

Northwestern Mutual Study Finds Americans' Personal Debt Has Dropped More than 20% Over the Last Two Years

U.S. adults carrying debt hold an average of \$23,325, exclusive of mortgages
78% say debt has impacted their ability to achieve financial security

MILWAUKEE, Aug. 25, 2021 /PRNewswire/ -- The latest findings from Northwestern Mutual's 2021 Planning & Progress Study show that among U.S. adults aged 18+ who carry debt, they hold an average of \$23,325 excluding mortgages. This represents a downward trend of over 20% since 2019.

Average Amount of Debt Per Year (exclusive of mortgages):

2019	\$29,800
2020	\$26,621
2021	\$23,325

"The fact that people are making significant progress to decrease their debt is encouraging to see, especially at a time when many are still recovering from the financial impact and uncertainties prompted by the Covid-19 pandemic," said Christian Mitchell, executive vice president & chief customer officer at Northwestern Mutual.

While overall debt is on the decline, 30% of Americans' monthly income on average goes towards paying off debt other than mortgages. Far and away, the top source of debt after mortgages is credit cards, accounting for more than double any other source:

- 19% - credit card bills
- 8% - car loan
- 7% - education loans
- 4% - home equity / lines of credit

Debt under control, or controlled by debt?

With debt consuming nearly a third of monthly budgets on average, many people also say that it has negatively impacted their ability to pursue other financial milestones. Because of their debt:

- 29% delayed making significant purchases
- 18% delayed saving for retirement
- 14% delayed buying a home
- 8% delayed having children
- 7% delayed marriage

Having to pay down debt also carries weight in the way people feel about their long-term financial stability – 78% say that debt has impacted their ability to achieve long-term financial security.

"The latest numbers show steps in the right direction compared to previous years, but we continue to see debt hindering many Americans from having the financial freedom to make other important decisions in their lives," said Mitchell. "Having a plan of action to manage debt and stay on top of payments is critical to achieving future financial goals."

Although debt is holding some back from major decisions, there are positive indications that people are looking ahead to manage and reduce their debt. Two-thirds (66%) of those with some debt say they have a specific plan to pay it off, and have a timeline for doing so:

45% only expect to be in debt for 1-5 years

20% say for the next 6-10 years

14% say between 11-20 years

9% say for the rest of their lives

The pandemic has shifted these timelines, putting some behind and giving others a chance to gain some ground. Specifically, 34% say it will take them longer than expected to pay off their debt because of the pandemic, while 23% expect to be able to pay it off sooner.

About The 2021 Northwestern Mutual Planning & Progress Study

The 2021 Planning & Progress Study was conducted by The [Harris Poll](#) on behalf of Northwestern Mutual and included 2,320 American adults aged 18 or older who participated in an online survey between March 16 – 26, 2021. 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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For further information: LUKE PUNZENBERGER, 1-800- 323-7033,
mediarelations@northwesternmutual.com

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