

AARP Bulletin Survey on Budgeting and Credit Card Use

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**Report Written by:
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AARP collected data for this project through an online survey administered by ORC International. Barbranda Walls and Jim Toedtman contributed to the questionnaire design, S. Kathi Brown reviewed the report, and Darlene Matthews number checked the report. The report was written by Lona Choi-Allum in AARP's Research & Strategic Analysis department. For additional information, contact Lona Choi-Allum at lallum@aarp.org.

The AARP Bulletin commissioned a nationwide survey in February 2012 to learn whether individuals are following a monthly budget and how they are using their credit cards and managing any credit card debt. The survey was conducted for AARP by ORC International using its online omnibus survey service. Interviews were conducted from Feb. 23—Feb. 26, 2012, among a nationally representative sample of 1,019 adults ages 18 and older.

Key Findings

- Seven in ten respondents (70%) report that they have a monthly budget that they try to follow. Three in ten (30%) say that they do not follow a monthly budget.
- Among those who say that they do not have a monthly budget that they try to follow, the most common reason for not following one is that “*it’s not worth my time*” (23%).
- When respondents were asked how many credit cards they have, one-fifth (20%) report having only one credit card, and a third of respondents (33%) say that they have two to three credit cards. A fifth (20%) report that they own four or more credit cards. About a quarter (26%) say that they have no credit cards.
 - Respondents age 50 and over (27%) are more likely than those age 18 to 49 (16%) to report that they have four or more credit cards.
 - Respondents ages 18 to 49 (34%) are twice as likely as those age 50 and over (16%) to say that they have no credit cards.
- About half of those who report having two to three credit cards actually use two to three cards each month (49%). Interestingly, the majority of those who report having four or more credit cards (68%) say that they use only two to three cards each month.
- When thinking about the credit card that they use most often, results show that almost three in five respondents (58%) pay the full balance each month. About a third (32%) say that they pay less than the full amount but more than the required minimum balance. Fewer than one in ten (8%) report that they pay only the minimum amount.
 - Respondents age 50 and over (65%) are more likely than those age 18 to 49 (52%) to say that they pay the full amount each month.

- Among respondents who pay only the minimum balance each month, the majority of respondents (60%) think that they will be able to pay off their current balance by making monthly minimum payments.
- Respondents who have at least one credit card use their credit card(s) to make purchases or payments for a number of items. About two-thirds of respondents (67%) use their card to buy clothing. About three in five use their credit card to buy gas (64%), go out to eat (64%) or travel (62%).
 - Respondents age 50 and over are more likely than those age 18 to 49 to use their credit card for travel (68% vs. 55%), clothing (72% vs. 62%), home maintenance (39% vs. 28%) or car maintenance (54% vs. 40%).

Detailed Findings¹

Following a Monthly Budget

Seven in ten respondents (70%) report that they have a monthly budget that they try to follow. Three in ten (30%) say that they do not follow a monthly budget. Respondents age 18-49 (71%) and those age 50+ (69%) are equally likely to try and follow a monthly budget.

