask participants directly what concerns would deter them from filing. Contrary to conventional wisdom and earlier work (Gross and Souleles, 2002; Athreya, 2004), only 5% of individuals cite stigma as a primary deterrent. Instead, 46% worry that a bankruptcy will either fail to erase debt or require them to surrender assets. Another 29% are primarily concerned that filing will impair their future access to credit.

We show that these stated concerns reflect large misperceptions. Official court records reveal that Chapter 7 filers fare far better than these concerns would suggest: 96% discharge all eligible debt, only 7% surrender assets, and the average filer’s credit score increases by 80 points in the year after filing (Jagtiani and Li, 2015). When we elicit participants’ beliefs about these outcomes, we confirm that they are systematically too pessimistic. The median respondent underestimates the discharge rate by 46 percentage points, overestimates the rate of asset surrender by 43 percentage points, and expects a 33 point credit score decline rather than an 80 point increase. Thus, respondents’ top concerns about filing reflect misperceptions rather than accurate assessments of bankruptcy’s financial consequences.

Next, in a preregistered randomized controlled trial (RCT), we provide causal evidence that these misperceptions deter filings. After measuring bankruptcy knowledge, we randomly assign participants to one of four groups. A control group receives a placebo fact about labor markets. A “credit access” group learns the true average impact of filing on credit scores (Jagtiani and Li, 2015). A “net worth” group learns the true share of filers who successfully discharge debts and the share who surrender assets. A “combined” group learns all of the bankruptcy facts mentioned above.

⁵58% of filers subject to the fee choose the installment option. Waiver-ineligible non-filers are servicing an average of \$72,830 of debt.

We find that correcting misperceptions increases interest in filing. At the end of our survey, treated participants are 14 to 25 percentage points more likely to report willingness to consider bankruptcy in the next year (57% to 102% of the control-group mean). Approximately 13% of treated participants click on a link to bankruptcy information at the end of the survey. Finally, we use an incentive-compatible mechanism to measure willingness to pay for bankruptcy information: participants enter a lottery and choose whether they prefer a lottery prize of \$30 or a prize involving further information about bankruptcy. Our treatment increases willingness to pay for bankruptcy information (i.e., willingness to forgo \$30) by 16 percentage points (76%). The net worth treatment is more impactful than the credit access treatment.

A follow-up survey administered two months after the initial survey shows that these effects persist. Treatment persistently reduces misperceptions and increases interest in bankruptcy. Notably, the net worth treatment has a statistically significant effect on real-world action: treated participants are more likely to have formed a plan to file or begun filling out bankruptcy forms.

In sum, our results demonstrate that negative misperceptions about bankruptcy amplify the deterrent effect of small ordeals, preventing filings. These novel findings carry direct implications for policy makers. For any fixed amount of debt forgiveness the system offers, misperceptions reduce welfare by distorting the allocation of debt relief, directing it toward those who understand bankruptcy rather than those who would benefit most. While simply increasing filing rates through information provision could backfire, as filers impose negative externalities on nonfilers by raising credit costs, an alternative policy could improve the *allocation* of debt relief by simultaneously correcting misperceptions and reducing bankruptcy generosity. This role of misperceptions in shaping allocations could affect the efficacy of recent proposed congressional bills, such as the 2022 Consumer Bankruptcy Reform Act, that aim to increase access to consumer bankruptcy.

Contributions to the Literature. Our finding—that misperceptions amplify ordeals to deter bankruptcy filing—brings novel evidence to three literatures.

First, we contribute to the literature on the consumer bankruptcy filing decision. [White \(1998\)](#) estimates that 15% of households would increase their net worth by filing. This finding has motivated a body of work that aims to explain why so few of these households file. Early work cites stigma ([Brinig and Buckley, 1998](#); [Gross and Souleles, 2002](#); [Fay et al., 2002](#); [Athreya, 2004](#)) and

a desire to retain the option to file later (White, 1998; Zhu et al., 2019) as deterrents. Our survey respondents report worrying less about these concerns than about the financial consequences of bankruptcy. Stigma could nonetheless contribute to misperceptions by causing debtors to underinvest in learning about bankruptcy through, for example, the “ostrich effect” (Olafsson and Pagel, 2025). Other papers in this literature argue that the risk of asset forfeiture, often studied through the lens of asset exemptions (e.g., Gropp et al., 1997; Mahoney, 2015; Severino et al., 2026), discourages filings. Macroeconomic models of consumer bankruptcy focus on the role of future credit access (Athreya, 2002; Livshits et al., 2007; Chatterjee et al., 2007; Athreya et al., 2012), as does the empirical literature on post-bankruptcy borrowing (Musto, 2004; Han and Li, 2011). Our survey confirms that debtors worry about future credit access and asset forfeiture, but shows that they systematically misperceive these financial consequences as they pertain to Chapter 7 filers. Our filing-fee RD results confirm a pivotal role for liquidity constraints (Gross et al., 2014; Argyle et al., 2021; Indarte, 2023), but the deterrent effect of the filing fee persists even for those with above-median liquid assets and large financial benefits of filing, implying that liquidity constraints on their own are insufficient. Our RCT results, which document the presence of large misperceptions and show that correcting them leads to increased interest in filing, can reconcile these complementary stories. Misperceptions also provide a mechanism explaining the effects of lawyer advertising (Lee, 2023) and imply that the “non-monetary and/or non-immediate” costs of filing posited by Indarte (2023) could instead reflect misperceived monetary costs.

Second, we contribute to the broader literature on how program design affects take-up and the targeting of social-insurance policies. Consumer bankruptcy is an unusual but high-stakes form of social insurance, with costs borne by other borrowers rather than taxpayers (Gross et al., 2021) and access restricted by ordeals such as the means test, mandatory education courses, and upfront filing costs. The canonical argument for such ordeals is that they improve targeting by inducing self-selection among potential beneficiaries (Nichols and Zeckhauser, 1982; Kleven and Kopczuk, 2011). Rafkin et al. (2024) estimate that this self-targeting generates net social benefits across major US transfer programs. Empirical evidence is otherwise mixed. Finkelstein and Notowidigdo (2019) find that marginal SNAP enrollees brought in by informational outreach have smaller benefits than infra-marginal enrollees, and Shepard and Wagner (2023) show that removing ordeals in health insurance brings in higher-cost enrollees. In contrast, information and assistance bring in higher-

value participants in college financial aid (Bettinger et al., 2012), the Earned Income Tax Credit (Bhargava and Manoli, 2015; Linos et al., 2022), disability insurance (Deshpande and Li, 2019), and retirement savings (Goda, 2024). The 2005 bankruptcy reform (BAPCPA) increased the costs and ordeals involved in filing in an effort to deter “abusive” filers. Consistent with broader disagreement over the targeting value of bankruptcy ordeals, structural models reach mixed conclusions about the 2005 bankruptcy reform: Chatterjee et al. (2007) find large welfare gains from introducing means testing, Li and Sarte (2006) find that means testing would not improve upon existing bankruptcy provisions, and Mitman (2016) finds that BAPCPA reduced bankruptcy but increased foreclosures when house prices fell and generated only modest welfare gains. Empirically, Gross et al. (2021) find that the reform sharply reduced filings without meaningfully changing the income distribution of filers. We contribute to this literature with causal evidence on a small but representative ordeal. We find that the \$338 filing fee substantially reduces filings, with no targeting benefit—if anything, it appears to more strongly deter debtors with the largest financial benefits and fewest assets. Our companion evidence on debtor misperceptions provides the mechanism: when debtors misperceive the private value of filing, even small ordeals are disconnected from their self-targeting function and instead target on knowledge of the policy.

Third, we contribute to a growing literature documenting that consumer financial decisions reflect inaccurate beliefs and non-rational expectations about future outcomes. For example, beliefs about inflation shape spending (D’Acunto et al., 2021, 2022), misperceived interest costs shape borrowing (Stango and Zinman, 2009), beliefs about student loan forgiveness shape repayment (Kousta et al., 2026), and deviations from full-information rational expectations shape consumption decisions (Indarte et al., 2026). While Bernstein et al. (2023) document inaccurate beliefs among small-business owners considering corporate bankruptcy, and Antill and Hunter (2026) show that consumers underestimate corporate-bankruptcy survival rates, no analogous evidence exists for consumer bankruptcy. We provide that evidence by directly measuring high-debt non-filers’ beliefs about Chapter 7 outcomes and showing in a preregistered experiment that correcting them causally shifts behavior toward filing.

2 Setting

U.S. Chapter 7. The U.S. bankruptcy code provides two paths to personal debt relief. Chapter 7, the “fresh start” option and focus of this paper, accounts for 58% of consumer bankruptcies (US Courts, 2023). Under Chapter 7, filers discharge eligible debts, forfeit non-exempt assets to creditors, and retain all of their post-bankruptcy income. By contrast, Chapter 13 filers retain their assets but must pay all their disposable income to creditors under a court-approved repayment plan for up to five years. Only about half successfully complete their repayment plan (Argyle et al., 2025). Eligible debts typically include credit card debt, medical debt, utility bills, auto loans, personal loans, and payday loans. Student loans, recent income taxes, and domestic support obligations are typically non-dischargeable, and secured debts are not discharged if the underlying collateral is retained. Asset exemptions, specified both federally and by state, protect certain assets from forfeiture. The most important are the homestead exemption, which covers the filer’s primary residence, the motor vehicle exemption, and the “wildcard” that covers some otherwise non-exempt property.⁶

These provisions make Chapter 7 an unusually generous form of debt relief. Among consumer Chapter 7 filers, 96% obtain a discharge and only 7% surrender any assets to the trustee (Antill, 2024). The average filer discharges \$115,000 of debt (US Courts, 2023) and, as a result, sees their credit score rise by 80 points in the year after filing (Jagtiani and Li, 2015).

Access to filing Chapter 7 is governed by the 2005 Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA), which was passed to “protect those who legitimately need help” while stopping “those who try to commit fraud” (Bush, 2005). BAPCPA imposed several new ordeals debtors must navigate in order to file. While BAPCPA persistently reduced the filing rate by 50%, it is unclear whether it achieved its aims of improving the targeting of debt relief (Gross et al., 2021).

Ordeals and the Filing Process. In order to file, a prospective filer must first pass the “means test,” which prohibits high-income individuals from filing for Chapter 7. Next, the filer must complete the required forms, which include: (1) a voluntary petition which initiates the bankruptcy

⁶Appendix Table A.1 lists the set of federal exemptions. We focus on non-homeowning debtors, for whom Chapter 7 is extremely likely to be the best option, in both the Upsolve data and survey experiment.

filing; (2) schedules of assets, liabilities, income, and expenses; (3) a statement of financial affairs which covers any legal proceedings, property transfers, and other relevant financial activities; and (4) a statement of current monthly income used to confirm eligibility under the means test (US Courts, 2024c). Third, the filer must pay the upfront costs of filing: (1) approximately \$20 for a mandatory pre-filing credit counseling course,⁷ (2) the court fee of \$338, and (3) attorney fees of approximately \$2,000 if the debtor chooses to hire an attorney (O’Neill, 2023). The Chapter 7 court fee is constant throughout our study period and was last adjusted in December 2020, increasing from \$335 to \$338 (Rao, 2020). Attorney fees must be paid upfront for Chapter 7 filings, while they can be amortized in the repayment plan for Chapter 13. Most filers work with an attorney, but 6.5% of filers file *pro se* (i.e., on one’s own behalf) (Federal Judicial Center, 2024).

The Filing Fee Waiver. Filers with incomes below 150% of the Federal Poverty Level (FPL) (\$23,940 for a single household in 2026) are eligible to apply for a court fee waiver (US Courts, 2024b). Filers ineligible for the fee waiver may request to pay the \$338 fee in up to four installments. The last installment must be paid within 120 days of the filing date (US Courts, 2024a).

3 Ordeals: Evidence from a Bankruptcy Filing Tool

3.1 Upsolve

We partner with Upsolve, a 501(c)(3) nonprofit organization that provides free online resources to help debtors in the United States understand their debt relief options, dispute or negotiate their debt, or file for personal bankruptcy. Most users arrive at Upsolve’s website through web searches that lead them to their online resources, which include attorney-written articles on debt- and bankruptcy-related topics such as asset exemptions, debt collection practices, and wage garnishment.

Upsolve provides a “TurboTax for bankruptcy” tool that helps qualified users prepare their Chapter 7 bankruptcy filing forms without incurring the cost of an attorney. Access to the appli-

⁷BAPCPA requires filers to complete a pre-filing credit counseling course and a post-filing debtor education course. These courses cost approximately \$15 to \$25 each and are typically offered online through private providers. Federal law requires course providers to offer fee waivers or reductions for filers with incomes below 150% of the FPL. These course fee waivers introduce an additional discontinuity in upfront filing costs at 150% of the FPL; however, we do not observe whether filers apply for or receive these waivers.

ation is limited to debtors with comparatively simple bankruptcy cases, excluding debtors who own homes, plan to file jointly with a spouse, or are involved in personal injury lawsuits. The tool also does not serve users with high incomes that are likely to fail the means test. Upsolve instead connects these users with a bankruptcy attorney in their area. The application auto-populates users’ Chapter 7 paperwork using their responses to a detailed questionnaire that covers sources of income, secured and unsecured debts, real and personal assets, expenses, and household characteristics.⁸ At the end of the questionnaire, the application automatically assesses users’ eligibility for the fee waiver and helps users complete the filing fee waiver application form. Upsolve users have discharged \$1.09 billion of debt since 2018 (Upsolve, 2026).

Upsolve offers a valuable setting to study the bankruptcy filing decision. We observe all components of 29,686 users’ filing forms, including asset and liability-level information. We also observe their demographics and motivations for filing, as measured in an intake survey. While all users in our sample completed their filing paperwork, only 14,593 (49%) ultimately filed, allowing us to compare filers and non-filers. We observe the same detailed information for both sets of users and can thus explore a large set of observable factors that influence the filing decision. Further, 10,404 users (35%) have incomes within 48.5 percentage points (the MSE-optimal bandwidth in our preferred specification) of the fee waiver eligibility threshold (150% FPL), which provides ample power for our regression discontinuity (RD) design. Upsolve filers comprise 16% of *pro se* Chapter 7 filers over our sample period (see Appendix Table A.2 and Appendix Figure A.1).

