



ON THE HOOK: DEBT AND THE 50+

October 2023

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EXECUTIVE SUMMARY

Executive Summary

Introduction

Adults of all ages have faced considerable financial pressures over the past couple years. Unusually high inflation rates, which first surfaced in 2021, have strained household budgets, and exceptional stock market volatility in 2022 caused concerns about retirement savings and investments, especially for those in or approaching retirement. Recent data suggest that these economic pressures — particularly inflation — may have contributed to an increase in debt. Average credit card balances remained at record highs through the end of June 2023.¹ Experts have also raised concerns about the increasing debt among older adults and the potential impact on financial security in retirement.²

The 2023 AARP Debt Survey provides insights on adults ages 50-plus who have at least one type of debt. Among adults ages 50-plus who carry debt, the survey examines the degree to which they describe their debt as a problem and explores the experiences, attitudes, behaviors, and other characteristics that distinguish those who describe their debt as problematic from those who do not view their debt as problematic.

Key Findings

Three in four (75%) adults ages 50-plus currently carry some form of debt month over month.³

- Adults ages 50–64 are especially likely to carry debt; however, the majority of adults ages 65–74 and adults ages 75-plus also carry debt.

Many adults ages 50-plus who carry debt month over month view their level of debt as problematic.

- Roughly three in five adults 50-plus (61%) who carry debt consider their level of debt to be a problem, including 16% who consider it a major problem.
- Debt is more likely to be a problem for women than men, those ages 50–64 than those older, for African-American/Black adults and Hispanic adults than for non-Hispanic white adults, and for adults with lower incomes than for those with higher incomes. However, even among debt carriers with incomes of \$75,000 or more and those who are ages 75-plus, roughly half consider their debt to be a problem.

¹ Federal Reserve Bank of New York, *Quarterly Report on Household Debt and Credit*, 2023: Q2 (August 2023).

² U.S. Government Accountability Office, *Retirement Security: Debt Increased for Older Americans Over Time, but the Implications Vary by Debt Type*. GAO-21-170. May 2021.

³ This finding regarding the percentage of adults ages 50-plus who have debt was captured through the screening of respondents for the AARP Debt Survey. See Methodology section for more information.

Executive Summary (continued)

Credit card debt is the most common type of debt, followed by mortgages and car loans.

- Among adults ages 50-plus who carry debt, roughly six in ten (59%) carry credit card balances month over month, and nearly half have mortgages. Car loans are the third most common type of debt for the 50-plus.
- Adults who describe their debt as a major problem are twice as likely to carry credit card debt, compared to those who don't describe their debt as a problem.

Housing and vehicle-related costs, everyday expenses, and loss of income represent the most common reasons for debt.

- Over one in three (36%) adults ages 50-plus who carry debt mention housing costs as a reason for their debt. The next most frequently named reasons for debt include vehicle costs, everyday expenses, and inability to work due to a disability or an illness.
- Those who consider their debt to be a major problem are especially likely to cite everyday expenses and life shocks such as loss of income, health problems, high medical expenses, and the death of a spouse or other family member. Having caregiving responsibilities and losing money due to fraud are also more common occurrences among people with problematic debt levels.

The data suggest that debt is likely to become a problem when monthly debt payments exceed roughly 30% of monthly income.

- On average, adults ages 50-plus who describe their debt as “not a problem” spend 27% of their monthly income on debt payments. In contrast, those who view their debt as only a minor problem spend on average 40% of their income on debt payments, and those who describe their debt as a major problem spend more than half (53%) of their income on debt payments.

Executive Summary (continued)

The emotional impact of carrying debt is real and especially widespread among those who view their debt as problematic.

- One in three (34%) adults ages 50-plus who carry debt say that their debt has caused them to feel stressed within the past 12 months, and approximately one in five say that it has caused them to feel depressed.
- Among adults who view their debt as a major problem, three in four have felt stressed and more than half have felt depressed due to their debt, compared to just 9% and 4%, respectively, among adults who don't view their debt as a problem.

For many adults ages 50-plus who carry debt, their debt may affect their retirement security.

- Roughly two in three adults ages 50-plus who carry debt say that their debt has reduced (or is reducing) their ability to save for retirement, including 85% of those who view their debt as a major problem and 45% of those who don't view their debt as a problem.
- Many express uncertainty about when they will pay off their debt or expect to carry it into retirement.

Although many say that they have tried to reduce their debt in the past 12 months, relatively few have made an actual plan to do so or looked for information about how to do it.

- Eight in ten say that they have tried to reduce their debt in the past 12 months. Among those who have tried to reduce their debt, just over one in four say that their recent efforts include developing a plan.
- Most (69%) have not looked for information about how to reduce or manage their debt in the past 12 months even though the majority acknowledge that reliable sources of information on this topic exist.



HOW COMMON ARE PROBLEMATIC LEVELS OF DEBT?

Among adults ages 50-plus who have debt, the majority view their debt as problematic.

While four in ten (39%) say that their level of debt is not a problem, 61% feel that it is a problem — including 16% who feel it is a major problem.**

Degree to which your debt is a problem
Among total respondents*



A7. Thinking of your current financial situation, how would you describe your level of debt?
Base: Total Respondents (n=7,387)

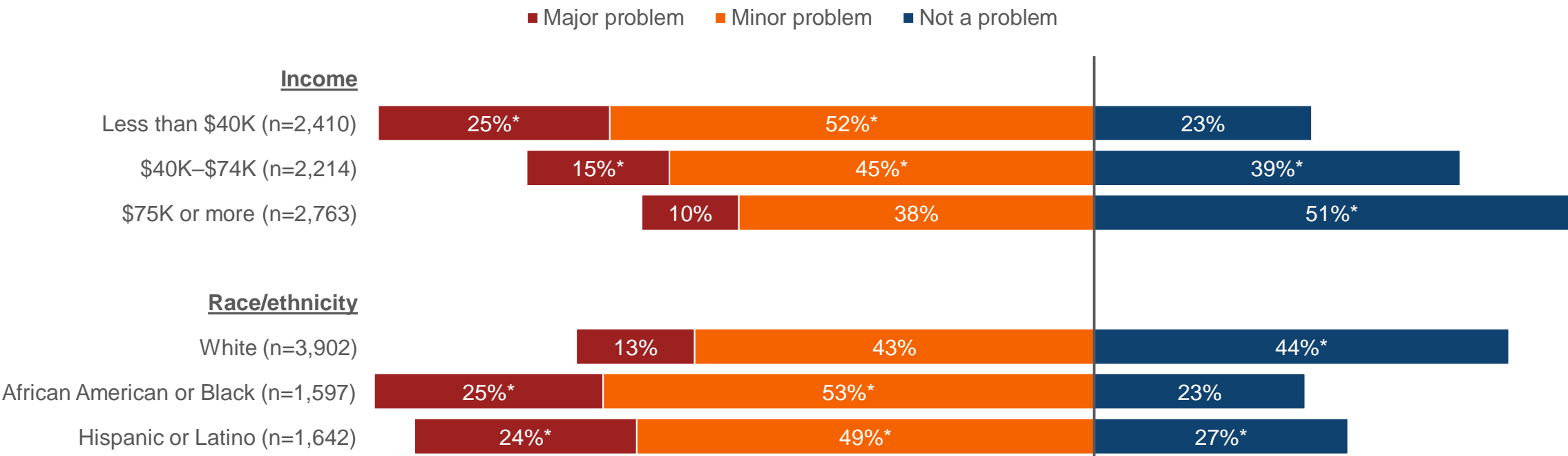
*Because all survey respondents were ages 50-plus and had at least one type of debt, the term “total respondents” is used throughout the report to refer to adults ages 50-plus who have debt.

**Throughout this report, references to people “with problematic debt” and people “without problematic debt” are based on respondents’ perceptions of the degree to which their level of debt is a problem as reported when answering the question above. Specifically, responses to question A7 were used to classify respondents into three groups: respondents who view their level of debt as a major problem, respondents who view their level of debt as a minor problem, and respondents who view their level of debt as not a problem.

Even among higher income adults 50-plus who carry debt, many describe their level of debt as problematic.

However, not surprisingly, those with incomes under \$40,000 are more than twice as likely as those with incomes of \$75,000 and over to describe their debt as a major problem.

