U.S. Adults Hold An Average Of $29,800 In Personal Debt Exclusive Of Mortgages

Over one-third (34%) of Americans' monthly income is going toward paying off debt, and 15% say they'll be in debt for the rest of their lives

MILWAUKEE, Sept. 17, 2019 /PRNewswire/ -- U.S. adults aged 18+ report having an average of $29,800 in personal debt, exclusive of mortgages, according to the latest findings from Northwestern Mutual's 2019 Planning & Progress Study. The research also revealed that 15% of Americans believe they'll be in debt for the rest of their lives.

While those numbers are staggering, they represent an improvement over last year when U.S. adults reported an average of $38,000 in personal debt. Still, the debt problem in America continues to run deep with wide-spread implications. The study found:

On average, over one-third (34%) of people's monthly income goes toward paying off debt
45% of Americans say debt makes them feel anxiety on at least a monthly basis
35% report feeling guilt at least monthly as a result of the debt they're carrying
One in five (20%) report that debt makes them feel physically ill at least once a month
One-fifth (20%) of U.S. adults are not sure how much debt they have
Over one in three Americans (34%) are unsure how much of their monthly income goes toward paying off their debt

Among the generations, Gen X reported the highest levels of personal debt with $36,000 on average. They're followed by Baby Boomers at $28,600; Millennials at $27,900; and Gen Z at $14,700.

"The road to financial security is long, even in the best of circumstances," says Emily Holbrook, senior director of planning at Northwestern Mutual. "By carrying high levels of personal debt that road gets even longer, often requiring all kinds of detours and other twists and turns. The fact that there's been some year-over-year improvement in debt levels is good, but the numbers still remain worryingly high."

This is the latest round of findings from the 2019 Planning & Progress Study, an annual research project commissioned by Northwestern Mutual that explores Americans' attitudes and behaviors towards money, financial decision-making, and factors impacting long-term financial security. This year marks the 10-year anniversary of the study.

The Credit Card Crisis

The leading sources of debt for most Americans is a tie between mortgages and credit cards, according to the study. An equal 22% of U.S. adults listed each as their main source of debt, more than double the next two highest sources — car loans (9%) and personal education loans (8%).

Millennials cite credit card bills as their main source of debt (25%), while Gen Z notes personal education loans as theirs (20%). Both Gen Xers (30%) and Baby Boomers (28%) note mortgages as their leading source of debt, followed by credit card bills (at 24% and 18% respectively).

Digging deeper into the numbers around credit card debt, the study found:

Nearly one-third of Americans (31%) are paying interest rates on their credit cards greater than 15%
Over 1 in 10 (12%) say they "always" pay only the minimum required payment, just covering the interest without paying down any principal
Close to one-fifth (19%) don't know what their interest rate is, with Millennials being the most likely to report not knowing (22%)
18% report having four or more credit cards, with Baby Boomers being more likely than other generations to have four or more (23%)

According to the Federal Reserve Bank of New York, credit card debt has reached $868 billion in the United States, and delinquencies are on the rise.

"Our data, along with national numbers, show that people continue to struggle with finding the right balance between spending now versus saving for later," says Holbrook. "But it's important to understand the impact that spiraling debt can have on a financial plan. There are steps people can take to get control of their debt. It might start with loan consolidation and a budget, then move to a longer-term plan that includes guardrails to help people stay on track. The most important part is to take action. It's often those first few steps that can be the hardest and most important."

About The 2019 Northwestern Mutual Planning & Progress Study
The 2019 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 281 U.S. adults age 18-22 who participated in an online survey between February 20 and March 5, 2019. 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.

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