3.2 Data

We obtained deidentified data on 29,686 users who completed the bankruptcy filing forms using Upsolve’s application between September 2021 and March 2026. We observe each field required to complete the forms including income, expenses, account-level assets and debts, and household structure. We also observe responses to an intake survey that asks users about: (i) their motivations for considering bankruptcy, (ii) the other actions they have taken to improve their financial situation, (iii) whether they would file in the absence of Upsolve, and (iv) basic demographic questions.⁹ Upsolve tracks whether users applied for a fee waiver, whether they ultimately filed for

⁸To assist users with filling out the questionnaire, Upsolve pulls their most recent credit report and pre-populates some fields.

⁹In an effort to simplify their questionnaire, Upsolve stopped administering this survey in July 2025.

bankruptcy, and whether filers received a discharge.¹⁰

Table 1 presents Upsolve user characteristics. The average Upsolve user is 42 years old, female (62.4%), and unmarried (78.2%). Nearly half (45.7%) have dependents and 30.1% receive some form of government benefits. Upsolve users are more likely to be Black (30.4%) than the national population. Filers tend to be older and are less likely to be married or have dependents. They are also more likely to receive government benefits. As shown in Appendix Table A.3, the most commonly cited reasons for considering bankruptcy are falling behind on bills (64.1%), irresponsible spending (37.4%), job loss (36.9%), and medical bills (24.1%).

Appendix Table A.2 compares the Upsolve sample to all Chapter 7 and Chapter 13 personal bankruptcy filers in the Federal Judicial Center (FJC) Integrated Database, which records all bankruptcy filings in the United States, during our sample period. Upsolve users have significantly lower monthly income (\$2,076 vs. \$3,841) and assets (\$13,413 vs. \$91,168) on average than Chapter 7 filers overall (see Appendix Figure A.2 for a comparison of the income distributions). Upsolve users have less debt overall (\$76,160 vs. \$132,589) than typical Chapter 7 filers, but this difference is driven entirely by secured debt such as mortgages. Upsolve users have as much unsecured non-priority debt, which is the most easily dischargeable debt in bankruptcy, as typical Chapter 7 filers (\$63,516 vs. \$68,836). Compared to typical Chapter 7 filers, Upsolve filers are much more likely to apply for a fee waiver (57.6% of Upsolve filers applied for a waiver, while only 4.1% of all Chapter 7 filers received a waiver).

Prospective filers face extreme financial hardship. The average Upsolve user has \$76,160 in total debt, of which \$45,322 is likely dischargeable through bankruptcy. In other words, by filing for bankruptcy, the average Upsolve user could discharge an amount of debt equal to over two years of their income. Appendix Tables A.4 and A.5 provide more detailed breakdowns of Upsolve users' assets and liabilities, including an overview of available exemptions and debt dischargeability.

¹⁰We do not observe whether users ultimately received a filing fee waiver, or whether they applied for or received fee waivers for the pre-filing credit counseling or post-filing debtor education courses. Some providers automatically waive these fees if the US Bankruptcy Court waived the debtor's filing fee, while others require eligible debtors to complete a form requesting a fee waiver.

3.3 Empirical Framework

We use an RD design to estimate the causal effect of the \$338 filing fee on the decision to file for bankruptcy. Our design exploits the threshold for fee waiver eligibility—income equal to 150% of the FPL. At this threshold, we estimate the discontinuity in applications for the fee waiver (and thus exposure to the filing fee). The running variable (income as a percentage of the FPL) is recorded when Upsolve evaluates the prospective filer’s eligibility for the fee waiver, and users are notified of their eligibility after completing the questionnaire. Applying for the fee waiver is optional, but Upsolve automatically screens users for eligibility and 95% of eligible users complete the paperwork to apply. For a small number of users, eligibility can change (e.g., if they wait to file and their income shifts above or below the threshold). To account for this imperfect compliance, we use a “fuzzy RD design”: we instrument for fee waiver applications using an indicator for whether the user’s reported income falls below 150% of the FPL.

We estimate a two-stage least squares regression with the following first and second stage equations:

$$W_i = \alpha_0 + \alpha_1 E_i + \alpha_2 (FPL_i - 150) + \alpha_3 E_i \times (FPL_i - 150) + \alpha_4 X_i + \gamma_s + \delta_t + \varepsilon_i \quad (1)$$

$$F_i = \beta_0 + \beta_1 \hat{W}_i + \beta_2 (FPL_i - 150) + \beta_3 E_i \times (FPL_i - 150) + \beta_4 X_i + \gamma_s + \delta_t + \varepsilon_i. \quad (2)$$

In these equations, i indexes users, FPL_i is income as a percentage of FPL, E_i is an indicator for waiver eligibility (determined by $\mathbf{1}[FPL_i < 150]$), and W_i is an indicator for fee waiver application. Our outcome variable is F_i , an indicator for filing for bankruptcy. The running variable, $(FPL_i - 150)$, represents the percentage-point distance from the 150% eligibility threshold. The vector X_i contains controls for user characteristics. We include year-month fixed effects (δ_t) and state fixed effects (γ_s). Our coefficient of interest is β_1 , the effect of receiving the fee waiver (\hat{W}_i) on filing (F_i).

Our baseline specification assumes linear relationships above and below the threshold and uses uniform kernel weights. We control for the number of days the user spent on the questionnaire, the log of each category of debt, and the log of each category of assets. We use the mean squared error

(MSE) optimal bandwidth, based on the algorithm from [Calonico et al. \(2020\)](#), which we calculate as 48.5 percentage points (101.5-198.5% FPL) under this specification and set of controls.

Our identifying assumption is that, absent the discontinuity in fee waiver eligibility, the filing rate and any relevant factors for the filing decision would trend smoothly through the discontinuity. We show three tests that support this assumption. First, we present the [McCrary \(2008\)](#) and [Cattaneo et al. \(2020\)](#) tests for manipulation of the running variable, which could suggest selection into eligibility for the fee waiver. We find no evidence of bunching around the threshold, which is visually evident in [Figure 1](#) and confirmed by the tests presented in [Appendix Figure A.3](#). We also assess whether covariates trend smoothly through the discontinuity by estimating equations (1) and (2) with each of the covariates listed above as the dependent variable. These results are shown in [Appendix Table A.6](#). None of the covariates have statistically significant discontinuities at the threshold.

In [Table 2](#) we sequentially add the controls for state and year-month fixed effects, debt, and assets, controlling for questionnaire completion time in all specifications (our baseline specification in column (4) includes all controls). In [Appendix Table A.7](#), we also show robustness to alternate RD specifications. To evaluate the bias-variance tradeoff, we vary the bandwidth from 10 to 150 percentage points and apply triangular kernel weights, which are inversely proportional to the distance from the threshold. This bandwidth range includes the mean squared error (MSE) optimal bandwidth, based on the algorithm from [Calonico et al. \(2020\)](#), which we calculate as 48.5 and 35.5 percentage points when using uniform and triangular kernels, respectively. The results are remarkably stable and stronger for narrower bandwidths, providing further evidence that the exclusion restriction holds.

3.4 Results

Effects of the Filing Fee. [Figure 1](#) presents the first- and second-stage estimates from our baseline RD specification. Panel A presents the distribution of income, with the colors of the bars indicating who opted to apply for a fee waiver (red), apply to pay the fee in installments (blue), or pay the fee in full (green). Panel B plots the first-stage effect of income on application for the filing fee waiver, as estimated in equation (1). Users just below the threshold are 88.3 percentage points more likely to apply for the fee waiver than those just above the threshold. The majority of

waiver-ineligible filers within the MSE-optimal bandwidth apply to pay the filing fee in installments rather than upfront (65%), which provides a partial remediation of the liquidity barrier to filing for those above the threshold. As a result, we will understate the impacts of the \$338 filing fee on the filing rate relative to a world in which the fee must be paid in full by everyone who does not receive a waiver.

Panel C of Figure 1 presents the second-stage estimates of the fee waiver on bankruptcy filing, as estimated in equation (2). We observe a positive relationship between income and filing both above and below the fee waiver eligibility threshold, and a clear discontinuity in filing at threshold. The \$338 filing fee significantly reduces the likelihood of filing by 11.3 percentage points (22%, p -value < 0.001), revealing an extraordinary degree of sensitivity to the financial barriers prospective filers face in order to obtain debt relief. Non-filers above the eligibility threshold within the bandwidth forgo \$42,363 of debt relief on average. This sensitivity would be difficult to generate in any theoretical model that does not include extreme binding liquidity constraints, perceived non-financial costs, or misperceptions of the financial consequences of filing.

Our results are broadly robust to alternative specifications. Table 2 presents how our results change when we incrementally add state and year-month fixed effects and controls for debt and assets (our baseline specification in column (4) includes the full set of controls). The RD estimate remains significant at the 1% level, varying from 11.0 to 11.3 percentage points across specifications. In Appendix Figure A.4, we vary the bandwidth from 10 to 150 percentage points and test triangular kernel weights. Under both kernels, the RD estimate holds steady between 8 and 12 percentage points until the bandwidth falls below 20 percentage points, after which the small sample size introduces noise. The 95% confidence interval around the estimate predictably widens with narrower bandwidths. The RD estimate remains significant at the 5% level up to a 15 percentage-point bandwidth in the uniform kernel specification and up to a 20 percentage-point bandwidth in the triangular kernel specification. Our estimate remains robust at the MSE-optimal bandwidth under both kernels.¹¹

Who Does the Filing Fee Prevent from Filing? The filing fee causally reduces the filing rate by 11.3 percentage points, despite amounting to less than 1% of the average potential debt discharge

¹¹Detailed regression output and RD plots are shown for selected bandwidths (149, 100, 75, and 50 percentage-point and MSE-optimal) in Appendix Table A.7 and Appendix Figure A.5.

in our sample. The filing fee is thus a meaningful barrier to bankruptcy access for many potential filers. We now analyze whether this barrier improves the targeting efficiency of bankruptcy. In the targeting literature, the efficiency of a barrier is typically assessed by characterizing the compliers who are deterred by the barrier (Kleven and Kopczuk, 2011). We implement this standard approach by estimating the characteristics of the compliers who file if and only if they receive a fee waiver.

The magnitudes of our RD treatment effect estimates (β_1 in equation (2)) capture the extent to which the filing fee deters filings. If the treatment effect is larger for some populations, that suggests that fee waivers are a more significant deterrent for that population. Accordingly, if the treatment effect is larger in subsamples of debtors who the bankruptcy code is designed to help (and smaller in subsamples of debtors who may be more opportunistic), that suggests that the filing fee might be increasing Type I errors (i.e., screening out debtors the bankruptcy code is designed to help). We implement subsample RDs for a given binary variable X by estimating our main RD specification separately for the subsample in which $X = 1$ and the subsample in which $X = 0$. We control for only state and year-month fixed effects and questionnaire completion time, aligning with the specification in column (1) of Table 2.

Table 3 presents the subsample RD estimates (corresponding figures can be found in Appendix Figure A.6). Filing fees are a larger deterrent for debtors with more to gain from bankruptcy: the RD estimate is 7.3 percentage points larger for those with an above-median financial benefit of filing and 8.0 percentage points larger for those with over \$50,000 of debt. Prospective filers with these characteristics are exactly the population that the “fresh start” of Chapter 7 is designed to serve. This pattern is echoed in the cross-sectional relationship between the financial benefit of filing and the filing decision. A 10% increase in the financial benefit is associated with only a 0.7-percentage-point higher probability of filing, two orders of magnitude smaller per dollar than the response to the filing fee (see Appendix Figure A.7).

In contrast, the filing fee deters debtors with high and low liquid assets at similar rates: the RD estimate is 11.4 percentage points for debtors with less than \$200 in liquid assets and 11.1 percentage points for those with more. This is a particularly striking result given that liquidity is evidently an important consideration for prospective filers (Gross et al., 2014; Indarte, 2023). That liquidity is insufficient on its own to explain the result likely reflects the ability of filers to pay the fee in installments and the small size of the fee relative to income and the cost of servicing

outstanding debt.

Taken together, these results imply that the filing fee has poor targeting properties. The filing fee does not marginally deter less-deserving filers and, if anything, seems to deter the most vulnerable debtors with the most to gain from filing. The standard explanations in the long literature on the consumer bankruptcy filing decision also have difficulty explaining why such a large share of Upsolve users, who have already been screened as good fits for Chapter 7, fail to follow through on filing *after* completing all of the requisite filing paperwork. Asset forfeiture, often studied through the lens of variation in state exemptions (e.g., [Gropp et al., 1997](#); [Mahoney, 2015](#); [Severino et al., 2026](#)), is unlikely to bind given Upsolve users' minimal non-exempt assets. Future credit access, the central financial cost of filing in macroeconomic models of consumer bankruptcy (e.g., [Livshits et al., 2007](#); [Chatterjee et al., 2007](#)) and a major focus of the empirical literature on post-bankruptcy borrowing (e.g., [Musto, 2004](#); [Han and Li, 2011](#)), is in our heavily indebted sample more likely to be a benefit of filing than a cost. For example, [Jagtiani and Li \(2015\)](#) document an average 80-point increase in credit scores in the year after discharge. Retaining the option to file later ([White, 1998](#); [Zhu et al., 2019](#)) could cause filers to delay, but they would need to repeat the costly process of compiling the paperwork they already decided was worth completing today. Finally, stigma is frequently invoked (e.g., [Brinig and Buckley, 1998](#); [Gross and Souleles, 2002](#); [Fay et al., 2002](#); [Athreya, 2004](#)), but the debtors have already confronted the idea of filing.

In the next part of the paper, we ask debtors directly about their concerns and show that they systematically misperceive the financial consequences of Chapter 7 filing. These misperceptions can amplify the deterrent effect of small ordeals like the filing fee, and generate misallocation of debt relief.