Degree to which your debt is a problem
Among total respondents, by income and race/ethnicity



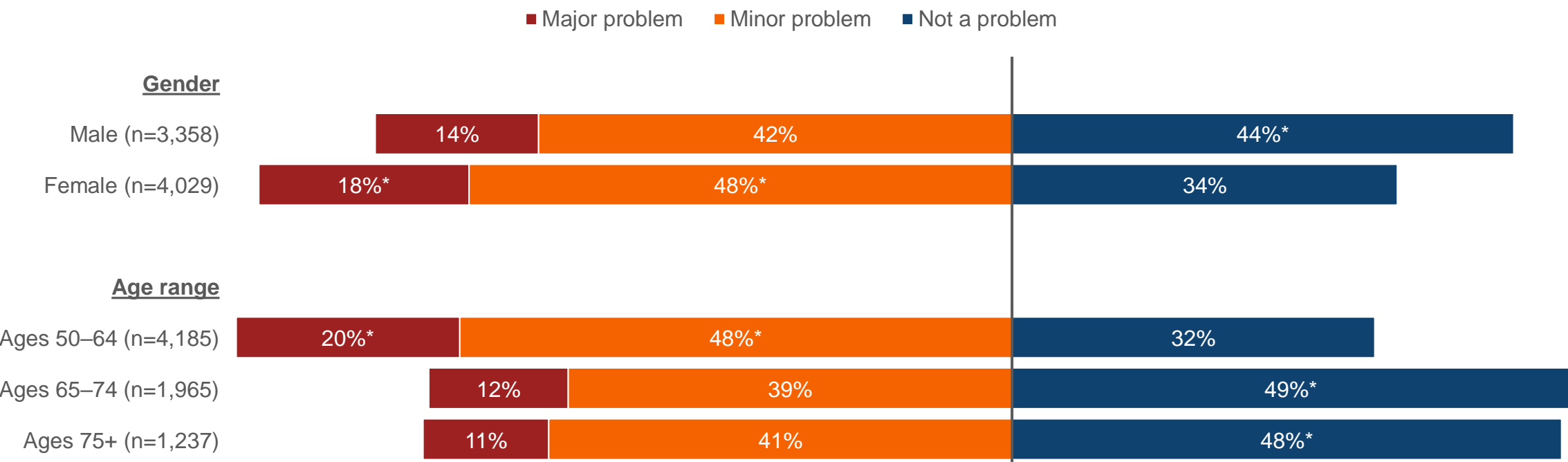
A7. Thinking of your current financial situation, how would you describe your level of debt?
Base: Total Respondents

* Indicates a significant difference between segments at a 95% confidence level

Debt is also a problem for the majority of adults ages 65-plus who have debt.

Although adults ages 50–64 with debt are more likely than their older counterparts to view their debt as problematic, debt remains a problem for the majority of people who carry debt into their 70s and beyond. In fact, over half (54%) of retired adults who have debt describe their level of debt as problematic.

Degree to which your debt is a problem
Among total respondents, by gender and age range



A7. Thinking of your current financial situation, how would you describe your level of debt?
Base: Total Respondents

* Indicates a significant difference between segments at a 95% confidence level

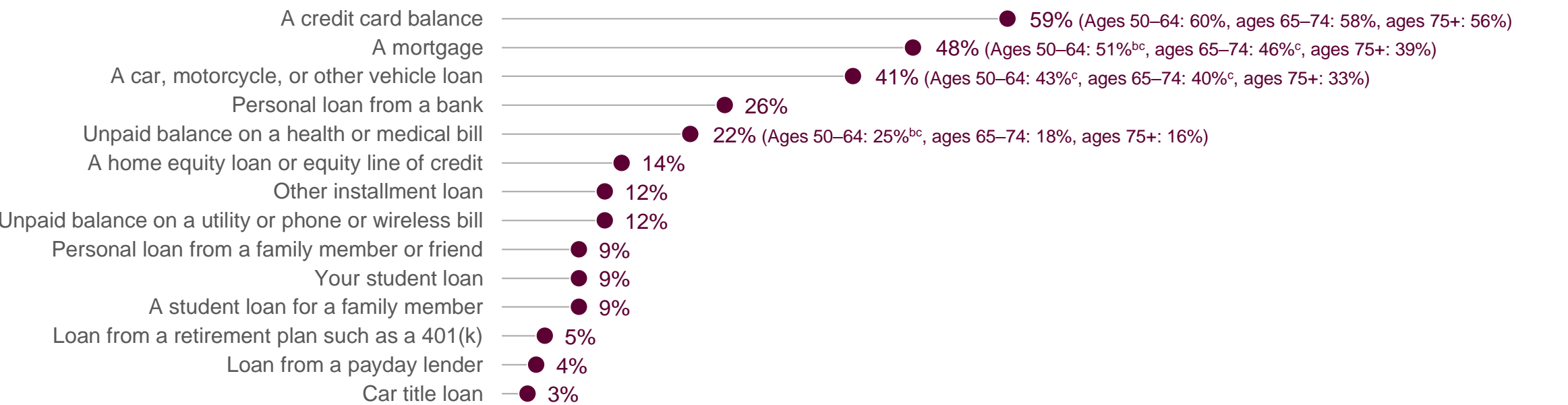


WHICH TYPES OF DEBT ARE MOST COMMON?

Credit card debt is the most common type of debt held by adults ages 50-plus.

Among adults 50-plus who have debt, roughly six in ten carry a credit balance month over month. Mortgages and car loans are also common. Although those ages 50–64 are significantly more likely than those 75-plus to carry several types of debt, the incidence of credit card debt does not vary significantly by age group.

Types of debt carried from month to month
Among total respondents



QS1. Do you currently carry the following types of debt over from month to month - that is, debts or loans that are not paid off at the end of each month?

Base: Total Respondents (n=7,387)

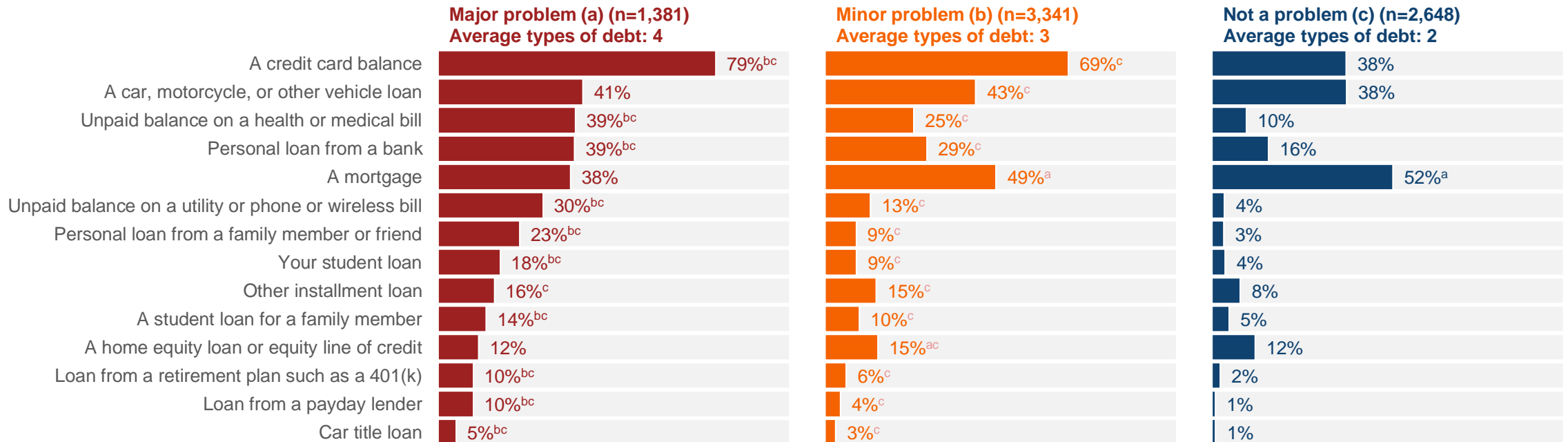
Letters indicate significant differences between segments at a 95% confident level, with “b” identifying %s that are greater than the corresponding %s for the 65-74 age group and “c” identifying %s that are greater than the corresponding %s for the 75+ age group.

Credit card debt is especially common among those who consider their debt to be a major problem.

Those with problematic debt are also more likely to have multiple types of debt, including an unpaid balance on a health/medical bill, personal loans, unpaid utility or phone bills, and student loans to name a few. Among those who do not view their debt as a problem, mortgages are more common than credit card debt.

