



## **In the Red: Older Americans and Credit Card Debt**

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Middle-income Americans age 50 and older are carrying more credit card debt on average than younger people, according to Dēmos' 2012 National Survey on Credit Card Debt of Low- and Middle-Income Households.<sup>1</sup> That is a reversal of findings from a survey conducted by Dēmos in 2008.

AARP's Public Policy Institute collaborated with Dēmos to produce this report. It reveals a troubling picture of middle-income 50+ households carrying card debt near or in their retirement years. The report shows that older households carried an average credit card balance of \$8,278 in 2012. For those under 50, credit card debt averaged \$6,258. Other key findings for middle-income households that carried credit card debt for three months or more:

- A third of older households used credit cards to pay for basic living expenses such as rent, mortgage payments, groceries, or utilities.
- Half of Americans age 50+ carried medical expenses on their credit cards. Prescription drugs and dental expenses were the main contributors.
- A quarter of older households said loss of a job contributed to their credit card debt in the last three years.
- Nearly one in five (18 percent) older Americans nearing retirement said they dipped into retirement funds to pay down credit card debt.
- Older Americans were twice as likely as those under age 50 to take on credit card debt to assist other family members (23 percent vs. 11 percent).

This report suggests that credit card debt among older Americans is primarily a reflection of difficult economic times, not a lack of personal financial responsibility.

*Methodology: The survey by GfK Knowledge Networks in February–March 2012 covered 997 households that had carried credit card debt for three months or more.*

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<sup>1</sup> This report uses the term *middle income* to refer to the respondents in this study, since 95 percent of the people in the study were middle income.