4 Misperceptions: Evidence from a Randomized Controlled Trial

We conduct a randomized controlled trial (RCT) through a survey experiment to establish the importance of bankruptcy misperceptions. The trial was preregistered and IRB-approved.¹²

¹²See <https://www.socialscisceregistry.org/trials/15378>.

4.1 Experiment Details

We partner with a major credit reporting bureau to obtain email addresses for individuals who are likely to benefit from bankruptcy. The credit bureau used a proprietary model to identify individuals who were likely to be good candidates for Chapter 7 and provided a sample of the top one million prospects in their databases with available email addresses. We conducted the baseline survey from March 2025 to November 2025, sending survey invitations via email to the full sampling frame provided by the credit bureau. We imposed additional sample restrictions to ensure participants met our criteria, specifically we required that: (1) they do not own real estate, eliminating the risk of losing a home in bankruptcy; (2) they have never previously filed for bankruptcy, ensuring they are eligible to file; (3) they expect that they will never fully repay their debts; and (4) they have at least \$10,000 in total debt. Individuals must also pass rigorous attention checks, confirming that they are carefully reading survey questions. We obtain complete survey responses from 245 individuals meeting these criteria.¹³

After consenting to participate and passing attention checks, participants provide information about their debts and assets, including: (1) income; (2) debts outstanding by category (auto loans, medical debt, credit card debt, student loans, payday loans, or other debts); and (3) the value of any vehicles they own.

Participants then indicate how likely they would be to consider bankruptcy on a numeric scale from 1 (zero chance) to 7 (extremely likely). We then provide participants with a list of potential concerns about filing for bankruptcy and ask them to identify their top concern.

In the next section of the survey, we ask participants questions to test their understanding of bankruptcy, instructing them to provide their best guesses without searching the internet. We begin with one question unrelated to bankruptcy: what percentage of working-age adults are currently working or looking for work?¹⁴ We then provide a brief summary of Chapter 7 bankruptcy before asking four knowledge questions related to bankruptcy: (1) do you think you would have to

¹³We sent survey invitations to all one million email addresses in our sampling frame. 24.7% of recipients opened the email—implying it survived any filters—and 2,832 individuals started the survey. Our survey start rates are similar to Koustas et al. (2026) who had 4,847 unique respondents to 1,300,000 emails using a similar survey approach. After imposing our additional sample restrictions and rigorous attention checks, we have 245 qualified survey responses.

¹⁴In the information-provision portion of the survey, the control group learns the correct answer to this question. This ensures that any differences between the control and treatment groups reflect the topic of the information provided — whether it pertains to bankruptcy — rather than the mere act of receiving a statistic.

surrender any assets if you filed for Chapter 7 bankruptcy? (2) what fraction of Chapter 7 filers surrender any assets? (3) in what fraction of cases does the filer erase all of their dischargeable debt (medical debt, credit card debt, or payday loans)? and (4) what is the average filer’s credit score one year after filing relative to their credit score at filing?

Participants are then randomly assigned to one of four groups: (1) a control group, which learns the labor-market participation rate; (2) a “credit” treatment group, which learns that the average filer’s credit score increases by 80 points after filing (Jagtiani and Li, 2015); (3) a “net worth” treatment group, which learns that 7% of filers surrender any assets and 96% of filers receive a debt discharge; and (4) a “both” treatment group, which learns all of the bankruptcy facts mentioned above. Participants must successfully reiterate the facts provided to complete the survey.

We then measure three outcomes. First, we measure “stated interest” in bankruptcy by repeating the earlier question asking how likely the participant would be to consider bankruptcy on a scale from 1 to 7. Second, we elicit the participant’s willingness to pay for bankruptcy information. We ask whether they prefer (1) additional information about bankruptcy or (2) a \$30 prize.¹⁵ To incentivize honest reporting, we inform participants that they have a chance of receiving their preferred choice. Third, at the end of the survey, all treatment-group participants receive a link to the Upsolve website; our third outcome is an indicator equal to one if they click the link. The survey concludes with questions about demographics and prior experience with bankruptcy.

Roughly two months after completing the initial survey, participants receive an invitation to complete a follow-up survey. Those who pass attention checks are asked the same four bankruptcy knowledge questions to test retention of the facts provided. Finally, we ask participants whether they have taken any of the following actions since the initial survey: (1) spoken with a bankruptcy attorney; (2) made a plan to file for bankruptcy within the next year; or (3) begun entering information into Upsolve to prepare bankruptcy paperwork. We define “Demonstrated Interest” as an indicator equal to one if the participant reports having taken any of these actions. We obtain complete follow-up survey responses for 142 of the 245 participants who completed the initial survey.

¹⁵The additional information consists of a link to the Upsolve website providing facts about bankruptcy in their state (e.g., asset exemptions).

4.2 Experiment Results

4.2.1 Concerns About Filing

Table 4 summarizes participants' concerns about filing for bankruptcy, including the fraction who identify each concern and the fraction who rank it as their top concern. The most common primary concern, cited by 37% of participants, is that bankruptcy will not work and they will be left with remaining debt. Another 29% are primarily concerned that filing will prevent future access to credit. Roughly 14% cite cost as their primary concern, and 10% are primarily concerned about surrendering assets.

Notably, several factors that the literature emphasizes as barriers to filing generate little concern among respondents. Only 5% are primarily concerned about the social stigma of others finding out about their filing. Only 3% cite the inability to file again in the future as their top concern.

4.2.2 Bankruptcy Misperceptions

Table 4 shows that many high-debt individuals are concerned that bankruptcy might not work, could lead to asset forfeiture, and could limit future credit access. How warranted are these concerns? We answer this question by examining participants' reported beliefs about the bankruptcy outcomes related to each concern.

Figure 2 Panel A shows the distribution of responses regarding the probability of surrendering assets in Chapter 7. The x-axis reports participants' stated probability and the y-axis reports the frequency of each response. The vertical line marks the correct answer of 7%. The vast majority of participants (96%) overestimate this probability. The median participant overestimates the likelihood of asset surrender by 43 percentage points.

Figure 2 Panel B shows the distribution of responses regarding the probability of successfully discharging debt. The axes mirror Panel A, and the vertical line marks the correct answer of 96%. Nearly all participants (98%) underestimate this probability. The median participant underestimates the likelihood of a full debt discharge by 46 percentage points.

Figure 2 Panel C shows the distribution of responses regarding the average change in credit score in the year after filing. The axes mirror Panel A, and the vertical line marks the correct answer—an 80-point increase. The majority of participants (73%) are incorrectly pessimistic about

bankruptcy’s impact on credit scores. The median participant believes that the average filer’s credit score *drops* by 33 points, whereas [Jagtiani and Li \(2015\)](#) find that it *increases* by 80 points.

Taken together, participants’ top concerns about filing (asset forfeiture, failed debt discharge, and damaged credit) are rooted in large and systematic misperceptions. In each case, participants dramatically overestimate the likelihood of adverse outcomes. These patterns suggest that misinformation, rather than the reality of bankruptcy, is a primary barrier to filing.

4.2.3 The Causal Effects of Correcting Bankruptcy Misperceptions

Next, we estimate the effects of our randomized information treatments using participant-level regressions. The outcome variables are measures of interest in bankruptcy. The key independent variables are indicators for the three treatment groups. We omit the indicator for the control group. Control variables include: (1) baseline beliefs regarding credit score changes, asset forfeiture rates, and discharge rates; (2) stated interest in bankruptcy at the *start* of the survey, measured on a scale from 1 to 7; (3) age-bin fixed effects; (4) education-bin fixed effects; (5) an indicator for whether the participant lacks liquidity to cover an unexpected \$400 expense; and (6) total debt across all categories. We use robust standard errors.

Our first outcome is an indicator equal to one if the participant expresses interest in bankruptcy at the *end* of the survey. Following our preregistration, we define this as a binary variable equal to one if the participant selects a value of 5 (somewhat likely) or higher when asked how likely they are to consider bankruptcy in the next year. Column (1) of [Table 6](#) presents the results. The net worth treatment, which corrects beliefs about asset forfeiture and debt discharge rates, increases interest in filing by 20.9 percentage points (86% of the control group mean). The credit treatment, which corrects beliefs about post-filing credit scores, increases interest by 13.8 percentage points (57%). The combined treatment, which provides both sets of facts, increases interest by 24.6 percentage points (102%).

Our second outcome variable is an indicator equal to one if the participant prefers additional bankruptcy information over a \$30 prize. Column (2) of [Table 6](#) shows that the net worth treatment increases the fraction of participants willing to forgo \$30 for bankruptcy information by 16.1 percentage points (76%). The other treatments have smaller, statistically insignificant effects.

Our third outcome is an indicator equal to one if the participant clicks the link to the Upsolve

website at the end of the survey. Because the link is provided only to treatment-group participants, this outcome is mechanically zero for the control group and should be interpreted accordingly. Nonetheless, it is informative to examine how often treated individuals seek out further information about bankruptcy. Column (3) of Table 6 shows that 13% of participants in the net worth and combined treatment groups click the link, compared to 10% in the credit treatment group.

Across all three outcomes, correcting bankruptcy misperceptions increases both stated and demonstrated interest in filing. The consistently larger effects of the net worth treatment suggest that concerns about asset forfeiture and debt discharge weigh more heavily on individuals' decisions than concerns about credit access.

4.2.4 Follow-Up Survey Outcomes

We next examine the effects of our information treatments on follow-up survey responses. We obtain complete follow-up responses for 142 of the 245 participants who completed the initial survey.

The follow-up survey includes no new information treatment. Instead, we examine how treatment in the initial survey affects bankruptcy knowledge two months later. The regression specifications are identical to those in columns (1) to (3), with the exception of the outcome variable and the change in sample. In column (4) of Table 6, the outcome is the participant's reported probability of successfully discharging debt. We find that the net worth treatment increases the perceived discharge rate by 13.8 percentage points. The combined treatment has a similar effect. The credit treatment has no effect, as expected: participants who were not told the discharge rate hold beliefs similar to the control group.

Column (5) shows a parallel result for beliefs about credit-score impacts. The credit and combined treatment groups are more optimistic about post-filing credit scores. The net worth treatment group, which did not receive the credit fact, holds beliefs similar to the control group. Column (6) shows that the net worth and combined treatment groups are slightly more optimistic about asset preservation, consistent with the fact they received in the initial survey, though this effect is not statistically significant given the small sample.

Treated participants are also more likely to take action toward filing. Column (7) uses an indicator equal to one if the participant has spoken with a bankruptcy attorney, formed a plan to file, or begun the Upsolve process since the initial survey. The net worth treatment increases

the fraction taking such actions by 13 percentage points, significant at the 10% level. The other treatments have smaller, positive, statistically insignificant effects.

In summary, the follow-up survey provides promising evidence that our information treatments persistently correct misperceptions and increase interest in filing. We intend to eventually link this survey data with credit report data to assess the extent to which our treatments drive actual bankruptcy filings.

4.2.5 Discussion

Two aspects of our results warrant further discussion. First, our bankruptcy knowledge questions ask about *average* outcomes among *filers*. This is deliberate: it allows us to benchmark responses against objective facts. However, an individual considering bankruptcy cares primarily about their *own* outcome as a *prospective filer*. Our results therefore document misperceptions about aggregate outcomes rather than individual-specific ones. That said, our findings are difficult to reconcile with rational beliefs. If individuals held accurate beliefs about their own outcomes, learning aggregate facts should not affect their interest in filing — yet we find a strong positive effect. Our results imply that treated individuals update their beliefs about their own potential outcomes, suggesting they misperceive those outcomes even though our questions do not ask about them directly.

Second, while the net worth treatment consistently increases interest across all outcomes, other patterns are less uniform. The credit treatment increases click-through rates but has no effect on willingness to pay or demonstrated action. The combined treatment has a strong effect on stated interest and click-through rates but no effect on willingness to pay or action. Two forces likely explain this. The willingness-to-pay and action outcomes require a substantially higher level of commitment than stated interest or click-through. Thus, our net worth treatment is the only one strong enough to shift costly actions. Additionally, the weaker performance of the combined treatment relative to the net worth treatment alone is consistent with [Haaland et al. \(2023\)](#), who note that simultaneous provision of multiple pieces of information may reduce attention to any single piece and weaken treatment effects.

5 Conclusion

We provide new evidence on why so few US households take advantage of Chapter 7 bankruptcy. In a new dataset of 29,686 prospective filers who have completed the forms to file, only 49% ultimately do. One representative ordeal, the \$338 court filing fee, causally reduces filings by 11.3 percentage points (22% of the mean). This effect persists even when focusing on the those with the highest debt and liquid assets, and is therefore difficult to explain with conventional rational explanations or liquidity constraints alone. In a survey of individuals who would be good candidates for filing, we show that they systematically misperceive Chapter 7’s financial consequences. They overestimate the probability of asset forfeiture, underestimate the discharge rate, and expect a post-filing credit score 113 points below what filers actually realize. Correcting these misperceptions in a preregistered randomized controlled trial causally increases interest in filing, willingness to pay for bankruptcy information, and, two months later, real-world action toward filing.

Our results also bring a new perspective on the targeting properties of bankruptcy ordeals. When debtors misperceive the value of filing, even small ordeals fail to screen on need and instead screen on understanding of the policy, generating not just lower take-up but potentially regressive misallocation of debt relief toward better-informed filers. The balance between access and abuse prevention has long been contested in U.S. bankruptcy policy, with the 1978 Bankruptcy Reform Act liberalizing access, the 2005 Bankruptcy Abuse Prevention and Consumer Protection Act reversing direction through a means test and heightened filing requirements, and current proposals before Congress proposing to reduce filing fees, simplify the process, and expand dischargeable debt to include student loans.¹⁶ Our results suggest that reducing filing fees could meaningfully expand access for marginal filers, with the response mediated by debtors’ beliefs about the financial consequences of filing.