Types of debt carried from month to month

Among total respondents, by degree to which their debt is a problem



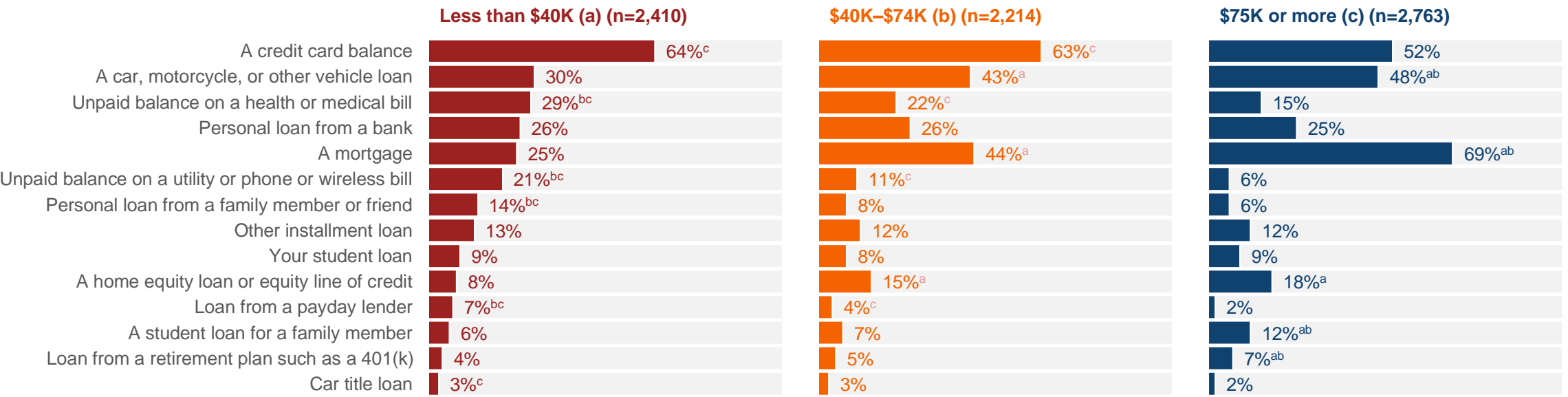
QS1. Do you currently carry the following types of debt over from month to month - that is, debts or loans that are not paid off at the end of each month? Base: Total Respondents

Letters (abc) Indicates a significant difference between segments at a 95% confidence level

Credit card debt is also the most common type of debt among adults with low to moderate incomes.

Among adults ages 50-plus who have debt and have incomes under \$40,000, 64% have credit card debt, which is more than twice the share who report any other type of debt. In contrast, those with incomes of \$75,000 and over are more likely to have a mortgage (69%) than to have credit card debt (52%).

Types of debt carried from month to month
Among total respondents, by household income



QS1. Do you currently carry the following types of debt over from month to month - that is, debts or loans that are not paid off at the end of each month?
Base: Total Respondents

Letters (abc) indicate a significant difference between segments at a 95% confidence level

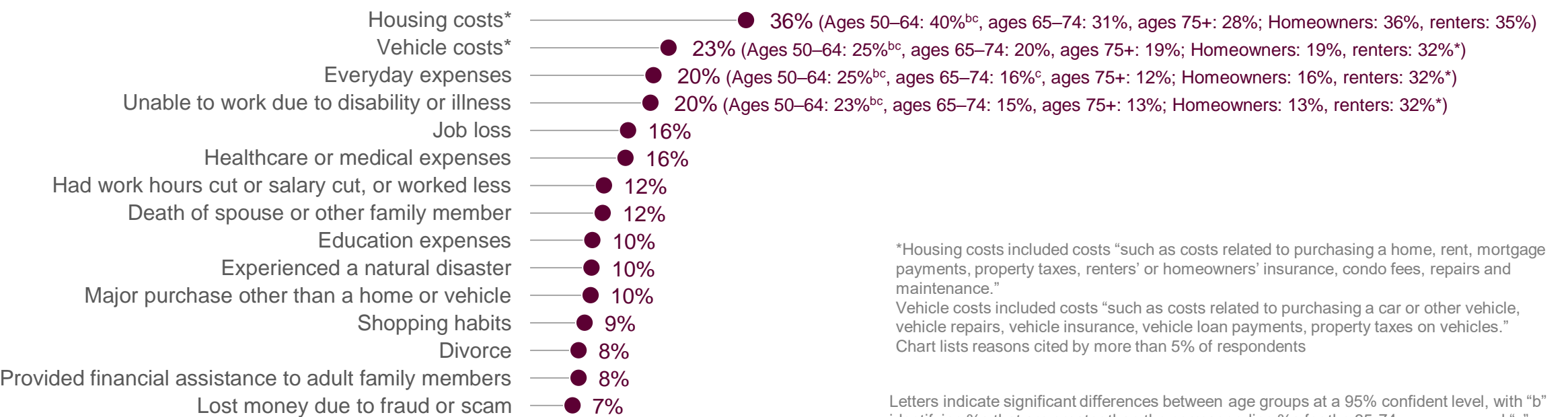


WHAT ARE THE TOP REASONS FOR CARRYING DEBT?

Housing costs represent the most common major reason for debt, for both homeowners and renters and for all the 50-plus age groups.

Other relatively common reasons for taking on debt include vehicle costs, everyday expenses, and an inability to work due to disability or illness. Those ages 50–64 are more likely than those ages 65-plus to cite many of these reasons, as are adults with incomes under \$40,000 compared to those with higher incomes.

Major reasons for your current debt
Among total respondents



*Housing costs included costs “such as costs related to purchasing a home, rent, mortgage payments, property taxes, renters’ or homeowners’ insurance, condo fees, repairs and maintenance.”
Vehicle costs included costs “such as costs related to purchasing a car or other vehicle, vehicle repairs, vehicle insurance, vehicle loan payments, property taxes on vehicles.”
Chart lists reasons cited by more than 5% of respondents

Letters indicate significant differences between age groups at a 95% confident level, with “b” identifying %s that are greater than the corresponding %s for the 65-74 age group and “c” identifying %s that are greater than the corresponding %s for the 75+ age group.

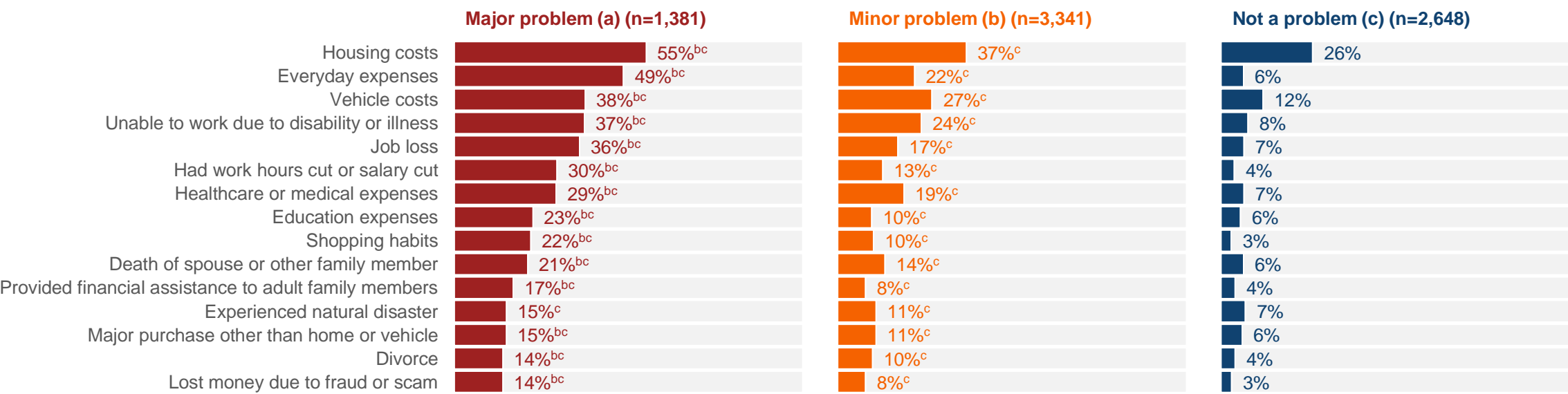
Asterisks indicate significant differences between homeowners and renters.

QB1. For each of the following, please indicate if it is a major reason, a minor reason, or not a reason for your current level of debt. Base: Total Respondents (n=7,387)

Those who say their debt is a major problem are more likely to cite multiple major reasons for their debt, with housing costs and everyday expenses cited most often.

Loss of income (due to illness, job loss, or reduced hours) is also a contributing factor for many of those whose debt is a major problem. For example, 36% of those who described their debt as a major problem identified job loss (their own or a family member's) as a major reason for their current debt, compared to just 7% of those without problematic debt.

Major reasons for your current debt
Among total respondents, by degree to which their debt is a problem



QB1. For each of the following, please indicate if it is a major reason, a minor reason, or not a reason for your current level of debt.
Base: Total Respondents

Letters (abc) Indicates a significant difference between segments at a 95% confidence level

YOUR PHYSICIAN
1234 Main Street
Anywhere, USA 12345

John Doe
5432 Address
Anywhere, USA

2nd Notice

Accounts Payable
Dr. Physician
1234 Main Street
Anywhere USA 12345

SA

Any

MEDICAL BILLING STATEMENT

May 31, 2014

\$814637.88

La

John Doe
5432 Address
Anywhere, USA

MEDICAL BILLING STATEMENT

1234-5678-912345-6789-8765-4321

May 31, 2014

\$814637.88

\$178987.88

Late Fee Assessed

January 2014 2746.99

February 2014 3919.76

March 2014 4988.60

April 2014 9277.53

PAST DUE

MEDICAL

4247.99

655.88

1423.45

566.99

514.99

TOTAL

CURRENT CHARGES:

PHYSICIAN

TIER

PHAR

PERSON

WHEN DOES DEBT BEC

WHEN DOES DEBT BECOME A PROBLEM?

