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This study finds that the average debt of the middle class has increased significantly since 1989. Using data from the Federal Reserve’s Survey of Consumer Finances, the study creates balance sheets showing average amounts of assets, debt and net worth for the middle class by age groups at different points in time. The study shows that Americans over age 50 are experiencing the sharpest rates of increase in debt and younger families are carrying the largest amounts of debt.

This trend presents a threat to the long-term financial security of middle-class families of all ages. Despite substantially higher asset values in 2010 than in 1989, the financial stability of middle-class families has not improved for families ages 25 to 49, and improved little for those ages 50–64. The oldest families, those 75+, experienced little gain in financial assets over the past two decades, and increasing numbers of older families are carrying debt, and larger amounts of debt, than in the past. Other key findings:

- Middle-class families age 50+ experienced gains in net worth from 1989 to 2010, but also accelerated their borrowing, which reduced those gains.

- Average net worth of families age 50–64 increased only 5 percent from 1989 to 2010: Strong increases in average amounts of assets were largely offset by increases in debt.

- Middle-class families ages 25–49 and 50–64 experienced strong increases in education debt over the past two decades.

- Average net worth of families age 25–49 decreased 32 percent from 1989 to 2010, with increases in debt more than offsetting minimal gains in assets.

- Average net worth fell across all age groups from 2007 to 2010 in the wake of the housing market collapse, the financial crisis, and the Great Recession: Percentage decreases were largest for the two youngest age groups.

- Average financial assets of families age 75+ fell sharply—29 percent from 2007 to 2010— and may indicate that older families were allocating substantial amounts of assets to stocks, which exposed their balance sheet to more risk, particularly in the short-term.