

Personal Debt in America Had Dropped 25% in Three Years

U.S. adults who carry personal debt held an average of \$22,354 exclusive of mortgages at the start of the year, when inflation was already on the rise but before the latest spikes

MILWAUKEE, Sept. 20, 2022 /PRNewswire/ -- At the early part of this year, personal debt among U.S. adults aged 18+ was on a three-year downward trajectory, according to [Northwestern Mutual's 2022 Planning & Progress Study](#).

Among U.S. adults who carry debt, they held an average of \$22,354 excluding mortgages in February when the research was conducted. At the time, inflation was rising but it was before the most recent spikes in the economic data. Nonetheless, the long-term trend line showed a 25% drop over three years.

Average Amount of Personal Debt (exclusive of mortgages)	
2019	\$29,803
2020	\$26,621
2021	\$23,325
2022	\$22,354

"With inflation rising at the fastest pace since the 1980s, many Americans have seen their savings begin to erode and their debt levels rise in recent months," said Christian Mitchell, executive vice president & chief customer officer at Northwestern Mutual. "It's a challenging time for consumers but on the bright side is that many people have been chipping away at their debt for the last several years. It's a good reminder that a strong financial plan must factor in both what's happening now and what could be coming down the road."

The Drag Effect

Debt can create a drag on a financial plan that can be very difficult to reverse. The research found that nearly one-third (32%) of Americans' monthly income on average goes toward paying down debt other than mortgages.

Excluding mortgages (18%), the #1 source of personal debt by far is credit cards.

Sources of Personal Debt	
Credit cards	20 %
Car loans	8 %
Personal education loans	8 %
Educational expenses for children / family members	6 %
Home equity loans / lines of credit	4 %

More than half (54%) of people say debt is having a substantial or moderate impact on their ability to reach financial security, and many Americans expect to stay in debt for a long time.

How Long People Expect to Be in Debt	
1-5 years	43 %
6-10 years	20 %
11-20 years	12 %

For the rest of my life	12 %
Don't know	13 %

Debt has also caused people to hit pause on many of life's most meaningful milestones, including getting married, buying a house, having children and saving for retirement.

Things People Have Delayed as a Result of Debt	
Making a significant purchase	31 %
Saving for retirement	20 %
Buying a home	18 %
Getting married	8 %
Having children	8 %

"When debt is carefully managed, it can play a helpful role in a long-term financial plan – but it's a slippery slope," said Mitchell. "It can be hard to detect when healthy debt turns into runaway debt, and once that line is crossed it can be debilitating over a long period of time. An advisor can help, whether it's by avoiding runaway debt in the first place or helping to get out of it once it's set in."

Americans Prioritize Paying Down Debt Over Saving

Between saving money and paying down debt, 57% of people prioritize paying down debt versus 43% who put saving first.

"Everyone's financial situation is different, but this finding does reflect intentions pretty clearly," said Mitchell. "This makes me optimistic that despite the challenges inflation poses, people are focused on getting their debt levels down over time."

About The 2022 Northwestern Mutual Planning & Progress Study

The 2022 Planning & Progress Study was conducted by The [Harris Poll](#) on behalf of Northwestern Mutual and included 2,381 American adults aged 18 or older who participated in an online survey between February 8 – 17, 2022. 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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