The same logic extends to other high-stakes settings where the canonical targeting framework (Nichols and Zeckhauser, 1982; Kleven and Kopczuk, 2011) assumes accurate perception of benefits, including health insurance, disability benefits, and retirement saving. Understanding what

¹⁶See the Consumer Bankruptcy Reform Act of 2022 (S. 4980, 117th Congress, <https://www.congress.gov/bills/117/congress/senate/bills/4980>), the Student Loan Bankruptcy Improvement Act of 2025 (H.R. 4444, 119th Congress, <https://www.congress.gov/bills/119/congress/house/bills/4444>), and the Private Student Loan Bankruptcy Fairness Act of 2025 (H.R. 423, 119th Congress, <https://www.congress.gov/bills/119/congress/house/bills/423>).

prospective participants believe about these policies is an important direction for future work.

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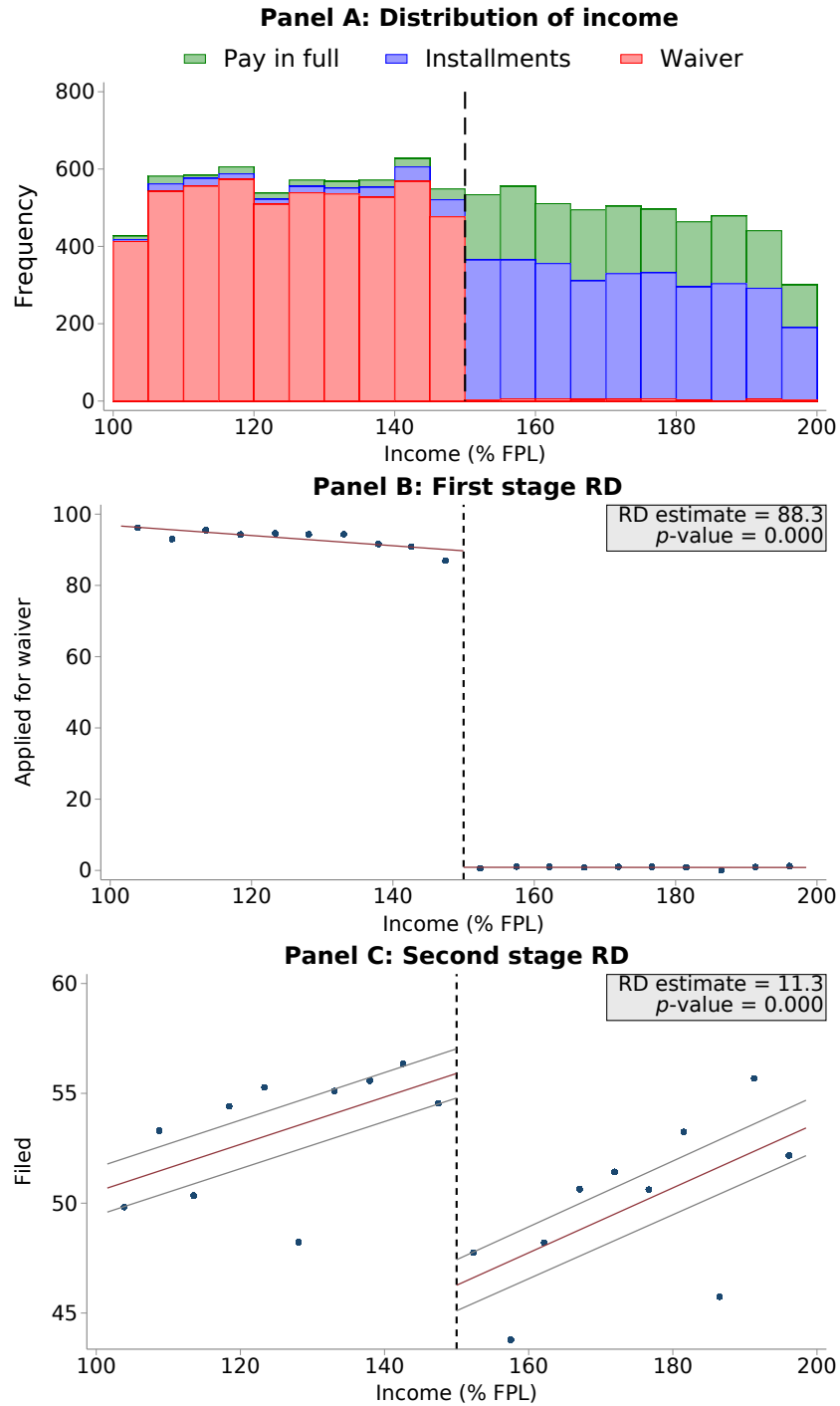
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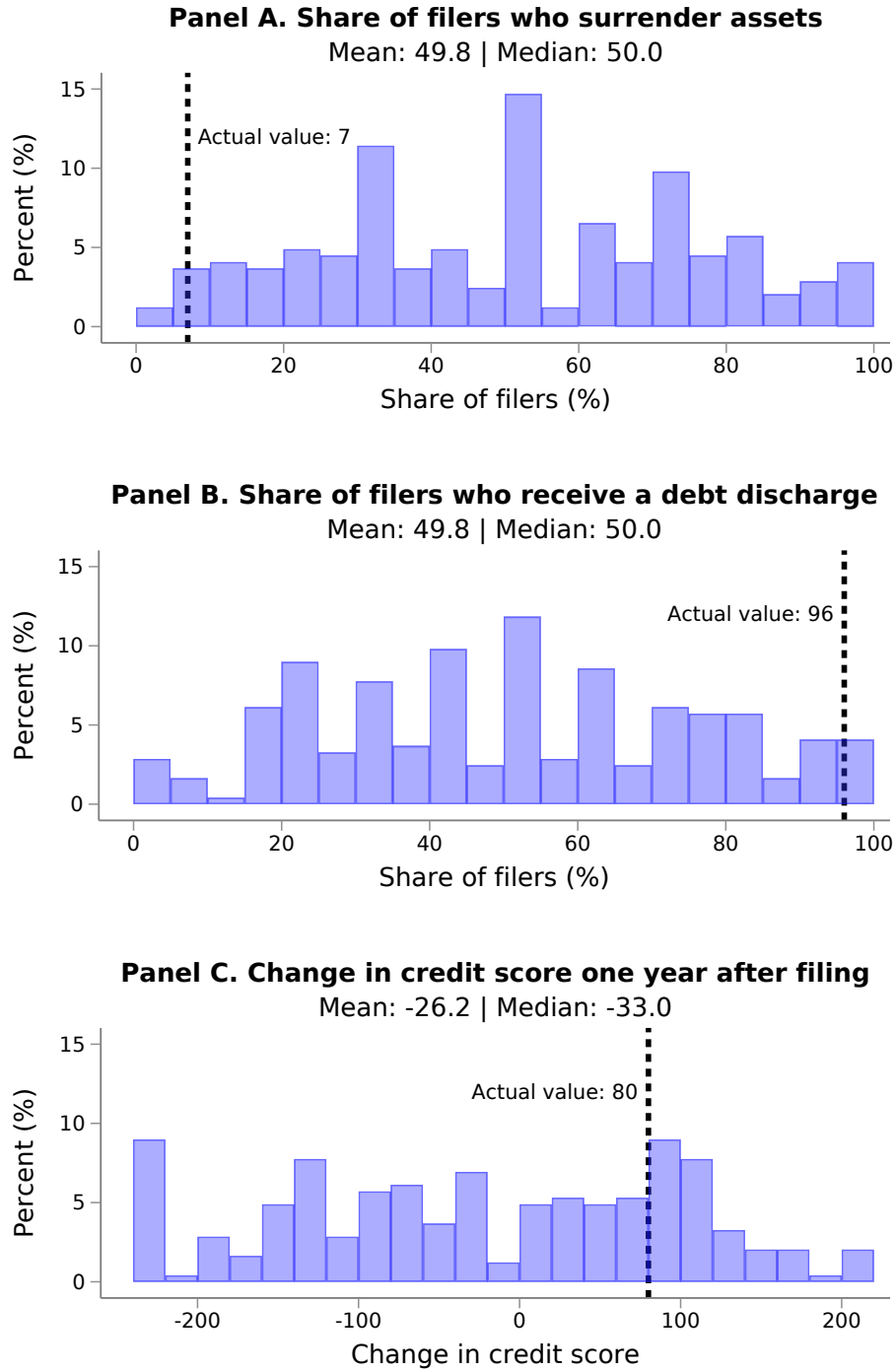
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Figure 1: Distribution of Applicant Income and Regression Discontinuity Estimation



Notes: Panel A presents the distribution of income as a percent of the FPL within the MSE-optimal bandwidth (48.5 percentage points), highlighting users who applied for a fee waiver, applied to pay the fee in installments, or opted to pay the fee in full. Panel B shows the first-stage effect of fee-waiver eligibility (income below 150% FPL) on fee waiver application, and Panel C shows the second-stage effect on filing for bankruptcy. We control for questionnaire completion time, state and year-month fixed effects, debt, and assets. The RD estimate and corresponding p -value is included in the top right of panel C. Dots show the mean waiver application and filing rates for 20 quantile income bins. Solid lines are fitted values from first-order polynomials, and gray lines represent 95% confidence intervals.

Figure 2: Beliefs About the Effects of Bankruptcy



Notes: This figure provides histograms of respondents' reported beliefs regarding three facts about bankruptcy: (1) the share of filers who surrender assets, (2) the share of filers who obtain a debt discharge, and (3) the average change in credit score one year after filing. Blue bars indicate the frequency (on the y axis) with which participants report each value on the x axis. The vertical black lines mark the correct answers (7%, 96%, and an 80-point increase).

Table 1: Upsolve Summary Statistics

	Full sample (1)	Filers (2)	Non-filers (3)
Panel A: Demographics and household characteristics			
Age (years)	41.8	42.7	40.6
Female (%)	62.4	62.4	62.4
Black (%)	30.4	31.3	29.5
Hispanic or Latino (%)	13.1	12.8	13.5
White (%)	57.8	57.2	58.6
Has dependents (%)	45.7	44.0	47.4
Married (%)	21.8	19.6	24.2
Government benefits (%)	30.1	31.4	28.9
Monthly household income (\$)	2,076	2,122	2,031
Panel B: Household assets			
Total assets (\$)	13,413	14,149	12,700
Liquid financial assets (\$)	477	515	441
Vehicle assets (\$)	6,736	7,156	6,330
Panel C: Household debt			
Total debt (\$)	76,160	81,438	71,056
Unsecured debt (\$)	66,860	72,599	61,310
Dischargeable debt (\$)	45,322	49,445	41,335
Alternative debt (\$)	448	524	374
Auto debt (\$)	13,868	13,453	14,270
Credit card debt (\$)	16,481	19,360	13,697
Debt in collections (\$)	5,635	5,795	5,480
Medical debt (\$)	1,620	1,845	1,403
Student debt (\$)	22,673	24,366	21,035
Other debt (\$)	13,384	14,140	12,652
Observations			
N	29,686	14,593	15,093

Notes: Columns (1) to (3) present summary statistics for the full Upsolve sample, those who file for bankruptcy, and those who do not file. Some users did not answer demographic questions and Upsolve stopped collecting several of these variables in July 2025, so the sample sizes are smaller for age (11,573), gender (19,107), race (15,685), and marital status (24,986). The variables in Panels B and C are winsorized at the 99th percentile conditional on being non-zero.

Table 2: Estimated Effect of the Fee Waiver on the Decision to File

	(1)	(2)	(3)	(4)
Panel A: Reduced form (Filed \sim Below 150% FPL)				
Below 150% FPL (E_i)	9.8	9.8	9.9	10.0
	(1.9)	(1.9)	(1.9)	(1.9)
	[0.000]	[0.000]	[0.000]	[0.000]
Panel B: First stage (Waiver \sim Below 150% FPL)				
Below 150% FPL (E_i)	88.8	88.3	88.4	88.3
	(0.8)	(0.8)	(0.8)	(0.8)
	[0.000]	[0.000]	[0.000]	[0.000]
Panel C: Second stage (Filed \sim Waiver)				
Waiver (\hat{W}_i)	11.0	11.1	11.2	11.3
	(2.2)	(2.2)	(2.1)	(2.1)
	[0.000]	[0.000]	[0.000]	[0.000]
R^2	0.003	0.035	0.068	0.075
Observations				
N	10,404	10,404	10,403	10,403
Controls				
Questionnaire duration	Yes	Yes	Yes	Yes
Year-month FE	No	Yes	Yes	Yes
State FE	No	Yes	Yes	Yes
Debt	No	No	Yes	Yes
Assets	No	No	No	Yes

Notes: Table presents linear RD estimates from the Upsolve fuzzy RD model outlined in equations (1) and (2), using the MSE-optimal bandwidth (48.5 percentage points). Columns incrementally control for questionnaire completion time, state and year-month fixed effects, debt, and assets (these controls are outlined in Section 3.3). For each specification we present first-stage (Panel B) and second-stage (Panel C) estimates, as well as reduced-form estimates from the OLS regression of filing on fee waiver eligibility (Panel A). Robust standard errors and p -values are reported in parentheses and square brackets, respectively, below the point estimates. At the bottom of Panel C we present the R^2 from the second-stage model.

Table 3: Heterogeneity in the Effect of the Fee Waiver

	$X=1$			$X=0$			Difference	
	β_1 (1)	p (2)	N (3)	β_1 (4)	p (5)	N (6)	Diff. (7)	p (8)
Panel A: Demographics								
Has dependents	13.72 (2.95)	0.000	5,575	8.39 (3.20)	0.009	4,829	5.33 (4.35)	0.221
Panel B: Household assets and debts								
Assets below \$10K	12.40 (3.03)	0.000	5,635	9.91 (3.12)	0.001	4,769	2.50 (4.35)	0.565
Liquid assets below \$200	11.38 (2.98)	0.000	5,382	11.12 (3.15)	0.000	5,022	0.26 (4.34)	0.953
Owens vehicle	13.08 (2.57)	0.000	7,293	6.44 (4.04)	0.111	3,111	6.64 (4.79)	0.166
Debt over \$50K	14.79 (2.84)	0.000	5,758	6.80 (3.34)	0.042	4,646	7.99 (4.38)	0.068
Credit card debt over \$10K	12.05 (3.05)	0.000	5,030	10.49 (3.04)	0.001	5,373	1.56 (4.31)	0.718
Has medical debt	11.52 (3.74)	0.002	3,336	10.69 (2.67)	0.000	7,067	0.83 (4.60)	0.856
Has student debt	12.14 (3.02)	0.000	5,320	9.87 (3.12)	0.002	5,083	2.27 (4.35)	0.602
Panel C: Financial benefit from filing								
Fin. benefit above median (\$29K)	15.25 (3.02)	0.000	5,202	7.95 (3.10)	0.010	5,202	7.30 (4.33)	0.092

Notes: Columns (1) and (4) show the linear RD estimates for sub-groups based on binary characteristics defined prior to treatment, controlling for year-month fixed effects, state fixed effects, and questionnaire completion time. Standard errors are reported below in parentheses, p -values are shown in columns (2) and (5), and sample sizes are shown in columns (3) and (6). Column (7) presents the difference in estimates, and column (8) presents the associated p -value. Restricts to users within the MSE-optimal bandwidth (48.5 percentage points).