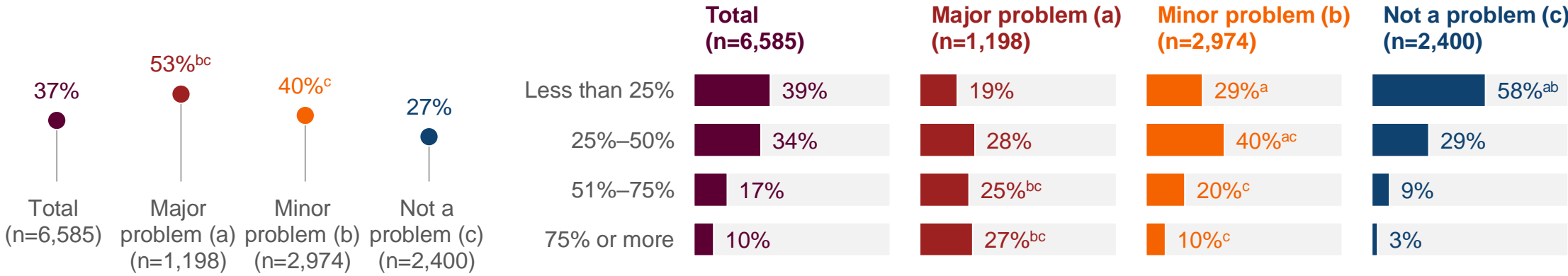
Those who view their level of debt as problematic spend a much larger share of their monthly income on debt payments than do those without problematic debt.

In fact, just over half (52%) of those who describe their debt as a major problem say that they spend over half of their monthly income on debt payments, compared to just 12% of those who describe their debt as not a problem.

Percent of monthly income spent on debt
Among total answering, and by degree to which debt is a problem*

Average^

Distribution of percent of monthly income



QD11. Roughly how much of your [and your spouse's] monthly income is spent on debt payments? Answers in 25% increments. Base: Total Respondents

*Percentages displayed in the chart were calculated after excluding respondents who provided a “don’t know” response or skipped the question: 12% of total respondents, 10% of respondents who view their debt as not a problem, 12% of respondents who view their debt as a minor problem, and 16% of respondents who view their debt as a major problem.

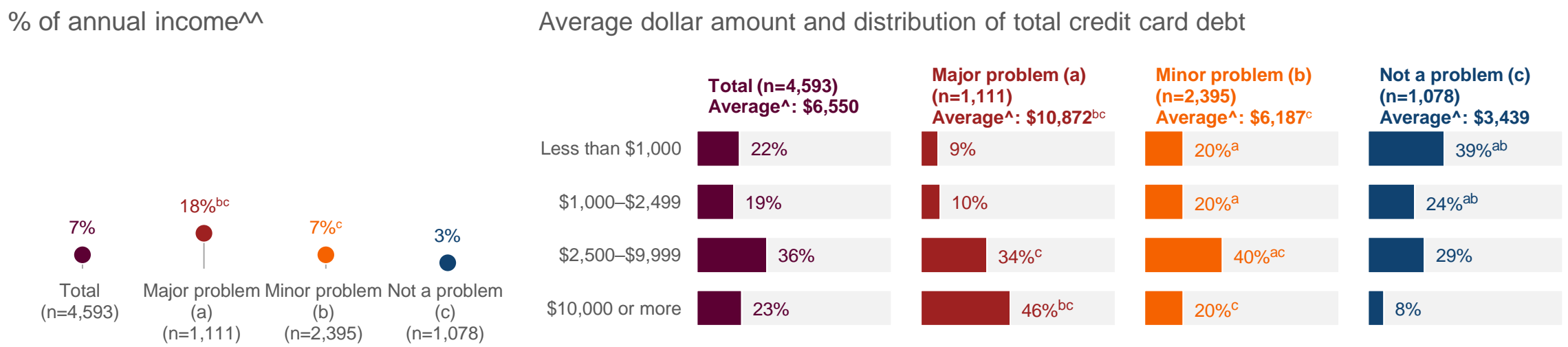
^ Because the percentage of monthly income spent on debt was captured in 25% increments, these “averages” have been imputed by using the midpoint of each D11 response category. Note: Separately, we also calculated monthly debt to monthly income ratios using the midpoints of the response categories selected by each respondent when answering question D10 (total monthly debt payments) and when providing their household income. Although these calculations resulted in different ratios, the above pattern still held, with the calculated ratio of debt to income declining among those without problematic debt: major problem: 48%; minor problem: 33%; and not a problem: 21%.

Letters (abc) indicate a significant difference between segments at a 95% confidence level

Among those who view their debt as problematic, credit card debt is especially high, both in absolute terms and relative to annual income.

Among adults who have credit card debt and who describe their total debt as a major problem, nearly half (46%) have \$10,000 or more in credit card debt. In comparison, among those who carry credit card debt and who describe their total debt as not a problem, just 8% have credit card debt of \$10,000 or more.

Total credit card debt: Percent of annual income and average dollar amount
Among respondents who carry credit card balances from month to month, and by degree to which debt is a problem



QD6. What is the total amount of your credit card debt? (By credit card debt, we are referring to credit card balances that are carried over from prior months.) Base: Respondents with credit card debt excluding those who didn't give an amount

[^] Because the amount of credit card debt was captured using predetermined response categories, average credit card debt is an estimate that was derived using the midpoint of the range for each response category.
^{^^} For each respondent, this total credit card debt to annual income ratio was calculated by dividing the midpoint of the range selected when answering QD6 by the midpoint of the respondent's annual household income range. Displayed % of annual income represents the median calculated credit card debt to annual income ratio for each group.

Letters (abc) Indicates a significant difference between segments at a 95% confidence level



WHAT IS THE EMOTIONAL AND FINANCIAL IMPACT OF DEBT?

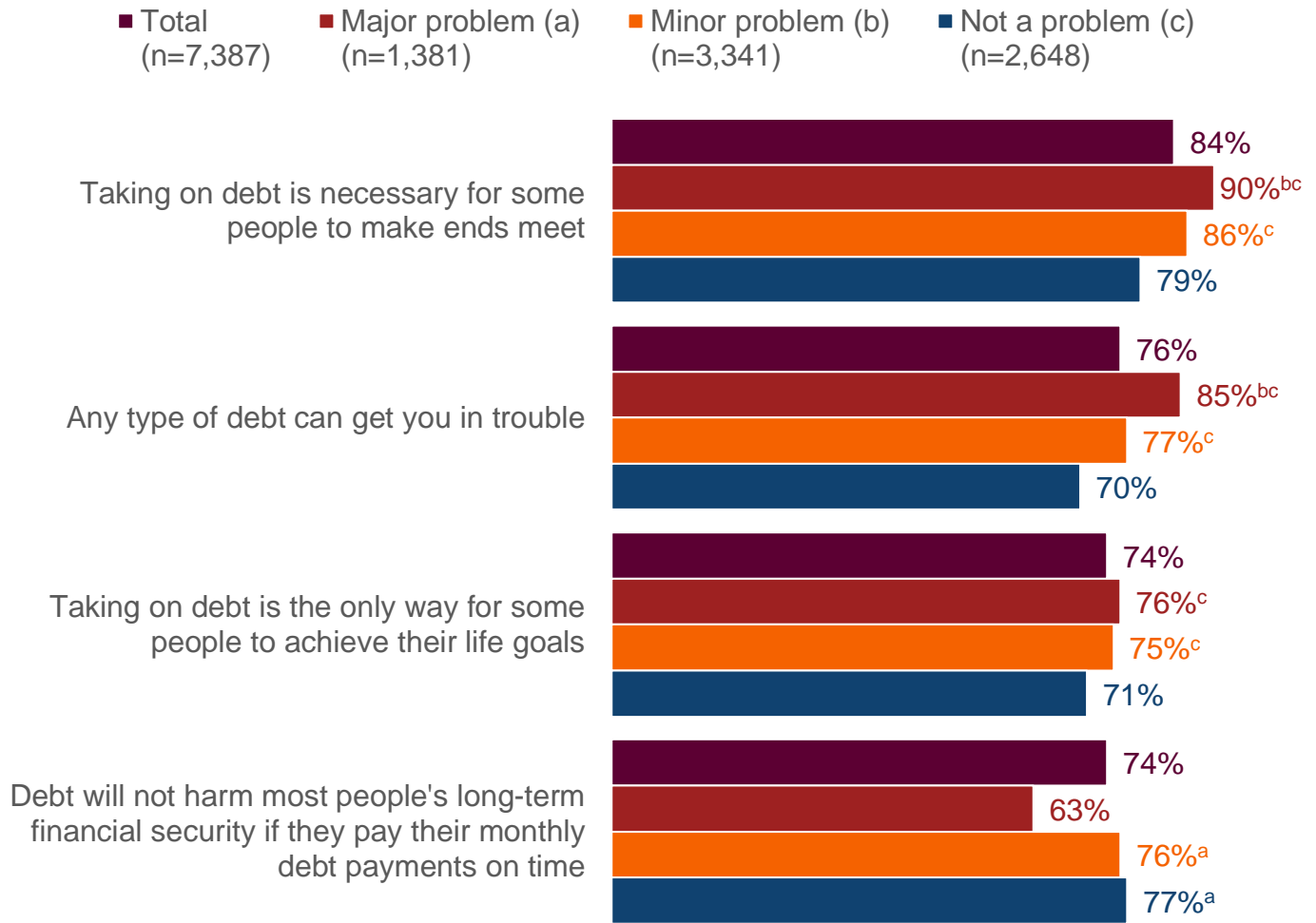
Regardless of whether they view their own debt as a problem, the majority of adults 50-plus who have debt acknowledge that debt can be both necessary and risky.