Reasons for Not Following a Monthly Budget

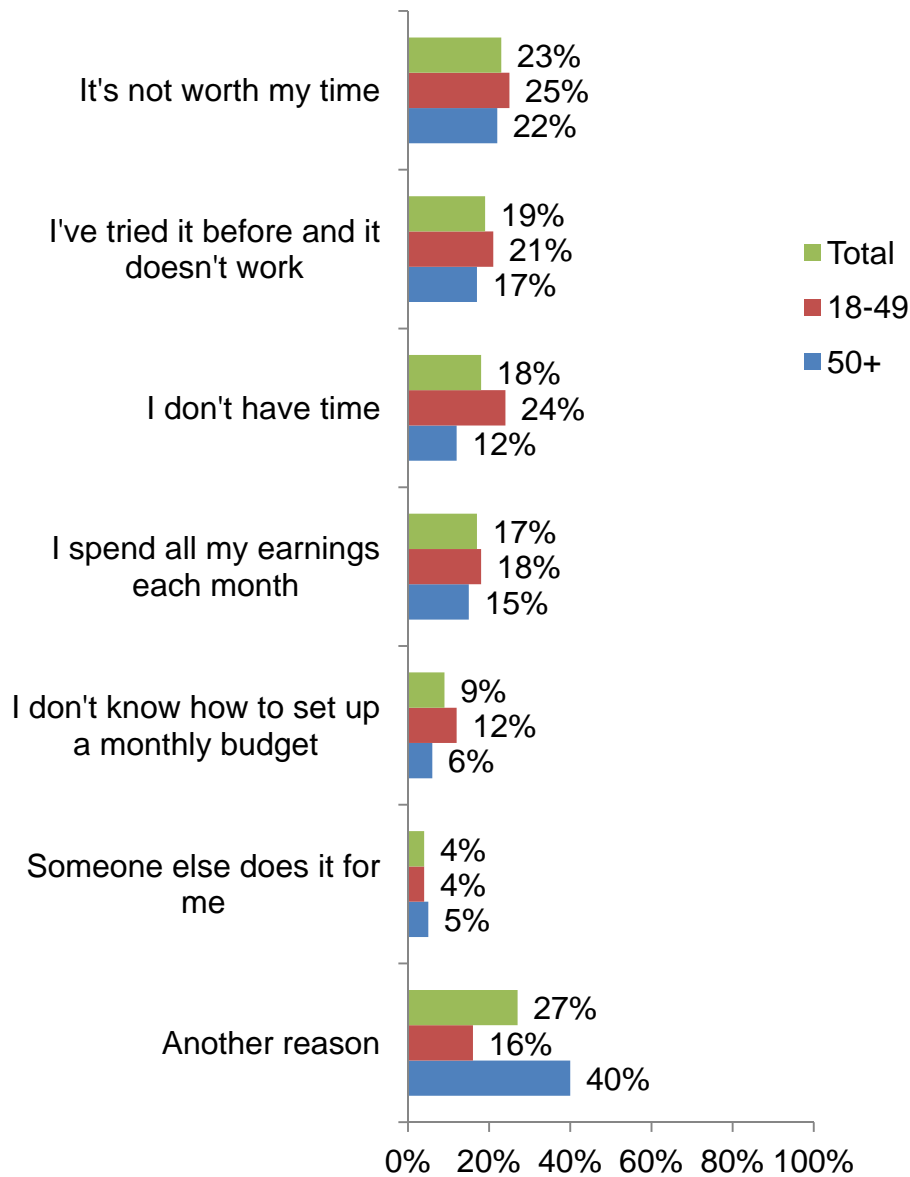
Through two separate questions, respondents who do not have a monthly budget were asked to explain why they do not follow a budget. In the first question, they were allowed to select *more than one* reason for not following a budget. In the second question, they were forced to select *only one* reason (their “main” reason).

When respondents without a budget were allowed to select more than one reason for not following a budget, the most common reasons were that “*it’s not worth my time*” (23%), “*I’ve tried it before and it doesn’t work*” (19%), “*I don’t have time*” (18%), and “*I spend all of my earnings each month*” (17%).

When respondents without a budget were asked to select their *main* reason for not following a budget, one in five (21%) continue to say that “*it’s not worth my time*,” while about one in seven indicate that “*I’ve tried it before and it doesn’t work*” (14%) and “*I spend all of my earnings each month*” (14%).

¹ All significant differences by age are noted throughout the report. Also, results by age are statistically the same unless noted.

Reasons for Not Following a Monthly Budget
 (Base: Respondents who do not have a monthly budget)
 (n=296)



*Multiple responses allowed.

Other Reasons for Not Following a Monthly Budget (open-ended)

Among respondents who provided “another reason” for not following a monthly budget, the most common responses included *I do not need to follow a budget*, *I spend within my means*, and *I choose not to*.

Respondents Who Do Not Have a Monthly Budget to Follow

Among those who do not have a monthly budget, about three in ten (31%) wish that they did have a budget in place to follow. Almost seven in ten (69%) say that they do not wish to have a monthly budget in place.