Table 4: Concerns With Filing for Bankruptcy

	Concern (%) (1)	Top Concern (%) (2)
It might not work	53.9	36.6
I might lose access to credit	51.0	28.8
It would be too expensive	38.8	14.4
I might have to surrender property	24.5	9.8
People might find out that I filed	24.9	5.2
It might prevent me from filing in the future	11.8	2.6
It might take a long time	30.6	2.6
N	245	153

Notes: Table presents survey respondents' concerns with filing for bankruptcy. Column (1) lists the share of respondents who selected each concern, and column (2) lists the share of respondents who selected each concern as their top concern. The bottom row provides the number of nonmissing observations.

Table 5: Survey Summary Statistics and Balance

	Means					Wald test
	Full sample (1)	Net worth treatment (2)	Credit treatment (3)	Both treatment (4)	Control (5)	p (6)
Panel A: Demographics						
Age (years)	37.4	37.0	35.1	40.2	36.8	0.06
Female (%)	75.9	79.3	76.4	74.2	74.2	0.90
White (%)	59.6	69.0	60.0	57.6	53.0	0.31
Married (%)	27.3	31.0	23.6	30.3	24.2	0.71
Household size	2.6	2.8	2.4	2.7	2.7	0.65
College degree (%)	68.2	70.7	65.5	68.2	68.2	0.95
Full-time employee (%)	58.8	58.6	52.7	62.1	60.6	0.75
Panel B: Household finances						
Annual income (\$)	73,531	72,457	69,273	70,871	80,682	0.63
Owns vehicle (%)	71.8	75.9	69.1	66.7	75.8	0.57
Vehicle value (\$)	12,817	12,143	9,816	14,976	13,790	0.23
Total debt (\$)	52,454	55,956	52,805	47,555	53,983	0.38
Panel C: Financial distress						
Wages garnished (%)	24.5	20.7	27.3	25.8	24.2	0.86
Considered filing (%)	40.8	51.7	38.2	39.4	34.8	0.27
Can't pay \$200 expense (%)	44.1	51.7	38.2	43.9	42.4	0.53
N	245	58	55	66	66	

Notes: Table presents summary statistics for the full survey sample and for each treatment group. Column (6) presents the p -value from the Wald test for treatment group balance.

Table 6: Effects of Information Provision on Interest in Bankruptcy

	Baseline outcomes			Follow-up outcomes			
	Interest in filing (1)	WTP for info (2)	Clicked link (3)	Discharge belief (4)	Credit access belief (5)	Surrender belief (6)	Bankruptcy action (7)
Net worth treatment	20.9 (6.8) [0.002]	16.1 (7.3) [0.028]	13.2 (4.9) [0.007]	13.8 (6.0) [0.023]	25.7 (24.4) [0.294]	-4.5 (5.9) [0.446]	12.8 (6.7) [0.060]
Credit access treatment	13.8 (6.8) [0.043]	0.4 (7.9) [0.963]	10.1 (4.1) [0.016]	-0.0 (5.2) [0.993]	104.1 (24.2) [0.000]	1.8 (5.6) [0.753]	2.7 (6.8) [0.689]
Net worth + credit access treatment	24.6 (6.0) [0.000]	-1.7 (7.1) [0.812]	13.0 (4.5) [0.005]	13.2 (5.5) [0.019]	71.1 (24.1) [0.004]	-8.8 (6.3) [0.164]	4.2 (6.4) [0.509]
N	245	245	245	142	142	142	142
Control mean	24.2	21.2	0.0	58.8	-14.6	45.0	5.0

Notes: Table presents the effects of the information provision on interest in bankruptcy, actions taken to file, and bankruptcy knowledge. See the main text for the control variables and dependent variable definitions. Robust standard errors and p -values are reported in parentheses and square brackets, respectively, below the point estimates.

A Regression Discontinuity Specification and Robustness

This section investigates potential threats to our primary empirical specification and assesses robustness to alternate specifications. As described in Section 3.3, we use a regression discontinuity design to estimate the causal effect of the \$338 filing fee on the decision to file for bankruptcy. Our running variable is income as a percent of the federal poverty line and the discontinuity is at 150% FPL, the threshold below which individuals are eligible for the fee waiver.

Figure A.8 shows the distribution of our running variable for the full sample, excluding a handful of positive outliers. The color of the stacked bars indicates who applied for a fee waiver, applied to pay the fee in installments, or opted to pay the fee in one lump-sum payment. While there is a strong discontinuity in the probability of waiver application around the threshold, it does not jump from zero to one, motivating our use of a fuzzy RD design. This imperfect compliance is unlikely to be driven by lack of knowledge about the fee waiver, because Upsolve automatically calculates eligibility and encourages eligible users to apply. However, users may wait to file after completing their questionnaire and retroactively update their income if it changes, potentially shifting eligibility for the waiver.

Equations (A.1) and (A.2) outline the first- and second-stage equations of our fuzzy RD model (equivalent to equations (1) and (2) in the main text). FPL_i denotes the running variable, income as a percent of the FPL. E_i denotes eligibility for the fee waiver, determined by $FPL_i - 150 < 0$. W_i is an indicator for fee waiver application, and F_i is an indicator for filing for bankruptcy. γ_s and δ_t are state and year-month fixed effects, respectively. X_i controls for days spent on the questionnaire.

$$W_i = \alpha_0 + \alpha_1 E_i + \alpha_2 (FPL_i - 150) + \alpha_3 E_i \times (FPL_i - 150) + \alpha_4 X_i + \gamma_s + \delta_t + \varepsilon_i \quad (\text{A.1})$$

$$F_i = \beta_0 + \beta_1 \hat{W}_i + \beta_2 (FPL_i - 150) + \beta_3 E_i \times (FPL_i - 150) + \beta_4 X_i + \gamma_s + \delta_t + \varepsilon_i \quad (\text{A.2})$$

In our primary specification, we use the MSE-optimal bandwidth, as calculated using the algorithm from Calonico et al. (2020), which we calculate to be 48.5 percentage points. We use a uniform kernel, which applies equal weight to all observations within the bandwidth. We assume the relationship between income (% FPL) and filing has a linear functional form, and we allow the slope of this relationship to vary above and below the threshold. Under these assumptions, we estimate the fee waiver increases the probability of filing by 11.3 percentage points (22%, $p < 0.01$). Section A.1 tests robustness of our main estimate to varying each of these assumptions, and Section A.2 presents a series of tests to support our identification assumption.

A.1 Robustness to Bandwidth, Kernel, and Functional Form

Bandwidth: When setting the RD bandwidth, we face a trade-off between maximizing power and minimizing bias from observations further from the cutoff. Panel A of Figure A.4 illustrates how our RD estimate varies with bandwidths ranging from 10 to 150 percentage points, and Panel C shows how our sample size is affected. Table A.7 and Figure A.5 show regression output and RD plots for a handful of these bandwidths, including the mean squared error (MSE) optimal bandwidth calculated using the algorithm from Calonico et al. (2020). Our sample size drops off steadily with narrower bandwidths. Our RD estimate holds steady between 8 and 12 percentage points until the bandwidth falls below 20 percentage points, after which the estimate fluctuates given the smaller sample size. As expected, the 95% confidence interval widens with narrower bandwidths, and the RD estimate loses significance at the 5% level once the bandwidth falls below

15 percentage points. This stability in the magnitude and significance of the RD estimate gives us confidence in our estimated effect.

Kernel Weights: Another way of managing the bias-variance trade-off is to reweight observations based on their distance from the cutoff. Our baseline specification uses a uniform kernel (also called a rectangular kernel), which applies equal weight to all observations within the bandwidth. We test robustness to using a triangular kernel, which weights observations inversely proportionately from their distance from the cutoff. Compared to a uniform kernel, a triangular kernel reduces bias from observations further from the cutoff but reduces power. We select the uniform kernel in our baseline to preserve power. Panel B of Figure A.4 shows that our RD estimate is broadly robust to applying triangular kernel weights (see also Table A.7 and Figure A.5). As with the uniform kernel, the RD estimate holds steady near 11 percentage points until the bandwidth falls below 20 percentage points. The RD estimate loses significance at the 5% level once the bandwidth narrows to 20 percentage points, a bit earlier than with the uniform kernel. Again, the RD estimate remains stable in magnitude and significance.

A.2 Examining Our Identification Assumption

Our main identification assumption is that within the MSE-optimal bandwidth, users just above and below the 150% threshold are similar in all observed and unobserved characteristics, ensuring that a discontinuous jump in filing behavior around the threshold is caused by the fee waiver rather than by other factors. If individuals manipulate their income to affect their fee waiver eligibility, this assumption will be violated. We present three pieces of evidence that suggest our identification assumption holds.

Manipulation Tests: First, we test for manipulation of the running variable at the cutoff using the tests proposed by McCrary (2008) and Cattaneo et al. (2020). These tests estimate density functions above and below the cutoff and examine whether there is a significant jump in density at the cutoff. As shown in Figure A.3, the p -values are 0.679 and 0.887, respectively, indicating there is no significant discontinuity. These results suggest that individuals do not strategically manipulate their reported income to qualify for the fee waiver.

Covariate Balance: Second, we check for covariate balance by examining discontinuities in covariates at the cutoff. For each covariate, we estimate a linear RD with the covariate as the outcome variable, income (% FPL) as the running variable, and no fixed effects or control variables. Following our baseline model, we use the MSE-optimal bandwidth (48.5 percentage points) and a uniform kernel. The results are shown in Table A.6. Among the 14 covariates, none are significant at the 5% level.

Table A.1: Bankruptcy Exemptions

Exemptions	Coverage	Federal Limit		
		April 1, 2019	April 1, 2022	April 1, 2025
Homestead	Equity in one's primary residence	\$25,150	\$27,900	\$31,575
Vehicle	One motor vehicle	\$4,000	\$4,450	\$5,025
Personal assets	Furniture, appliances, clothing, etc.	\$13,400	\$14,875	\$16,850
Jewelry	Wedding rings, watches, family heirlooms, etc.	\$1,700	\$1,875	\$2,125
Tools of the trade	Equipment, books, instruments, etc.	\$2,525	\$2,800	\$3,175
Life insurance	Unmatured policy with cash value	\$13,400	\$14,875	\$16,850
Personal injury claims	Compensation for personal bodily injury	\$25,150	\$27,900	\$31,575
Wildcard	Remaining nonexempt assets	\$1,325	\$1,475	\$1,675
Unused homestead	Remaining nonexempt assets (only available if homestead exemption was not fully used)	Up to \$13,950	Up to \$12,575	Up to \$15,800

Notes: Table presents the asset exemptions provided by the federal bankruptcy code and the dollar limits effective as of 2019, 2022, and 2025.

Table A.2: Summary Statistics of Upsolve Users vs. All Chapter 7 Filers

	Upsolve			FJC	
	All (1)	Non-Filers (2)	Filers (3)	Ch. 7 (4)	Ch. 13 (5)
Panel A: Filing characteristics (%)					
Chapter 7	.	.	99.9	100.0	0.0
Applied for waiver	57.6	58.2	56.9	.	.
Received fee waiver	.	.	.	4.1	0.0
Pro se	.	.	98.7	7.3	7.9
Panel B: Filing outcomes (%)					
Discharged	.	.	92.2	95.2	7.4
Panel C: Monthly income (\$)					
Monthly household income	2,076	2,031	2,122	3,841	5,315
Panel D: Assets (\$)					
Total assets	13,413	12,700	14,149	91,168	176,615
Panel E: Debts (\$)					
Total debt	76,160	71,056	81,438	132,589	185,538
Secured debt	8,636	8,820	8,447	62,482	133,539
Unsecured priority debt	3,101	2,887	3,323	2,470	4,655
Unsecured non-priority debt	63,516	58,118	69,099	68,836	60,925
Panel F: Region (%)					
Northeast	14.3	13.8	14.8	11.3	10.2
Midwest	22.7	23.6	21.7	26.9	22.2
South	37.2	38.7	35.6	36.1	55.8
West	25.9	23.9	27.9	25.1	10.0
Observations					
N	29,686	15,093	14,593	1,218,855	778,138

Notes: Table compares Upsolve filers and non-filers to individuals in the Federal Judicial Center (FJC) Integrated Database who filed for personal bankruptcy ([Federal Judicial Center, 2024](#)). The FJC sample is limited to individuals with consumer debt who filed new Chapter 7 or 13 bankruptcy cases between September 1, 2021 and March 31, 2026. Income, assets, and debts are deflated to August 2024 prices and winsorized at the 99th percentile. For the Upsolve sample, monthly income, assets, and debt are as of the Upsolve interview date. For the FJC sample, data are as of the closing date if the bankruptcy case is closed, and they are as of March 31, 2026 if the bankruptcy case is still pending.