Those who view their debt as a major problem are especially likely to agree that taking on debt is necessary to make ends meet and that any type of debt can lead to trouble.

QA8. For each of the statements below about debt, please indicate whether you agree or disagree: Chart shows % who selected strongly agree, agree, or slightly agree on a six-point scale.

Base: Total Respondents

Percent who agree with the following attitudes about debt
Among total respondents, and by degree to which their debt is a problem

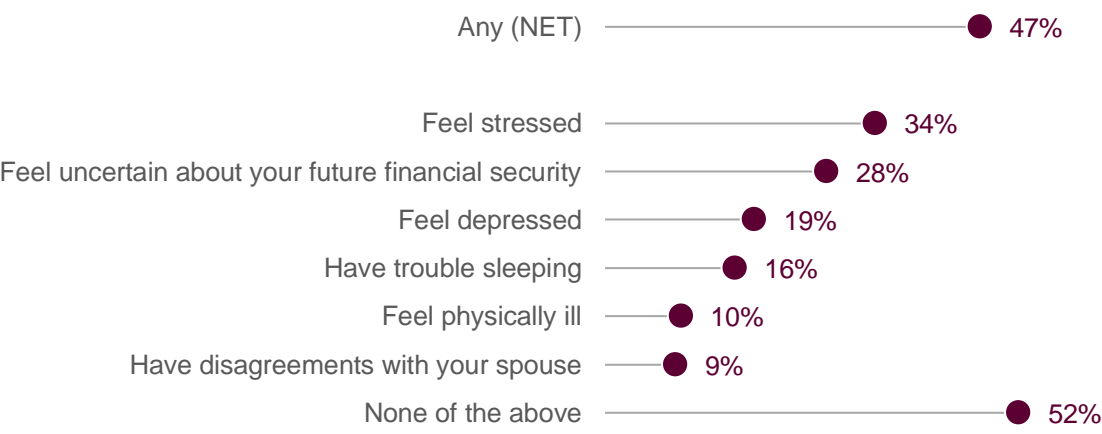


Letters (abc) indicate a significant difference between segments at a 95% confidence level

The risks are not only financial. The emotional impact of carrying debt is very real and can lead to feelings of stress and depression.

Lower income adults, who are more likely than their higher income counterparts to feel their debt is a problem, are especially likely to report having experienced any emotional distress. Adults 50–64, women, Black adults, and Hispanic adults are also more likely than their counterparts to report any of these types of distress.

Emotional impact of debt in the past 12 months
Among total respondents



QC4. Since this time last year, has your debt caused you to...?
Base: Total Respondents (n=7,387)

Percent with any emotional impact of debt in the past 12 months
Among total respondents, by demographics

Age range	
Ages 50–64 (a)	56% ^{bc}
Ages 65–74 (b)	37% ^c
Ages 75+ (c)	31%

Gender	
Men (a)	42%
Women (b)	52% ^a

Income	
Less than \$40K (a)	60% ^{bc}
\$40–\$74K (b)	47% ^c
\$75K or more (c)	36%

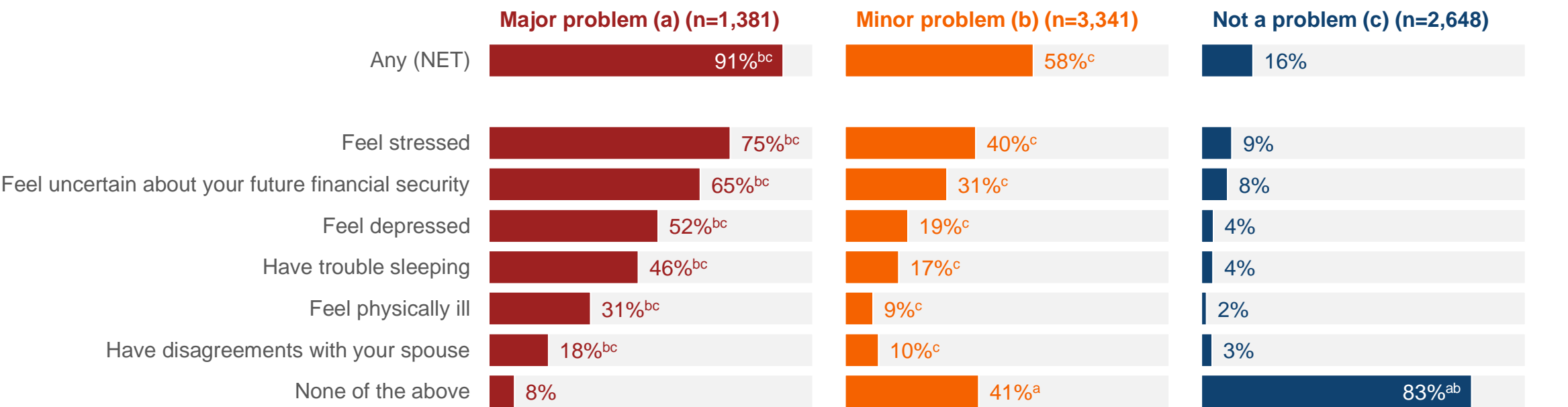
Race/ethnicity	
Black or African American, non-Hispanic (a)	52% ^c
Hispanic or Latino (b)	56% ^c
White, non-Hispanic (c)	44%

Letters indicate significant differences between segments at a 95% confidence level.

Feeling stressed, depressed, and/or having trouble sleeping are especially common among those who say their debt is a major problem.

In fact, three in four (75%) adults ages 50+ who describe their debt as a major problem say that their debt has caused them to feel stressed in the past year, compared to just 40% of those whose debt is a minor problem and just 9% of those whose debt is not a problem.

Emotional impact of debt in the past 12 months
Among total respondents, by degree to which their debt is a problem



QC4. Since this time last year, has your debt caused you to...?
Base: Total Respondents

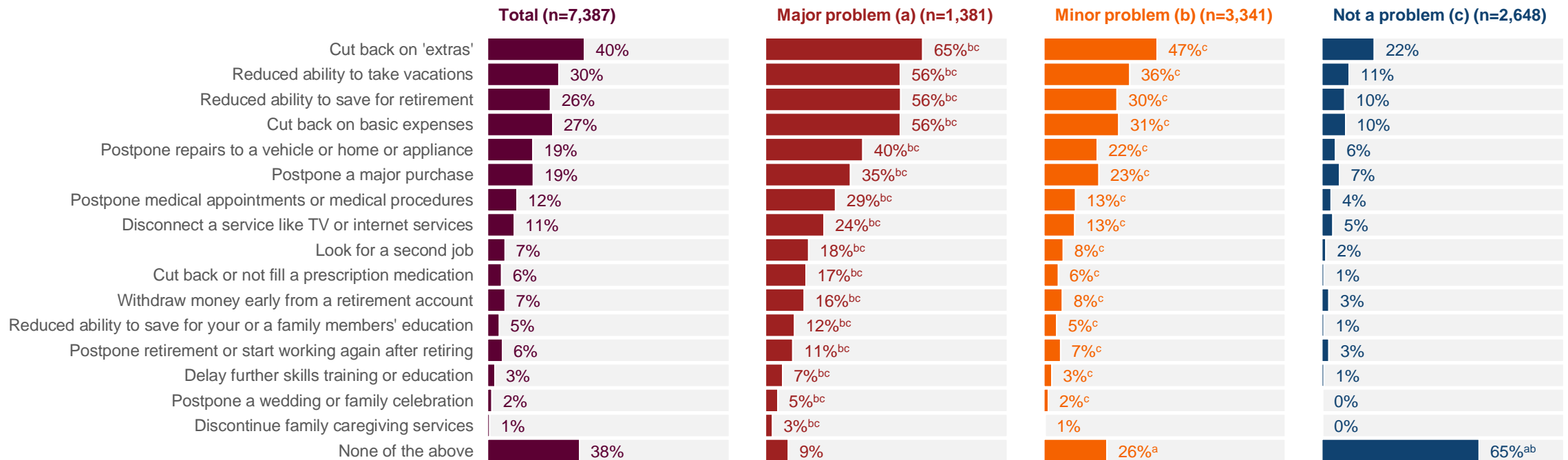
Letters (abc) Indicates a significant difference between segments at a 95% confidence level

Cutting back on extras and vacations were the most common financial changes made in the past year due to debt, but retirement-related impacts were also reported.

Financial impacts were especially widespread among those who describe their debt as a major problem, most of whom not only cut back on extras (65%) but also on basic expenses (56%) and saving for retirement (56%).