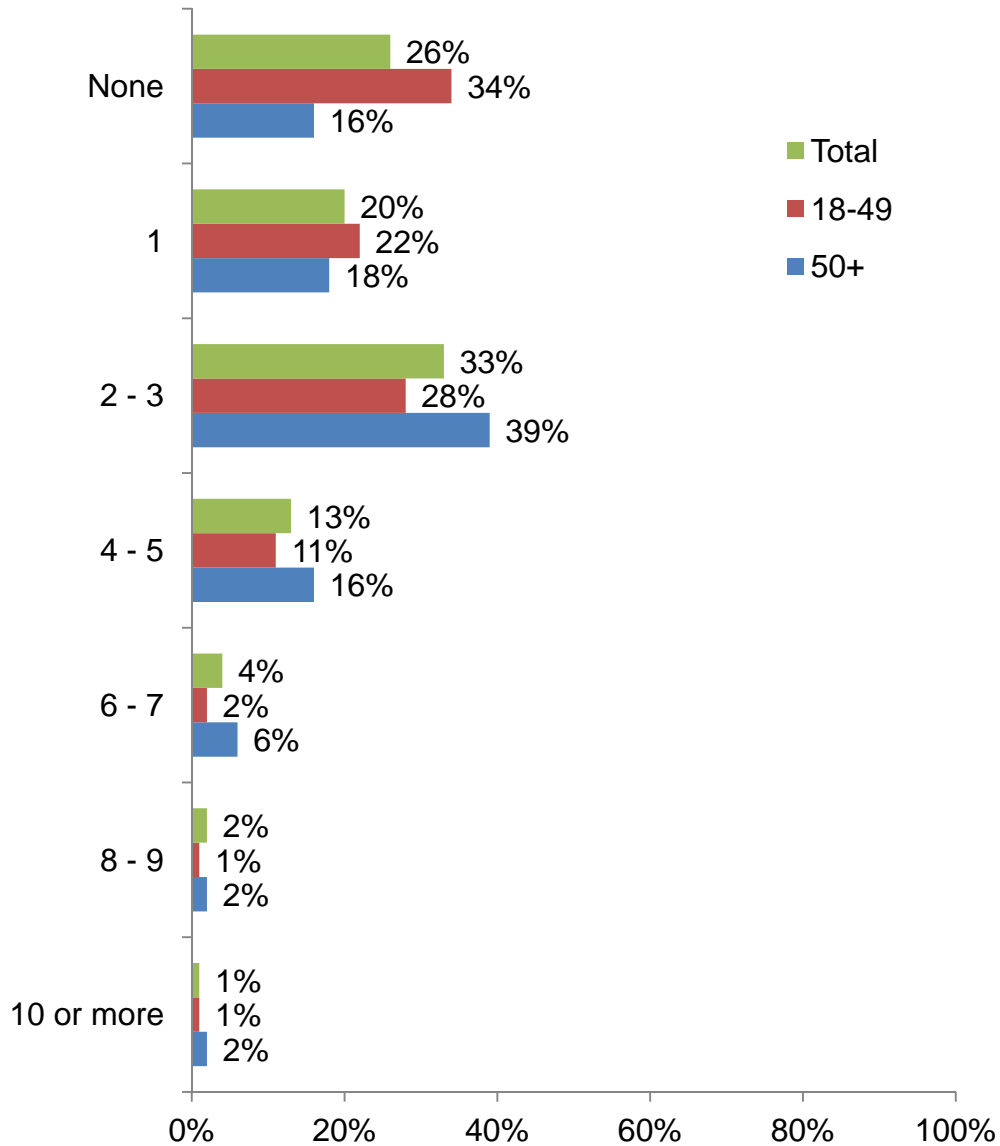
Credit Cards

When respondents were asked how many credit cards they have, one-fifth (20%) report having only one credit card, and a third of respondents (33%) say that they have two to three credit cards. A fifth (20%) report that they own four or more credit cards. About a quarter (26%) say that they have no credit cards.

Respondents age 50 and over (27%) are more likely than those age 18 to 49 (16%) to report that they have four or more credit cards. And, respondents age 18 to 49 (34%) are twice as likely as those age 50 and over (16%) to say that they have no credit cards.

How Many Credit Cards Do You Have?

(n=1,019)



Number of Credit Cards Used

Among those who report having a credit card, about half (48%) say that, on average, they use one credit card a month. About two in five (41%) use two to three cards a month while a small percentage (3%) use four or more cards each month. About one in ten (8%) report that they do not use their credit card.

About half of those who report having two to three credit cards actually use two to three cards each month (49%). Interestingly, the majority of those who report having four or more credit cards (68%) say that they use only two to three cards each month.