Table A.3: Upsolve Users' Reasons for Considering Bankruptcy

	Reason (%)			Top reason (%)		
	Full sample (1)	Filers (2)	Non-filers (3)	Full sample (4)	Filers (5)	Non-filers (6)
Behind on bills	64.1	63.0	65.3	20.8	20.3	21.4
Lost job	36.9	37.1	36.6	17.6	18.2	16.8
Spent irresponsibly	37.4	36.7	38.2	12.4	11.9	12.9
Sick or disabled	22.4	21.9	22.8	9.9	9.8	10.0
Wages garnished	12.8	12.7	12.9	8.0	8.2	7.8
Hours or pay cut	20.1	20.0	20.2	5.7	6.1	5.2
Separation or divorce	11.2	10.7	11.9	4.5	4.5	4.5
Medical bills	24.1	23.1	25.3	2.7	2.4	3.1
Other	47.5	47.3	47.6	18.4	18.5	18.1

Notes: Table presents Upsolve users' reasons for considering bankruptcy. Columns (1) to (3) show the share of all users, filers, and non-filers that selected each reason, and columns (4) to (6) show the share that selected each reason as the most important. Includes all users through April 10, 2025, after which Upsolve stopped collecting this data.

Table A.4: Composition of Assets and Exemption Status

	Covered by exemption		N	Distribution of non-zero assets (\$)			
	Federal (1)	State (2)		Mean (4)	P25 (5)	P50 (6)	P75 (7)
Panel A: Vehicles							
Vehicles	✓	✓	19,409	10,303	2,931	6,668	14,883
Total			19,409	10,303	2,931	6,668	14,883
Panel B: Other personal assets							
Books	✓	✓	5,306	131	40	84	154
Clothes	✓	✓	29,668	303	97	194	352
Collectibles			3,235	313	60	145	312
Electronics	✓	✓	28,079	864	293	616	1,162
Farm animals	✓	✓	84	460	43	101	210
Non-farm animals	✓	✓	11,452	156	10	58	144
Firearms		✓	2,824	373	149	252	436
Furniture	✓	✓	21,908	549	129	311	692
Health aids	✓	✓	4,005	168	20	59	146
Instruments	✓	✓	2,504	226	48	103	227
Mobile homes		✓	192	8,686	528	2,416	10,912
Recreational items			5,196	202	44	98	212
Tools of the trade	✓	✓	2,225	1,547	306	774	1,539
Wedding rings	✓	✓	3,730	408	69	167	487
Other jewelry	✓	✓	12,744	166	41	97	193
Other personal items			782	1,535	213	507	1,261
Total			29,682	2,100	697	1,424	2,627
Panel C: Liquid financial assets							
Liquid financial assets		✓	29,676	477	39	162	523
Total			29,676	477	39	162	523
Panel D: Other financial assets							
College savings accounts	✓	✓	88	3,512	57	475	3,363
Domestic support	✓	✓	1,518	17,623	2,925	9,616	23,641
Government benefits	✓	✓	76	9,987	1,088	2,688	9,343
Government payments			3,980	1,941	1,249	1,278	1,931
Health savings accounts		✓	1,693	329	19	103	387
Illiquid investments			1,247	821	13	105	530
Insurance	✓	✓	1	263,469	263,469	263,469	263,469
Intangible assets		✓	361	2,371	5	97	459
IRAs	✓	✓	1,442	4,173	31	294	2,227
Retirement plans	✓	✓	7,166	8,479	603	2,413	8,695
Rental security deposit		✓	9,620	1,201	516	977	1,620
Other deposits			1,517	272	134	202	315
Other claims			705	3,621	316	1,089	3,378
Other financial assets			15,153	46	1	1	14
Total			23,123	5,020	139	1,254	3,565
Observations							
N			29,686				

Notes: Table shows the number of Upsolve users with each category (in bold) and sub-category (not in bold) of assets, along with the distribution of asset values among asset holders. The “Covered by Exemptions” columns indicate whether (1) the asset sub-category is covered by the federal exemptions and (2) the asset sub-category is covered by an exemption in at least one state. Asset categories (e.g., other personal assets) and sub-categories (e.g., clothes) are winsorized at the 99th percentile conditional on being positive.

Table A.5: Composition of Debt and Dischargeability

	Discharged (1)	N (2)	Distribution of non-zero debt (\$)			
			Mean (3)	P25 (4)	P50 (5)	P75 (6)
Panel A: Auto debt						
Secured auto debt	If collateral is surrendered	12,034	19,277	10,078	16,926	25,183
Unsecured auto debt	✓	9,914	18,103	8,218	14,095	23,460
Total		18,662	22,006	10,383	18,000	28,665
Panel B: Credit card debt						
Secured credit cards	If collateral is surrendered	1,298	2,421	291	597	1,676
Unsecured credit cards	✓	27,738	17,515	3,287	11,409	24,344
Total		27,887	17,439	3,278	11,366	24,256
Panel C: Debt in collections						
Debt in collections	✓	19,303	8,666	1,762	4,971	11,224
Total		19,300	8,601	1,750	4,939	11,199
Panel D: Medical debt						
Medical debt	✓	8,758	5,493	612	1,772	4,915
Total		8,755	5,448	608	1,767	4,969
Panel E: Predatory debt						
Buy now pay later	If collateral is surrendered	3,133	1,296	304	759	1,684
Lease-to-own debt	✓	1,376	2,981	1,146	2,146	3,628
Payday loans	✓	2,172	2,375	493	1,148	2,856
Total		5,522	2,388	531	1,395	3,030
Panel F: Personal loans						
Personal loans	✓	7,746	7,061	1,327	4,166	9,835
Total		7,743	6,960	1,311	4,094	9,666
Panel G: Priority claims						
Domestic support		873	14,526	888	5,136	15,465
Fines and restitution		2,887	9,359	522	1,692	5,814
Priority judgment debt		462	16,441	2,902	6,922	14,802
Past-due taxes	Older income taxes only	4,231	10,210	1,235	3,534	9,684
Other unsecured priority debt		172	11,913	1,476	4,892	13,289
Total		7,212	12,686	1,100	3,700	11,228
Panel I: Student debt						
Student debt		15,430	43,624	10,826	28,428	58,399
Total		15,427	43,352	10,804	28,463	58,386
Panel J: Other debt						
Overdrafted bank accounts	✓	1,574	1,787	324	738	1,700
Consolidation loans	✓	380	12,800	6,243	10,446	16,415
Debt owed to peers	✓	1,527	11,635	1,939	4,874	10,082
Government debt	✓	541	33,731	4,013	11,862	26,958
Insurance debt	✓	458	1,755	244	483	1,026
Non-priority judgment debt	✓	4,679	14,092	3,474	7,836	15,690
Secured mortgages	If collateral is surrendered	226	144,016	18,095	88,578	221,874
Unsecured mortgages	✓	175	87,159	7,130	19,969	77,561
Past-due rent	✓	1,515	7,057	1,829	4,377	8,475
Retirement plan loans		76	5,167	1,746	3,467	7,431
Utilities debt	✓	8,534	1,899	423	981	2,231
Other secured debt	If collateral is surrendered	270	11,867	1,272	4,456	13,287
Other unsecured non-priority debt	✓	10,738	7,317	1,002	3,312	8,820
Total		19,030	13,118	1,640	5,356	13,579
Observations						
N		29,686				

Notes: Table shows the number of Upsolve users with each category (in bold) and sub-category (not in bold) of debt, along with the distribution of balances among debt holders. The “Discharged” column indicates our assumption for whether each sub-category of debt is discharged in bankruptcy. Debt categories (e.g., auto debt) and sub-categories (e.g., secured auto debt) are winsorized at the 99th percentile conditional on being non-zero.

Table A.6: Test for Covariate Balance

	Means			Linear RD	
	Full sample (1)	102-150% FPL (2)	150-198% FPL (3)	Estimate (4)	<i>p</i> -value (5)
Panel A: Log assets					
Vehicle assets	6.1	5.9	6.3	0.0	0.805
Liquid financial assets	5.0	4.9	5.2	-0.1	0.056
Other personal assets	7.2	7.1	7.2	0.0	0.647
Other financial assets	5.3	5.1	5.5	0.2	0.264
Panel B: Log debt					
Alternative debt	1.4	1.4	1.5	-0.0	0.840
Auto debt	6.4	6.3	6.4	0.1	0.479
Debt in collections	5.5	5.5	5.4	0.1	0.636
Credit card debt	8.5	8.3	8.6	-0.1	0.534
Medical debt	2.4	2.3	2.5	0.1	0.556
Personal loans	2.2	2.2	2.3	-0.0	0.925
Priority claims	1.9	1.8	2.0	0.1	0.545
Student debt	5.2	5.1	5.3	0.1	0.814
Other debt	5.5	5.5	5.5	0.1	0.565
Panel C: Time to complete questionnaire					
Days to finish questionnaire	45.5	45.8	45.3	4.1	0.470
Observations					
N	10,404	5,372	5,032		

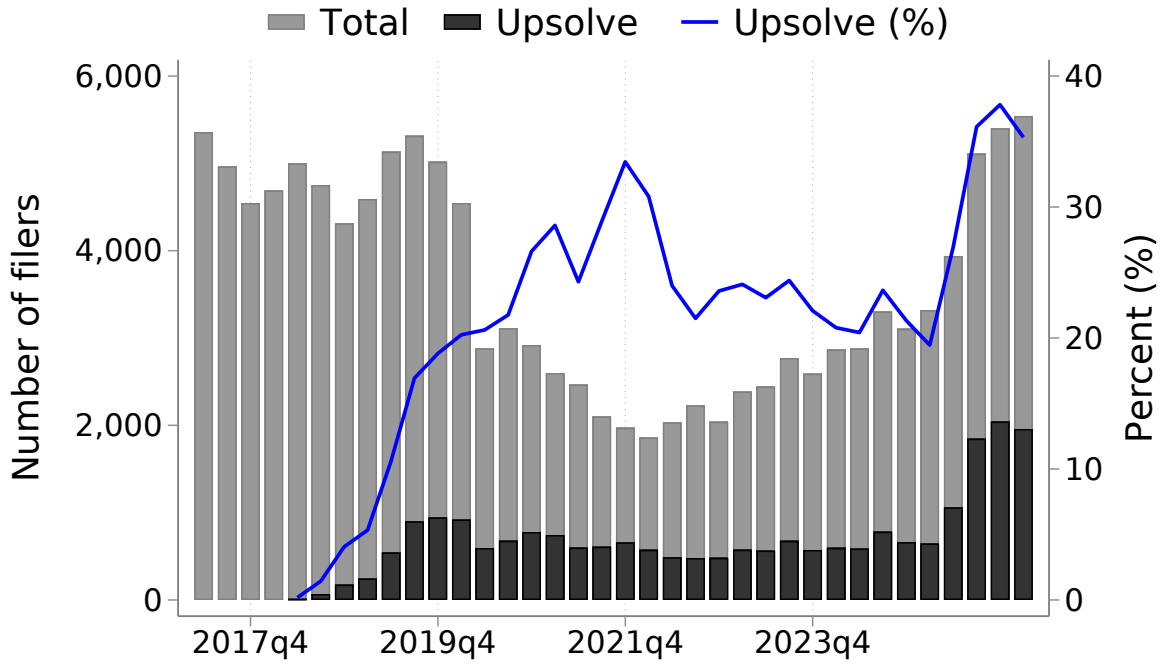
Notes: Table presents summary statistics for the full Upsolve sample and users within the MSE-optimal bandwidth (48.5 percentage points). The two rightmost columns report coefficients on an indicator for fee-waiver eligibility (income below 150% FPL) and *p*-values from our baseline RD specification, using the MSE-optimal bandwidth and excluding the fixed effects and controls.

Table A.7: Robustness of RD Estimation to Kernel Weights and Selected Bandwidths

	Bandwidth selection				
	149pp	100pp	75pp	50pp	MSE
	(1)	(2)	(3)	(4)	Optimal (5)
Panel A: Uniform kernel					
Coefficient on Below 150% FPL (E_i) (Outcome = Waiver)	91.4 (0.4) [0.000]	90.3 (0.5) [0.000]	89.2 (0.6) [0.000]	88.3 (0.8) [0.000]	88.3 (0.8) [0.000]
Coefficient on Waiver (\hat{W}_i) (Outcome = Filed)	7.1 (1.3) [0.000]	8.9 (1.5) [0.000]	9.3 (1.7) [0.000]	11.0 (2.1) [0.000]	11.3 (2.1) [0.000]
R^2	0.068	0.070	0.067	0.074	0.075
N	23,206	18,804	15,366	10,715	10,403
Panel B: Triangular kernel					
Coefficient on Below 150% FPL (E_i) (Outcome = Waiver)	90.3 (0.5) [0.000]	89.1 (0.6) [0.000]	88.4 (0.7) [0.000]	87.3 (0.9) [0.000]	87.2 (0.9) [0.000]
Coefficient on Waiver (\hat{W}_i) (Outcome = Filed)	8.4 (1.4) [0.000]	9.5 (1.6) [0.000]	10.2 (1.9) [0.000]	11.4 (2.3) [0.000]	11.4 (2.4) [0.000]
R^2	0.069	0.070	0.073	0.080	0.081
N	23,206	18,802	15,366	10,707	10,403

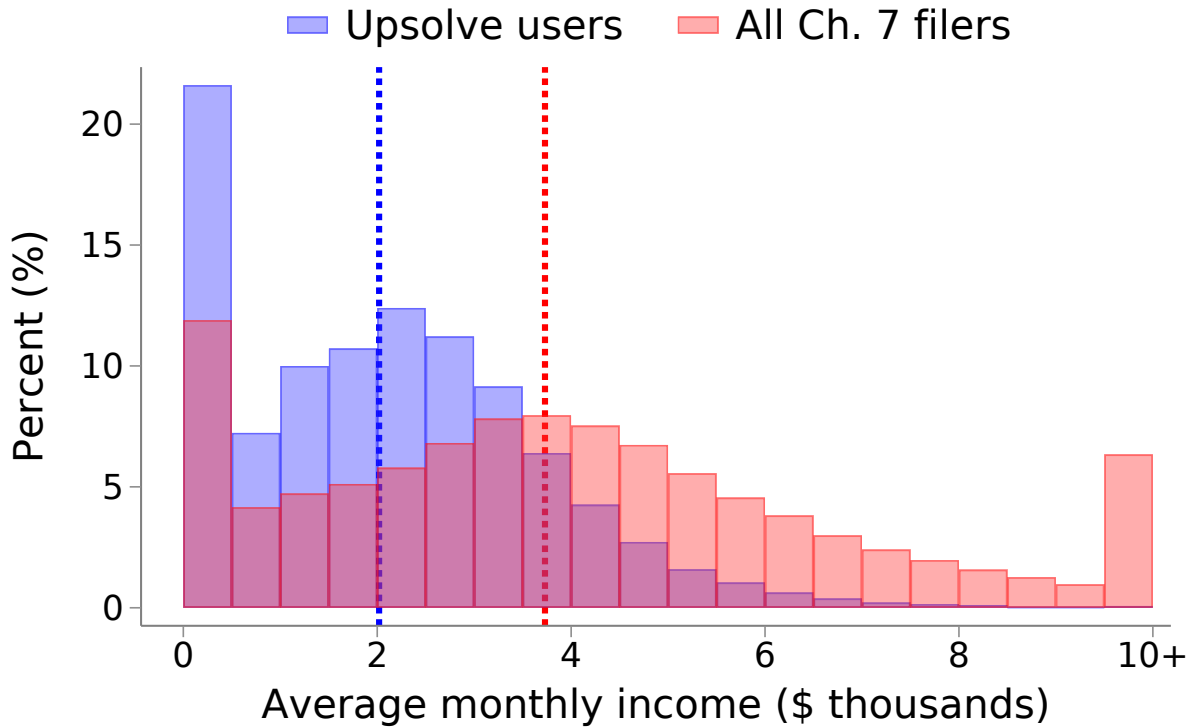
Notes: Table presents RD estimates from the Upsolve fuzzy RD model outlined in equations (1) and (2), using different bandwidths around the 150% FPL threshold and different kernel weights. The bandwidth is indicated in the column header. Panel A uses uniform weights and Panel B uses triangular weights. Both panels control for questionnaire completion time, state and year-month fixed effects, debt, and assets (outlined in Section 3.3). The coefficients on “Below 150% FPL” are first-stage estimates, and the coefficients on “Waived” are second-stage estimates. Robust standard errors and p -values are reported in parentheses and square brackets, respectively, below the point estimates. The R^2 for the second-stage model and sample size are shown at the bottom of each column.