Financial effects of debt in the past 12 months

Among total respondents, and by degree to which their debt is a problem



QC6. Since this time last year, has your debt affected you in any of the following ways?

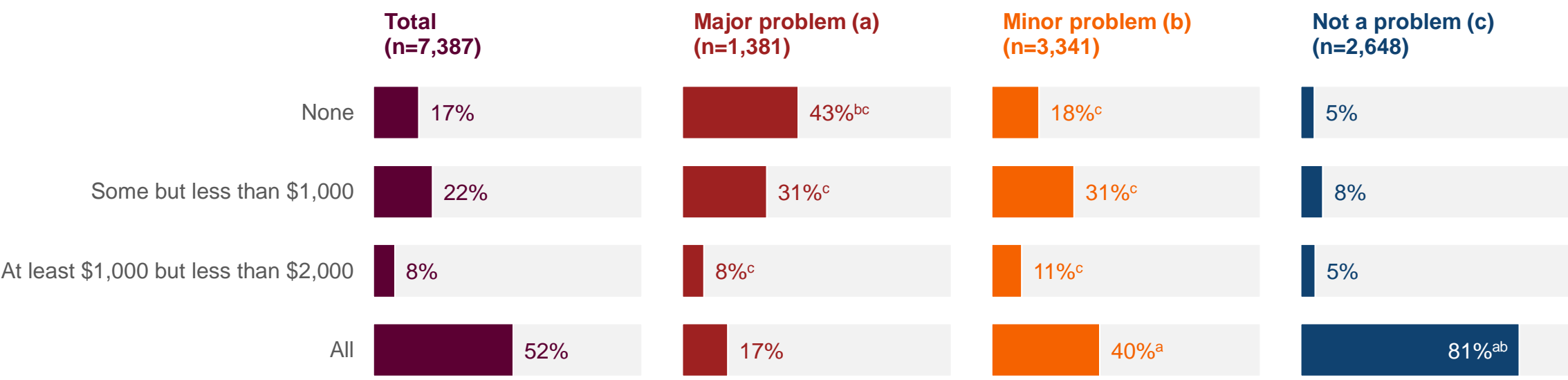
Base: Total Respondents

Letters (abc) indicate a significant difference between segments at a 95% confidence level

In fact, if a \$2,000 unexpected expense arose, most of those who say their debt is a major problem would not be able to cover it without taking on more debt, selling something, or dipping into retirement savings.

For those without a problematic amount of debt, 81% claim they could cover the entire expense without issue.

How much of an unexpected expense of \$2,000 could you cover?
Among total respondents, and by degree to which their debt is a problem



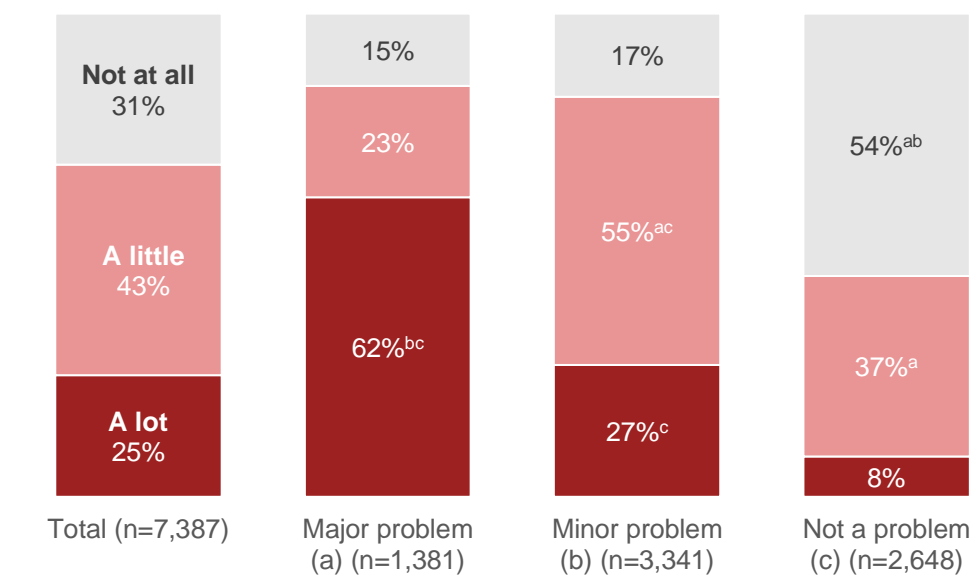
QC3. If you had to pay an unexpected expense of \$2,000 right away, how much of it could you pay without taking on more debt or selling anything and without withdrawing [more than usual] from your retirement savings?
Base: Total Respondents

Letters (abc) indicate a significant difference between segments at a 95% confidence level

Given their greater difficulty covering unexpected expenses, it is not surprising that most of those with problematic debt say their debt has impaired their ability to save for retirement.

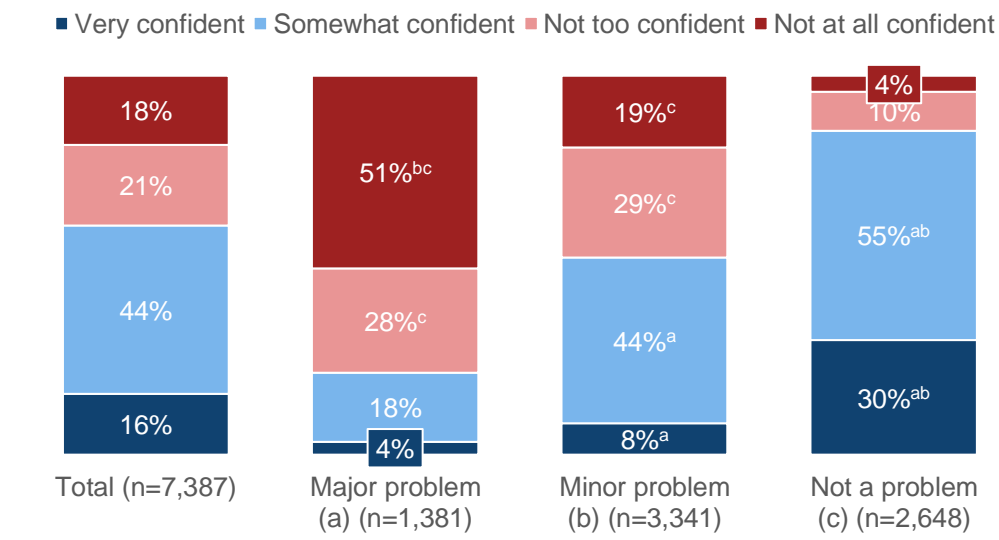
More than eight in ten (85%) of those whose debt is a major problem say that their debt has reduced (or is reducing) their ability to save for retirement. Moreover, those whose debt is a major problem are much less likely than those without problematic debt to be confident that they will have enough money in retirement (22% vs. 85%).

Impact on ability to save for retirement
Among total respondents, and by degree to which debt is a problem



QC2. How much, if at all, do you think your debt reduced/is reducing your ability to save for retirement?
Base: Total Respondents

Confidence in having enough money throughout retirement
Among total respondents, and by degree to which debt is a problem

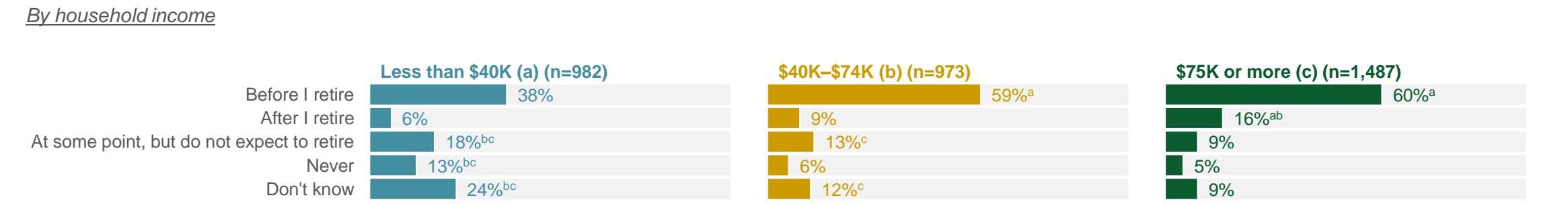
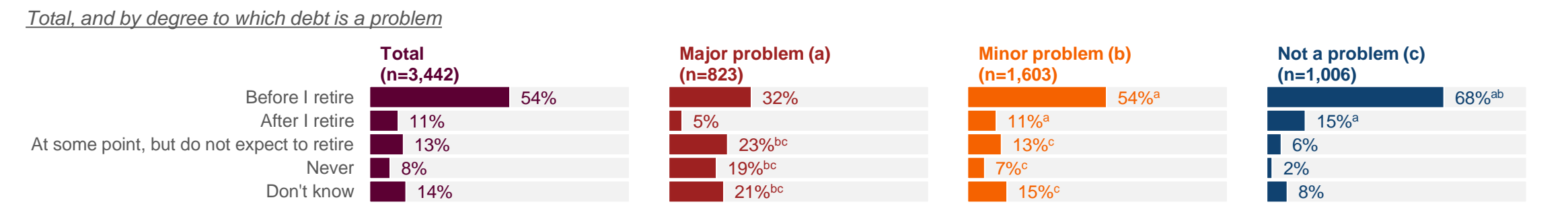


QC1. How confident are you that you will have enough money to last throughout your retirement?
Base: Total Respondents

In fact, persons with problematic debt express lower expectations of paying off their debt before retirement and less certainty about when they will pay it off.