Credit Card Balances

When thinking about the credit card that they use most often, results show that almost three in five respondents (58%) pay the full balance each month. About a third (32%) say that they pay less than the full amount but more than the required minimum balance. Less than one in ten (8%) report that they pay only the minimum amount. Respondents age 50 and over (65%) are more likely than those age 18 to 49 (52%) to say that they pay the full amount each month.

Missed Payments

Respondents who report that they do have at least one credit card were asked whether they have ever missed paying at least the minimum balance in the past six months. About nine in ten (89%) say that they have not missed paying the minimum balance.

Respondents age 50 and over (94%) are more likely than those age 18 to 49 (83%) to say that they have not missed paying the minimum balance.

Types of Purchases Made Using a Credit Card

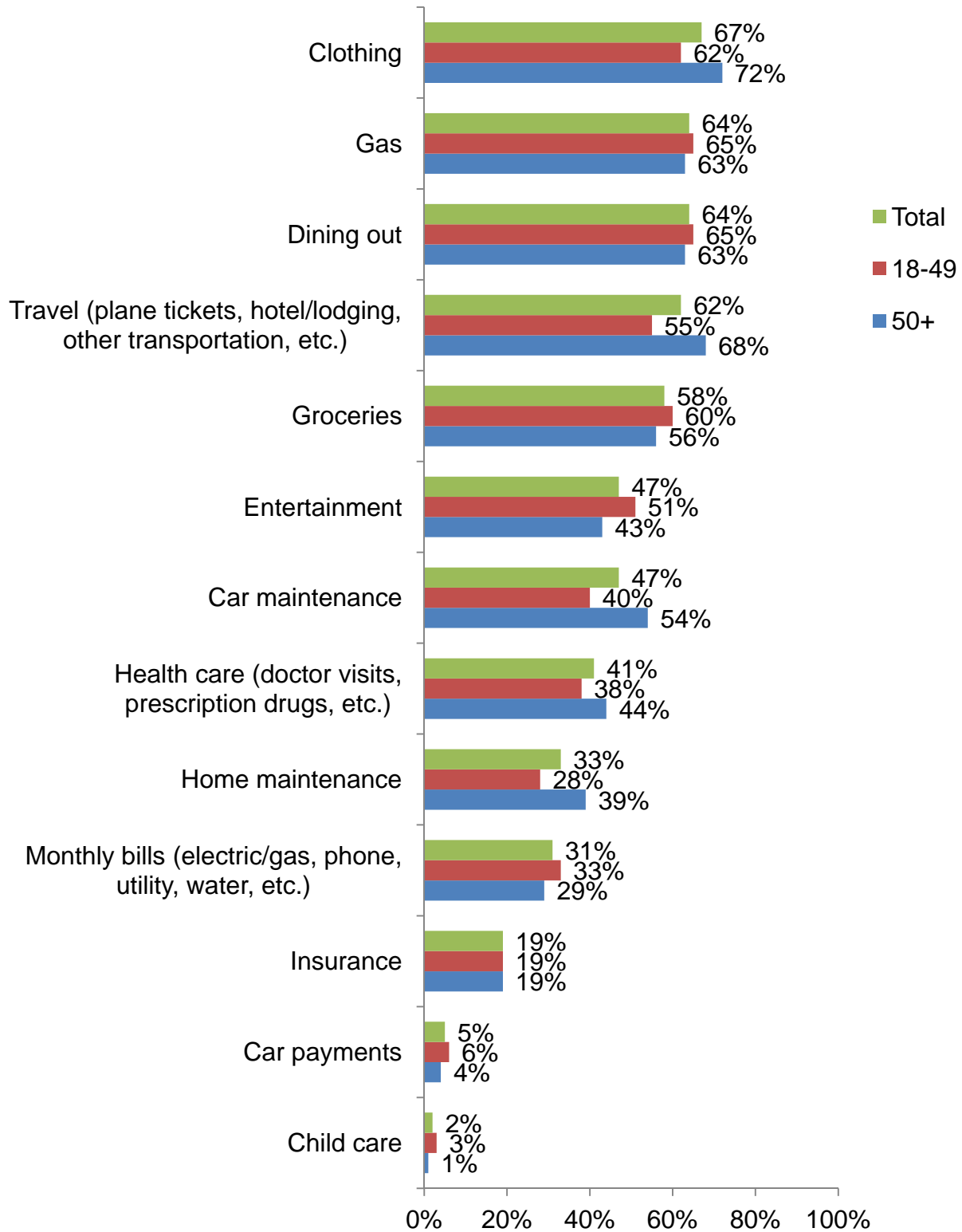
Respondents who have at least one credit card use their credit card to make purchases or payments for a number of items. About two-thirds of respondents (67%) use their card to buy clothing. About three in five use their credit card to buy gas (64%), to go out to eat (64%), or for travel (62%).

