

New Data: Personal Debt On The Rise Topping \$38,000 Exclusive Of Mortgages

Credit Card Debt Surges as Americans Spend on Dining & Nightlife, Hobbies, and Personal Care

MILWAUKEE, Aug. 14, 2018 /PRNewswire/ -- Though the majority of Americans (53%) cited debt reduction as their top 2018 financial priority, average personal debt (exclusive of home mortgages and among those with some debt) climbed higher this year, exceeding \$38,000 compared to just over \$37,000 in 2017. Additional new findings from Northwestern Mutual's 2018 Planning & Progress Study further suggest that Americans are digging further into--rather than out of--debt:

Americans are twice as likely to have accumulated \$5,000-\$25,000 in debt (33%) rather than personal savings (17%)
Fewer people said they carry "no debt" this year compared to 2017 (23% vs. 27%)
Two in 10 people allocate a staggering 50%-100% of their income towards debt repayment
1 in 10 (13%) Americans say they will be in debt for the rest of their lives

"Despite recognizing that debt means dangerous waters, Americans are jumping in with both feet and struggling to stay afloat," said Emily Holbrook, director of planning, Northwestern Mutual.

Notably, this year, credit cards tied mortgages as the leading source of debt, spiking from 19% to 25%. Educational loans (6%; 28% for Millennials ages 18 - 24) and car loans (7%) rounded out the top three.

This is the latest data released from the 2018 [Planning & Progress Study](#), an annual research project commissioned by Northwestern Mutual, that explores Americans' attitudes and behaviors toward money, financial decision making, and broader issues impacting people's long-term financial security. Prior waves focused on retirement savings, money and emotions, and working with a financial advisor.

Anatomy of Debt

The cycle of "buy and borrow" continued this year. After covering off on basic necessities, Americans allocated nearly equal amounts of their monthly income to debt repayment and discretionary expenses (an average 36% and 37%, respectively).

Looking closer at the nature of discretionary spending, dining and nightlife emerged as the top category (15%). Other mentions included:

Personal passions/hobbies: 13%
Personal care: 13%
Clothing: 13%
Leisure travel: 10%

Interestingly, the data suggests that, in succumbing to their urge to splurge, Americans may be underplaying the implications of debt on financial health. In fact, the majority (56%) said that debt has "low" or "no impact" on their ability to achieve financial security.

"People's purse strings are clearly caught in a tug of war between enjoying the present and saving for the future," continued Holbrook. "The good news is that living your life and living within your means don't have to be mutually exclusive. A proactive financial strategy will ensure that you're swiping your credit card sensibly because short-term gain is never worth the long-term drain on your financial health."

About The 2018 Northwestern Mutual Planning & Progress Study

The 2018 Planning & Progress Study was conducted by The [Harris Poll](#) on behalf of Northwestern Mutual and included 2,003 American adults aged 18 or older in the general population (and an oversample of 601 interviews with U.S. Millennials age 18-34 which have been combined with the general population of those 18-34 when featuring this age group separately from the general population) who participated in an online survey between March 7 and March 19, 2018. Results were weighted to Census targets for education, age/gender, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. No estimates of theoretical sampling error can be calculated; a full methodology is available.

About Northwestern Mutual

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