Figure A.1: Upsolve-Eligible Chapter 7 Filings Over Time



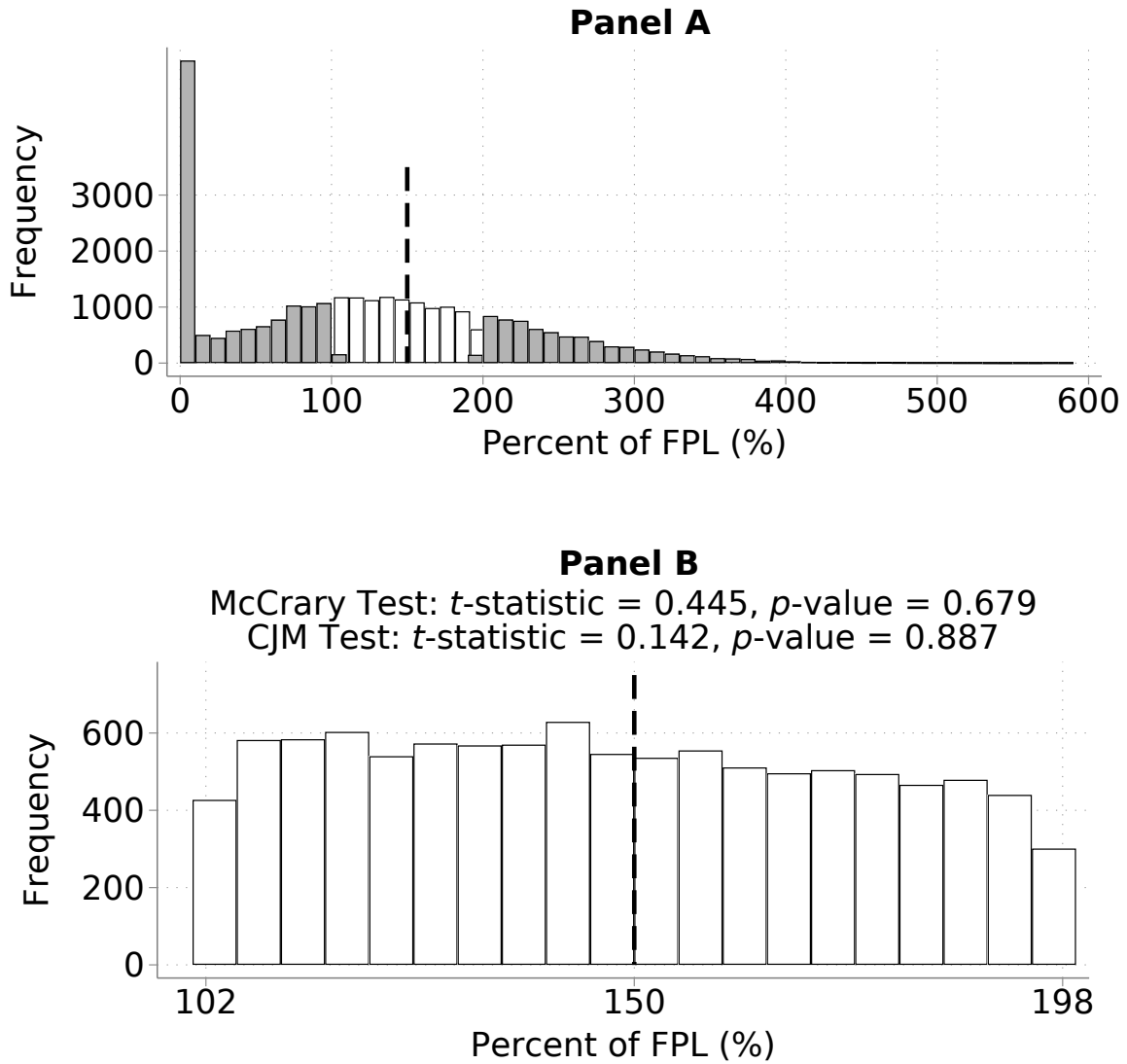
Notes: Figure shows the number of Upsolve bankruptcy filings and Upsolve-eligible filings in the Federal Judicial Center (FJC) database between 2017 Q2 and 2026 Q1 (Federal Judicial Center, 2024). The first recorded Upsolve filing is in 2018 Q2. We define Upsolve-eligible filings as non-joint Chapter 7 cases filed pro se by non-homeowners. The blue line presents the share of Upsolve-eligible filings attributed to Upsolve users, calculated by dividing the number of Upsolve filings by the number of Upsolve-eligible FJC filings.

Figure A.2: Distribution of Income for Upsolve Users vs. All Chapter 7 Filers



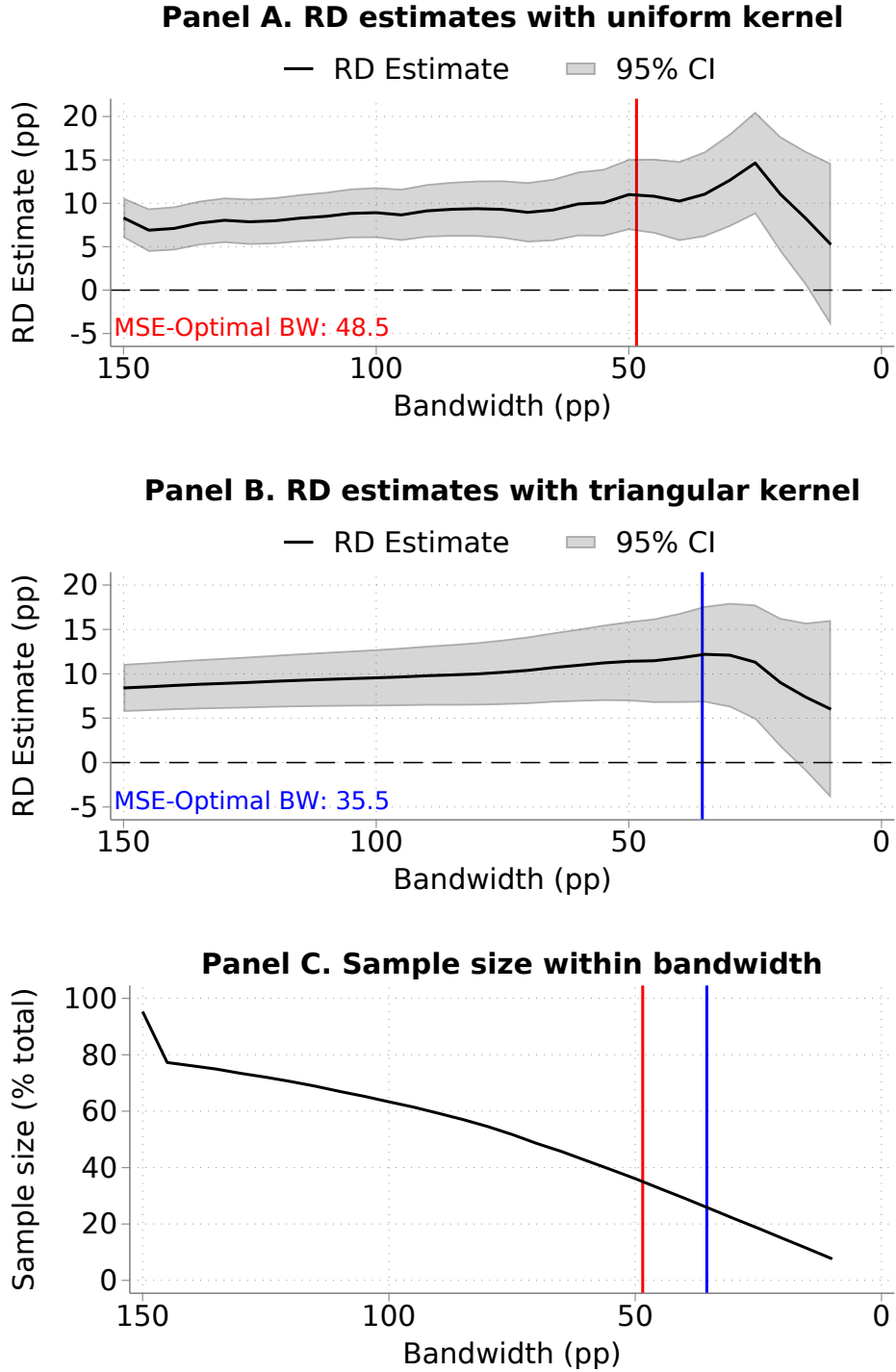
Notes: Figure shows the distribution of average monthly income for Upsolve users (filers and non-filers) and all Chapter 7 filers in the Federal Judicial Center (FJC) database between September 2021 and March 2026. Income is deflated to August 2024 prices and is winsorized at \$0 and \$10,000. The bars of the histogram samples are \$500 in width, and the blue and red dashed lines represent the median income for the Upsolve and FJC samples, respectively.

Figure A.3: McCrary and CJM Tests



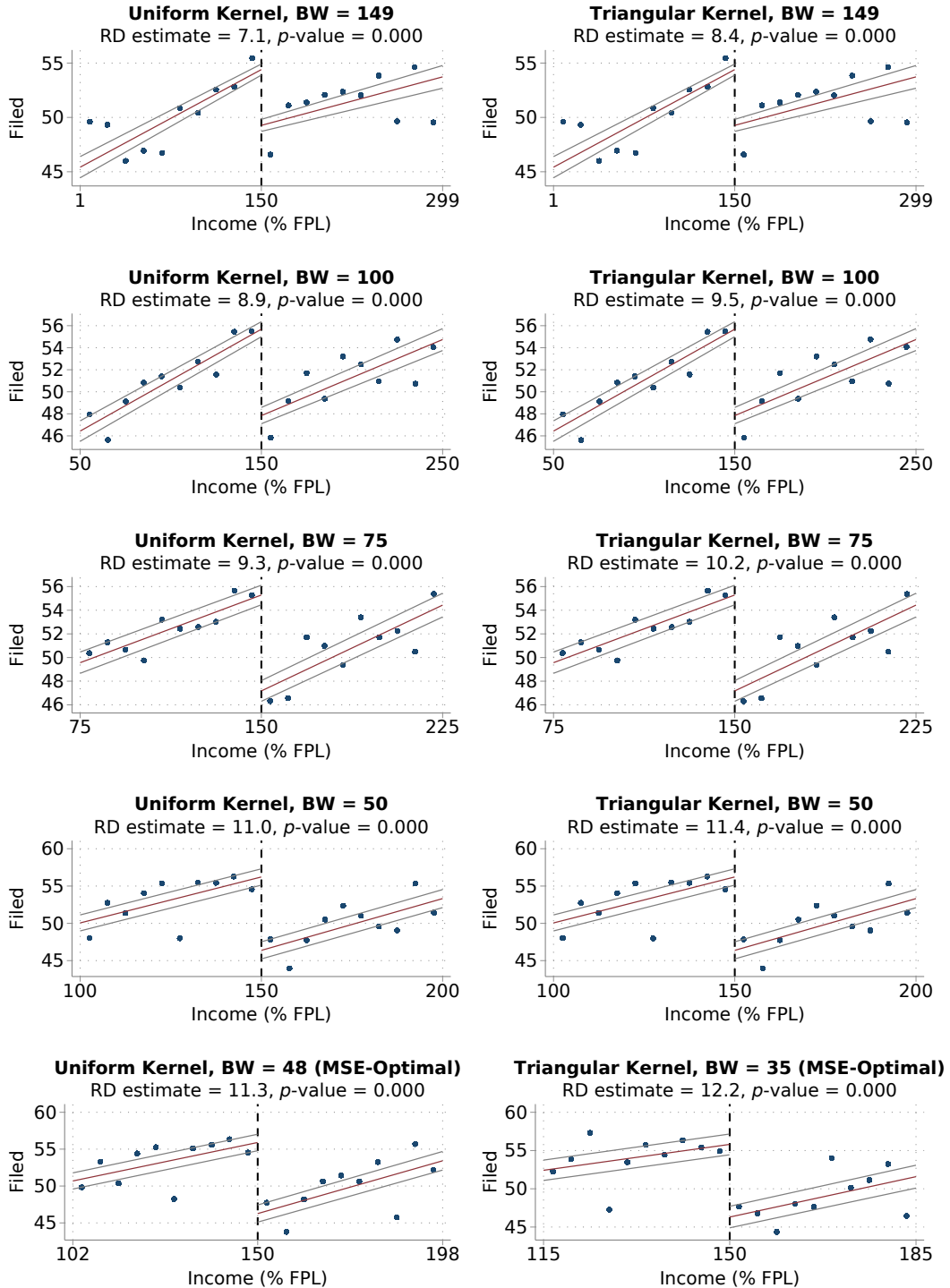
Notes: Panel A shows the distribution of applicant income, with the gray bars representing applicants outside of the MSE-optimal bandwidth (48.5 percentage points). Panel B shows the distribution of applicant income within this bandwidth and reports the t -statistics and p -values from the manipulation tests proposed by [McCrary \(2008\)](#) and [Cattaneo et al. \(2020\)](#).