Respondents age 50 and over are more likely than those age 18 to 49 to use their credit card for travel (68% vs. 55%), clothing (72% vs. 62%), home maintenance (39% vs. 28%), or car maintenance (54% vs. 40%).

What Types of Purchases or Payments Do You Make Using Your Credit Card?

(Base: Respondents who have a credit card)

(n=816)



*Multiple responses allowed.

Percentage of Purchases Made Using a Credit Card

Three in ten (30%) who have a credit card say that they put less than 10 percent of their purchases on a credit card each month. Almost a fifth (18%) put 10 to 24 percent of purchases on a credit card while about one in ten (12%) put 25 to 49 percent of purchases on a credit card. Almost two in five (37%) say that they put at least 50 percent of their purchases on a credit card.

Survey Methodology

The survey was conducted for AARP via an online omnibus by ORC International, an independent research company. Interviews were conducted from Feb. 23–Feb. 26, 2012, among a nationally representative sample of 1,019 adults 18 years of age or older.

Respondents for this survey were selected from among those who have volunteered to participate in online surveys and polls. The data have been weighted to reflect the demographic composition of the 18+ population. Because the sample is based on those who initially self-selected for participation, no estimates of sampling error can be calculated.

**AARP Bulletin Survey on Budgeting and Credit Card Use
Annotated Questionnaire**

(n=1,019 Respondents Age 18+)

The study was conducted for AARP via an online omnibus by ORC International, an independent research company. Interviews were conducted from Feb. 23–Feb. 26, 2012, among a nationally representative sample of 1,019 adults 18 years of age or older. Of those, a total of 567 respondents were age 21-49 and a total of 452 respondents were age 50+.

Respondents for this survey were selected from among those who have volunteered to participate in online surveys and polls. The data have been weighted to reflect the demographic composition of the 18+ population. Because the sample is based on those who initially self-selected for participation, no estimates of sampling error can be calculated.

* denotes < 0.5%

--denotes 0.0%

(Asked of total; n = 1,019. 18-49 = 567, 50+ = 452)

P1 Do you have a monthly budget that you try to follow? [Select one answer]

	Yes	No
Total	70	30
18-49	71	29
50+	69	31

IF DO NOT HAVE BUDGET, P1 [02], CONTINUE.
ALL OTHERS SKIP TO TEXT BEFORE P5

(Asked of those who do not have a monthly budget; n = 296. 18-49 = 151, 50+ = 145)

P2 What are your reasons for not following a monthly budget? [Select as many as apply. Randomize 01-06]

	I don't have time	I don't know how to set up a monthly budget	It's not worth my time	I spend all of my earnings each month	Someone else does it for me	I've tried it before and it doesn't work	Another reason (open-ended)
Total	18	9	23	17	4	19	27
18-49	24	12	25	18	4	21	16
50+	12	6	22	15	5	17	40

(Asked of those who do not have a monthly budget; n = 296. 18-49 = 151, 50+ = 145)

P3 What is your main reason for not following a monthly budget? [Select one answer. Randomize in same order as P2]

	I don't have time	I don't know how to set up a monthly budget	It's not worth my time	I spend all of my earnings each month	Someone else does it for me	I've tried it before and it doesn't work	Another reason
Total	13	7	21	14	4	14	27
18-49	20	9	22	15	4	14	16
50+	5	4	21	12	5	14	39

(Asked of those who do not have a monthly budget; n = 296. 18-49 = 151, 50+ = 145)

P4 Do you wish you had a budget in place to follow?