Among those without problematic debt, two out of three expect to pay off their debt before they retire. In contrast, among those whose debt is a major problem, just 32% share the same expectation, while nearly one in four expect to pay it off but never retire, another one in five never expect to pay it off, and another one in five don't know. A similar pattern emerges by income.

Expectation of when you expect to pay off all your debt
Among total respondents



QD7. Which of the following best describes when you expect to pay off all of your debt?
Base: Respondents Not Retired

Letters (abc) indicate a significant difference between segments at a 95% confidence level

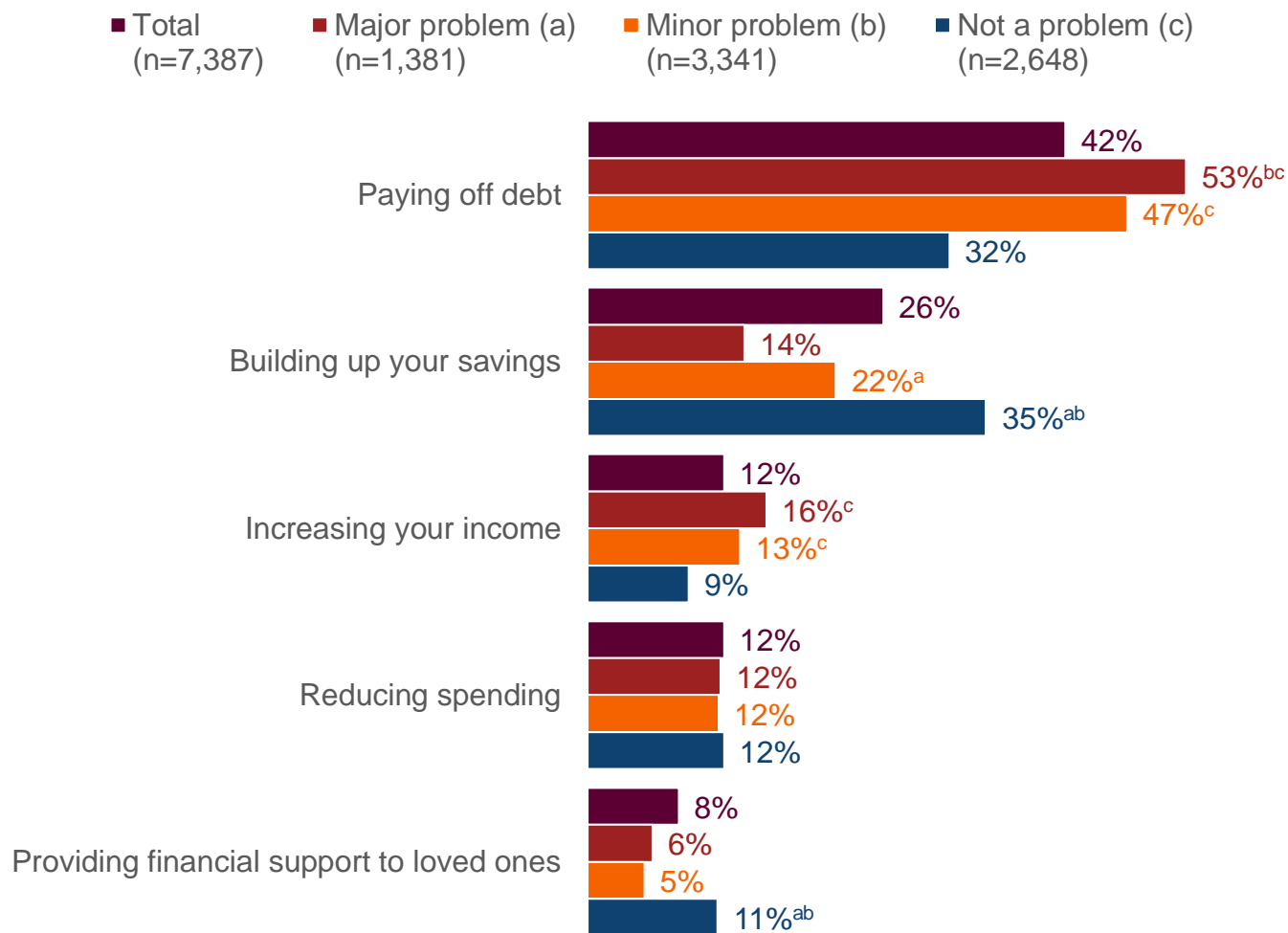


HOW DO THE 50+ MANAGE THEIR DEBT?

Paying off debt is a high financial priority for many adults 50+ who have debt, especially for those whose debt is a major problem.

Among those whose debt is a major problem, over half (53%) say that paying off debt is their highest financial priority, which is more than three times the share who cite the next most common highest priorities (increasing your income, 16%; building your savings, 14%). In contrast, for those whose debt is not a problem, building up savings is the most common highest financial priority (35%), followed closely by paying off debt (32%).

Highest financial priority
Among total respondents, and by degree to which their debt is a problem



QA3. Which of the following is your highest financial priority? (select one.)
Base: Total Respondents

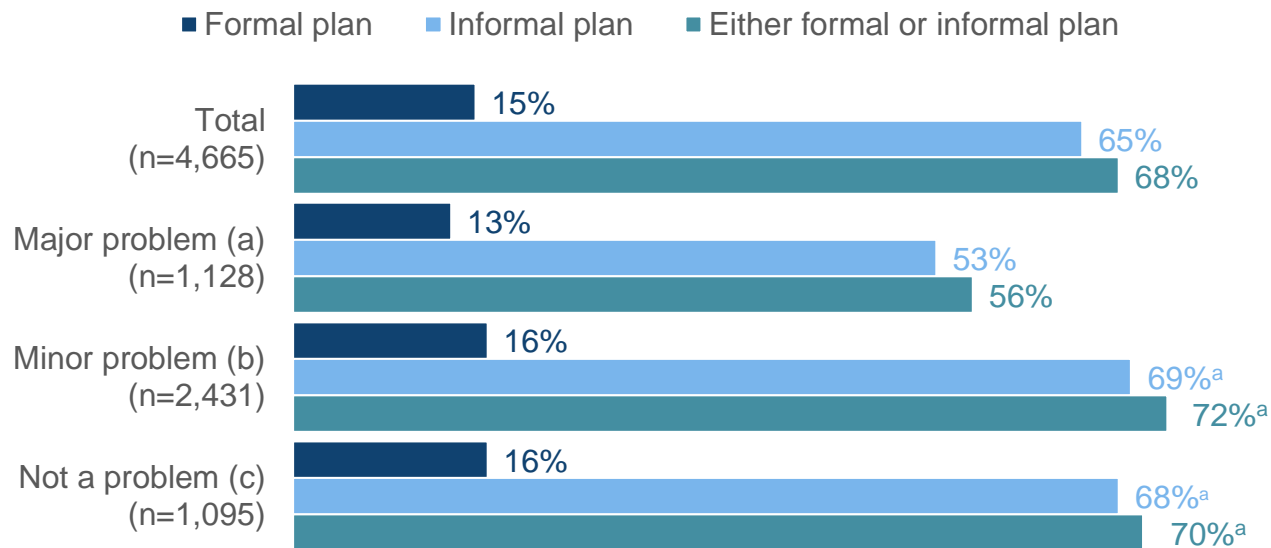
Letters (abc) indicate a significant difference between segments at a 95% confidence level

However, very few adults who carry credit card debt have a formal plan for paying it off.

Those who consider their total debt to be a major problem are less likely to have any plan to pay off their credit card debt, though they could benefit from it the most. Likelihood of having a plan also varies by income and race/ethnicity. For example, those with incomes of \$75,000 and higher (17%) and Black adults (18%) are more likely than others to have a formal plan.