Figure A.4: Robustness of RD Estimation to Bandwidth Selection and Kernel Weighting



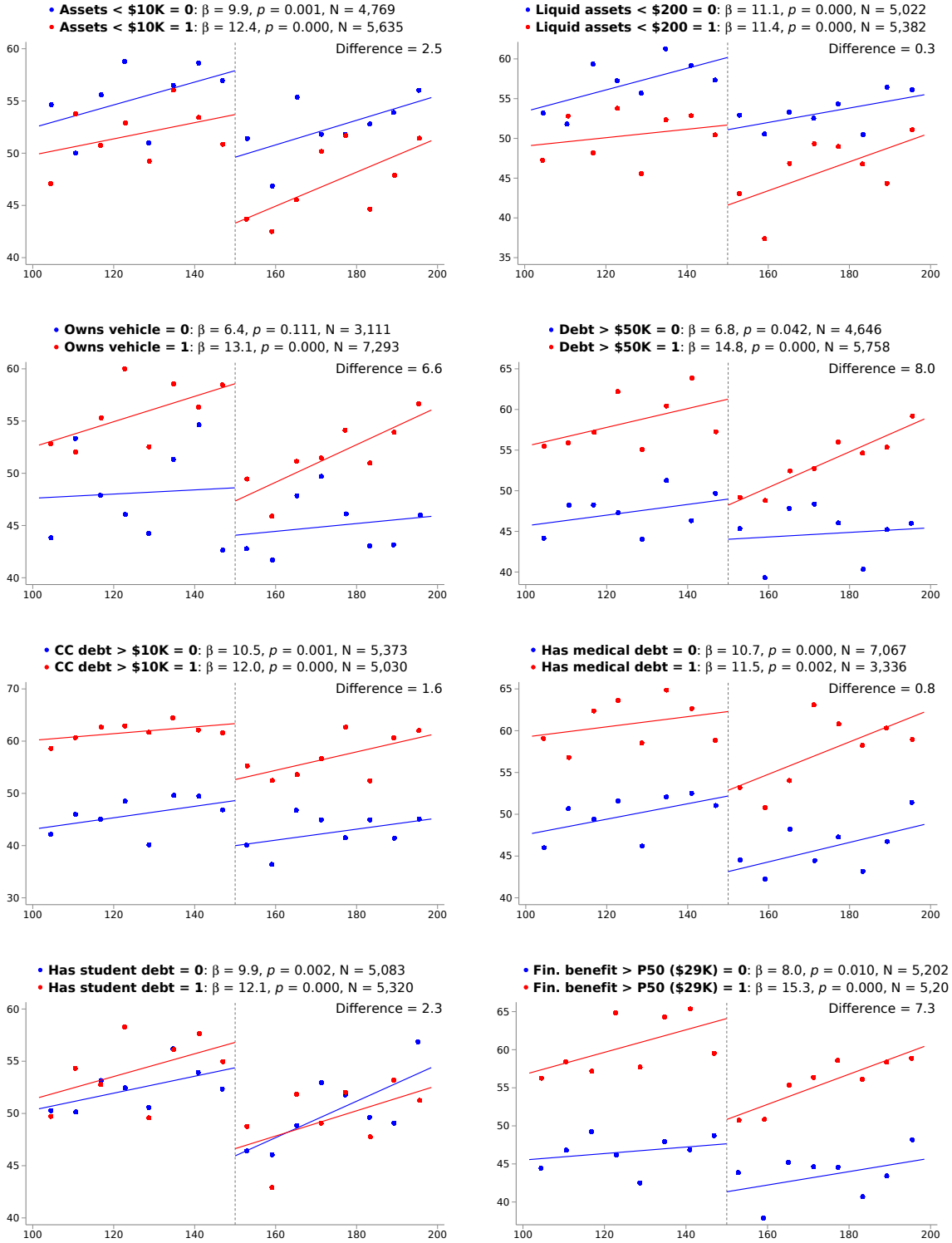
Notes: Figure shows the estimated effect of the fee waiver on filing, as estimated in the fuzzy RD model from equations (1) and (2), under different bandwidths and kernel weights. We vary the bandwidth from 10 to 150 percentage points. Panel A uses uniform kernel weights and Panel B uses triangular kernel weights. In these panels, the black line represents the RD estimate, the grey bands represent a 95% confidence interval, and the red and blue lines represent the MSE-optimal bandwidth based on the algorithm from [Calonico et al. \(2020\)](#). Panel C shows the share of the full sample within each bandwidth.

Figure A.5: Robustness of RD Estimation to Bandwidth Selection and Kernel Weighting



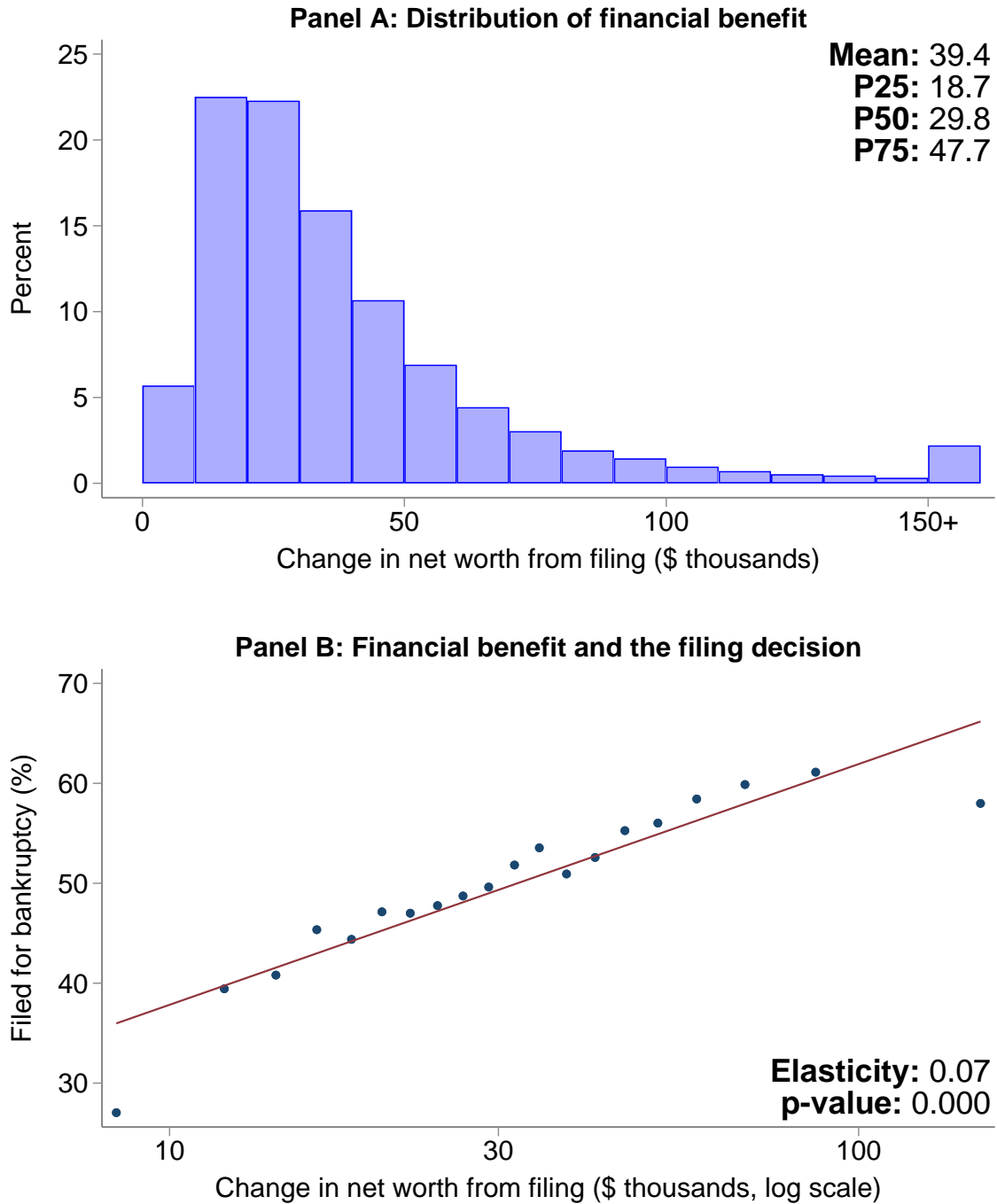
Notes: Figure shows the second-stage effect on filing for bankruptcy under different bandwidths and kernel weights. The bandwidth and kernel weighting approach is specified in the top of each plot. The bottom two plots show the MSE-optimal bandwidths (48.5 and 35.5 percentage points for the uniform and triangular specifications, respectively). Each RD plot controls for state and year-month fixed effects, questionnaire completion time, debt, and assets (outlined in Section 3.3). The RD estimate and corresponding p -value is included in the top right of each plot. Dots show the mean application and filing rates for 20 quantile income bins. Solid lines are fitted values from first-order polynomials, and gray lines represent 95% confidence intervals.

Figure A.6: Heterogeneous Treatment Effects



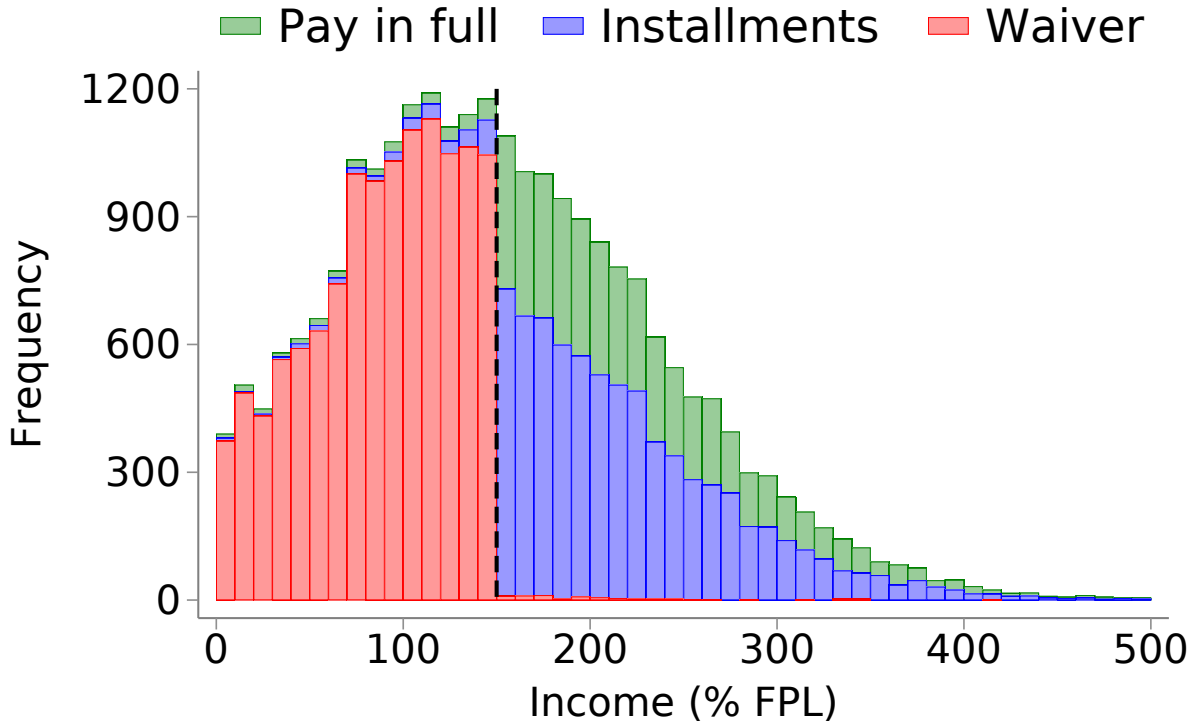
Notes: Figure plots the fuzzy RD model outlined in equations (1) and (2) for sub-groups based on binary characteristics defined prior to treatment. Uses the MSE-optimal bandwidth (48.5 percentage points), includes state and year-month fixed effects, and controls for questionnaire completion time. The RD estimates and corresponding p -values are presented in the legend next to each group label, and the difference in RD estimates is shown in the top right of the plot. Dots show the mean filing rate for 20 quantile income bins. Solid lines are fitted values from the first-order polynomials with a uniform kernel.

Figure A.7: Upsolve Financial Benefit from Filing and the Filing Decision



Notes: Figure shows the distribution of Upsolve users' financial benefit from filing (Panel A) and the relationship between the financial benefit (on a log scale) and the likelihood of filing (Panel B). The financial benefit from filing is the change in net worth one would experience if they filed for Chapter 7 bankruptcy. The financial benefit is deflated to August 2024 prices and winsorized at the 99th percentile. In Panel B, the binned scatterplot includes 20 quartile bins, and the red line represents a fitted line from the regression of the filing decision on log financial benefit. The estimated elasticity and *p*-value from this regression are in the bottom right of the plot.

Figure A.8: Distribution of Applicant Income



Notes: Figure presents the distribution of income as a percent of the FPL, highlighting users who applied for a fee waiver, applied to pay the fee in installments, or opted to pay the fee in full. Excludes 21 users with income above 500% of the FPL.