	Yes	No
Total	31	69
18-49	36	64
50+	25	75

(Asked of total; n = 1,019. 18-49 = 567, 50+ = 452)

The next several questions are based on the credit card(s) you have – NOT debit cards.

P5 How many credit cards do you have? (Your best guess is fine.) [Select one answer]

	None	1	2-3	4-5	6-7	8-9	10 or more
Total	26	20	33	13	4	2	1
18-49	34	22	28	11	2	1	1
50+	16	18	39	16	6	2	2

IF HAVE CREDIT CARDS, P5 [02-07], CONTINUE.
ALL OTHERS SKIP TO P13

(Asked of those who have a credit card; n = 816. 18-49 = 417, 50+ = 399)

P6 On average, how many credit cards do you use each month? (Your best guess is fine.) [Select one answer. Programming note: Answer should not exceed answer in P5]

	None	1	2-3	4-5	6-7	8-9	10 or more
Total	8	48	41	3	--	*	*
18-49	11	49	38	2	--	--	*
50+	5	46	44	4	--	*	*

(Asked of those who have a credit card; n = 816. 18-49 = 417, 50+ = 399)

P7 Thinking of the credit card that you use most often, how much of the balance on that card do you usually pay each month? [Select one answer. Rotate 01-03 top to bottom, bottom to top]

	The full amount	Less than the full amount, but more than the minimum	The minimum amount	I don't know
Total	58	32	8	2
18-49	52	35	12	1
50+	65	29	4	2

(Asked of those who have a credit card and pay off the minimum amount of credit card bill each month; n = 54. 18-49 = 42, 50+ = 12)

P8 Do you think you will be able to pay off your current balance by making monthly minimum payments? [Select one answer]

	Yes	No
	Results not displayed due to small base.	

(Asked of those who have a credit card and pay off the minimum amount of credit card bill each month, and think able to pay off current balance by making monthly payments; n = 29. 18-49 = 26, 50+ = 3)

P9 How long will it take you to pay off the balance? [Select one answer]

	Less than a year	1-2 years	3-4 years	5-9 years	10 years or more	Don't know
Total	Results not displayed due to small base.					
18-49						
50+						

P10 In the last six months, have you missed paying at least the minimum balance on [IF P5 (02): your credit card] [IF P5 (03-07): any credit card]?

(Based on those who have 1 credit card; n = 204. 18-49 = 128, 50+ = 76)

	Yes	No
Total	9	91
18-49	12	88
50+	4	96

(Based on those who have more than 1 credit card; n = 612. 18-49 = 289, 50+ = 323)

	Yes	No
Total	12	88
18-49	19	81
50+	6	94

(Based on those who have a credit card; n = 816. 18-49 = 417, 50+ = 399)

	Yes	No
Total	11	89
18-49	17	83
50+	6	94

(Based on those who have a credit card; n = 816. 18-49 = 417, 50+ = 399)

P11 What types of purchases or payments do you make using your credit card? Check all that apply. [Select as many as apply. Randomize, always placing 'Entertainment' (07) after 'Dining Out' (06) and Travel' (03)]

	Total	18-49	50+
Groceries	58	60	56
Health care (doctor visits, prescription drugs, etc.)	41	38	44
Travel (plane tickets, hotel/lodging, other transportation, etc.)	62	55	68
Gas	64	65	63
Clothing	67	62	72
Dining out	64	65	63
Entertainment (excluding travel and dining out)	47	51	43
Monthly bills (electric/gas, phone, utility, water, etc.)	31	33	29
Child care	2	3	1
Car payments	5	6	4
Insurance	19	19	19
Home maintenance	33	28	39
Car maintenance	47	40	54

(Based on those who have a credit card; n = 816. 18-49 = 417, 50+ = 399)

P12 On average, what percentage of your purchases do you put on a credit card each month? (Your best guess is fine.) [Select one answer]

	Less than 10 percent	10-24 percent	25-49 percent	50-74 percent	75-99 percent	100 percent	Don't know
Total	30	18	12	14	21	2	3
18-49	32	17	14	14	20	1	2
50+	29	19	9	14	22	3	4

(Asked of total; n = 1,019. 18-49 = 567, 50+ = 452)

P13 Are you (or your spouse or partner) currently a member of AARP? [Select one answer]

	Yes	No
Total	26	74
18-49	7	93
50+	50	50