Credit card debt pay-off plans

Among total respondents with credit card debt, by degree to which total debt is a problem



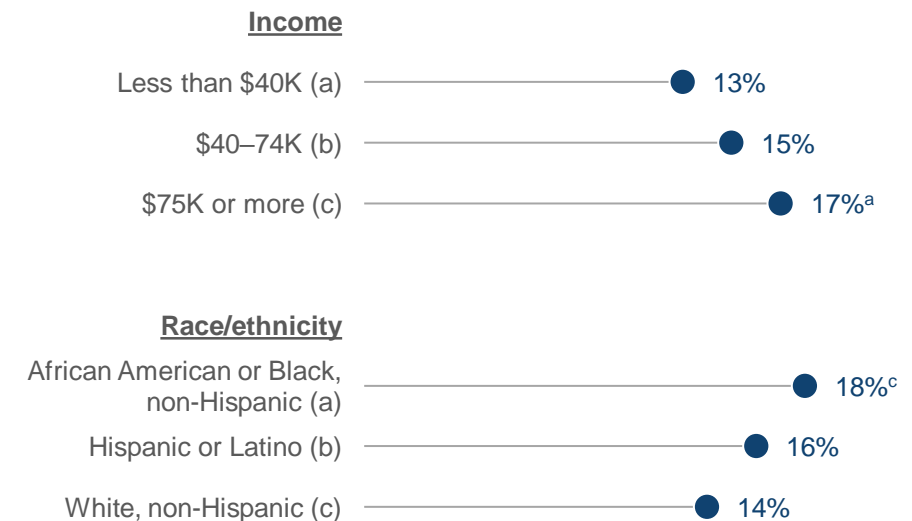
QB12. Do you have a formal plan in place, either with a financial advisor or similar professional, to pay down and eliminate your credit card debt?

QB13. Do you have an informal plan in place with yourself to pay down and eliminate your credit card debt?

Base: Respondents With Credit Card Debt

Percent with a formal credit card debt pay-off plan

Among respondents with credit card debt, by income and race/ethnicity



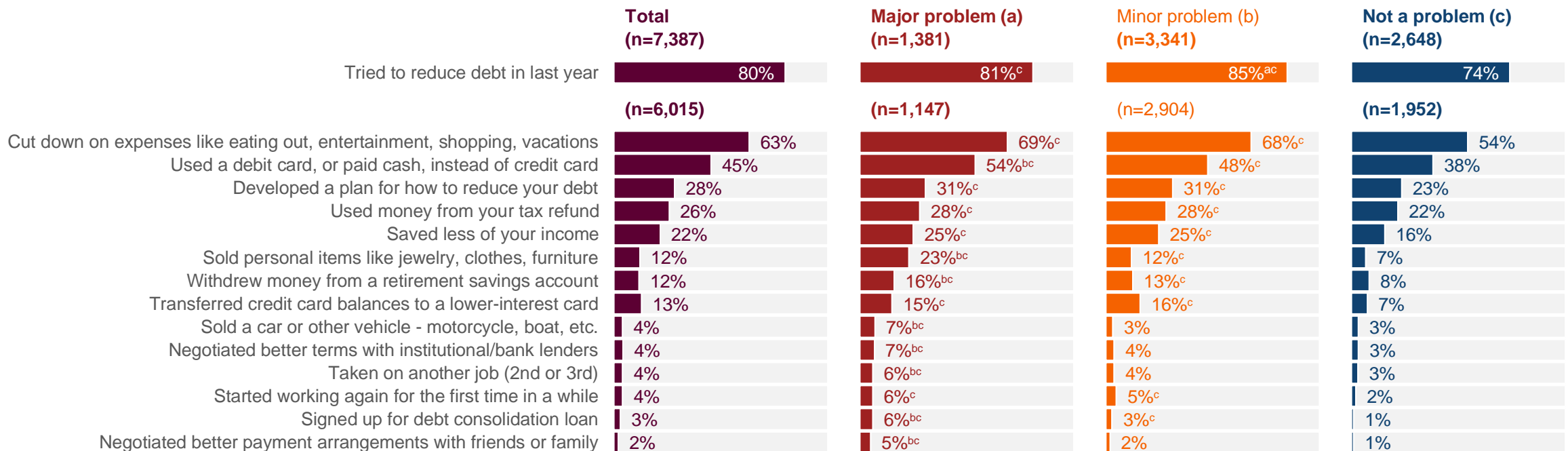
Letters (abc) indicate a significant difference between segments at a 95% confidence level

Most have tried multiple approaches to reducing their debt.

Those who describe their debt as problematic are more likely to have tried not only the commonly used tactics but also less popular approaches such as selling personal items, withdrawing from a retirement account, and transferring credit card balances.

Percent who tried to reduce debt in the past year, and actions taken toward debt reduction

Among total respondents (for actions taken, among those who tried to reduce debt), and by degree to which their debt is a problem



QB14. Would you say that you've tried to reduce your debt over the last 12 months? Base: Total Respondents QB15. Which of the following actions have you taken to try to reduce your debt in the past 12 months? Base: Tried to reduce debt over past 12 months Note: Chart displays responses selected by at least 5% of either total respondents or respondents in any group (major/minor/not a problem).

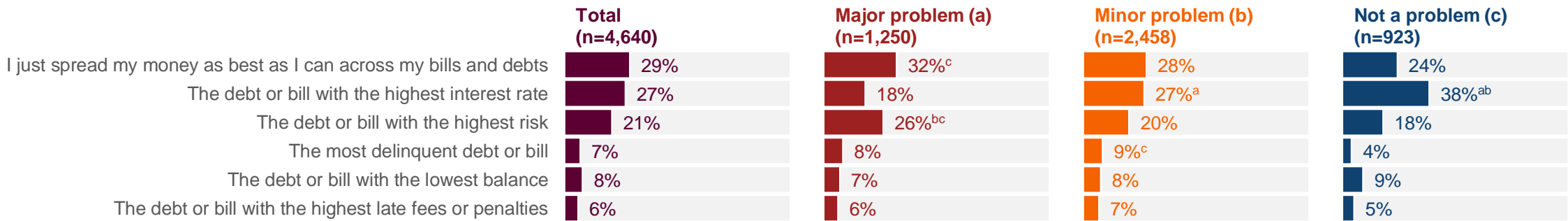
Strategies used to prioritize payments differ for those with problematic debt.

Roughly six in ten adults 50-plus who have debt have been unable to pay all of their bills at least once in the past three years. When asked how they prioritize which bills or debts to pay first, those who view their debt as a major problem are more likely to say that they spread their money as best as they can across all their bills or prioritize the one with the highest risk.

Unable to pay total due on bills and debts at least once in the past three years
Among total respondents



Main approach to prioritizing bills and debt payments
Among those who were unable to pay all their bills at least once in the past three years, and by degree to which debt is a problem



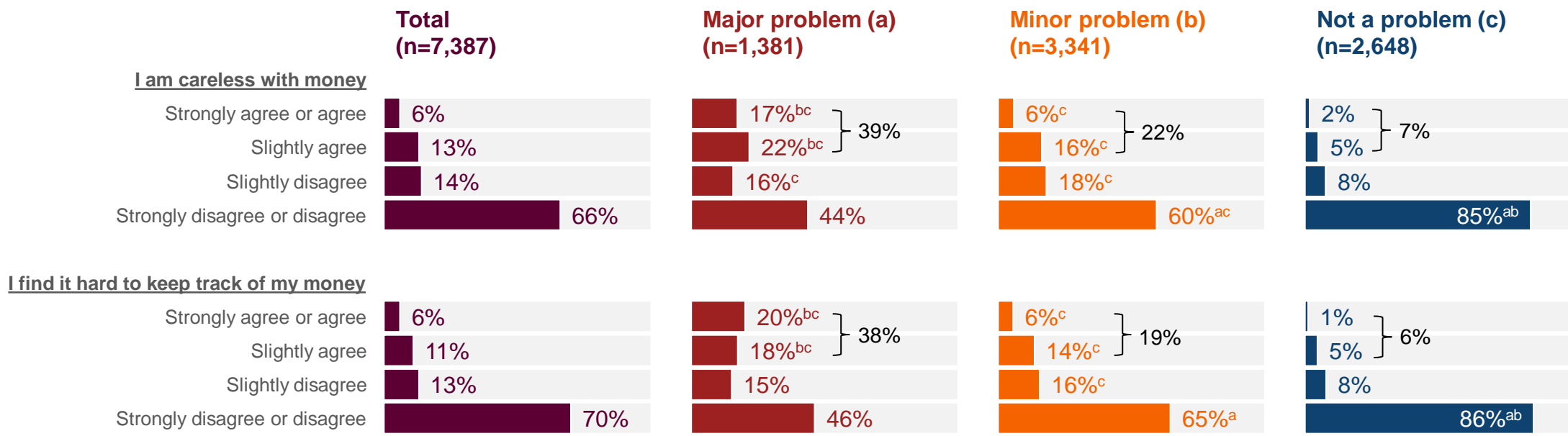
QB17. In the past three years, have you ever been unable to pay the total amount due on all of your bills and debt payments? Base: Total respondents

QB19. Which of the following is the main factor that you consider when prioritizing which bill or debt payments to pay first or put more money towards? (select one) Base: Respondents who have been unable to pay all bills at least once in the past 3 years

Those who view their debt as problematic are more likely to feel that they have trouble managing their money generally.

Among those who describe their debt as a major problem, roughly two in five (39%) agree (at least slightly) that they are careless with money, compared to just 7% of those who do not describe their debt as a problem.

Perception of money management skills
Among total respondents, and by degree to which their debt is a problem



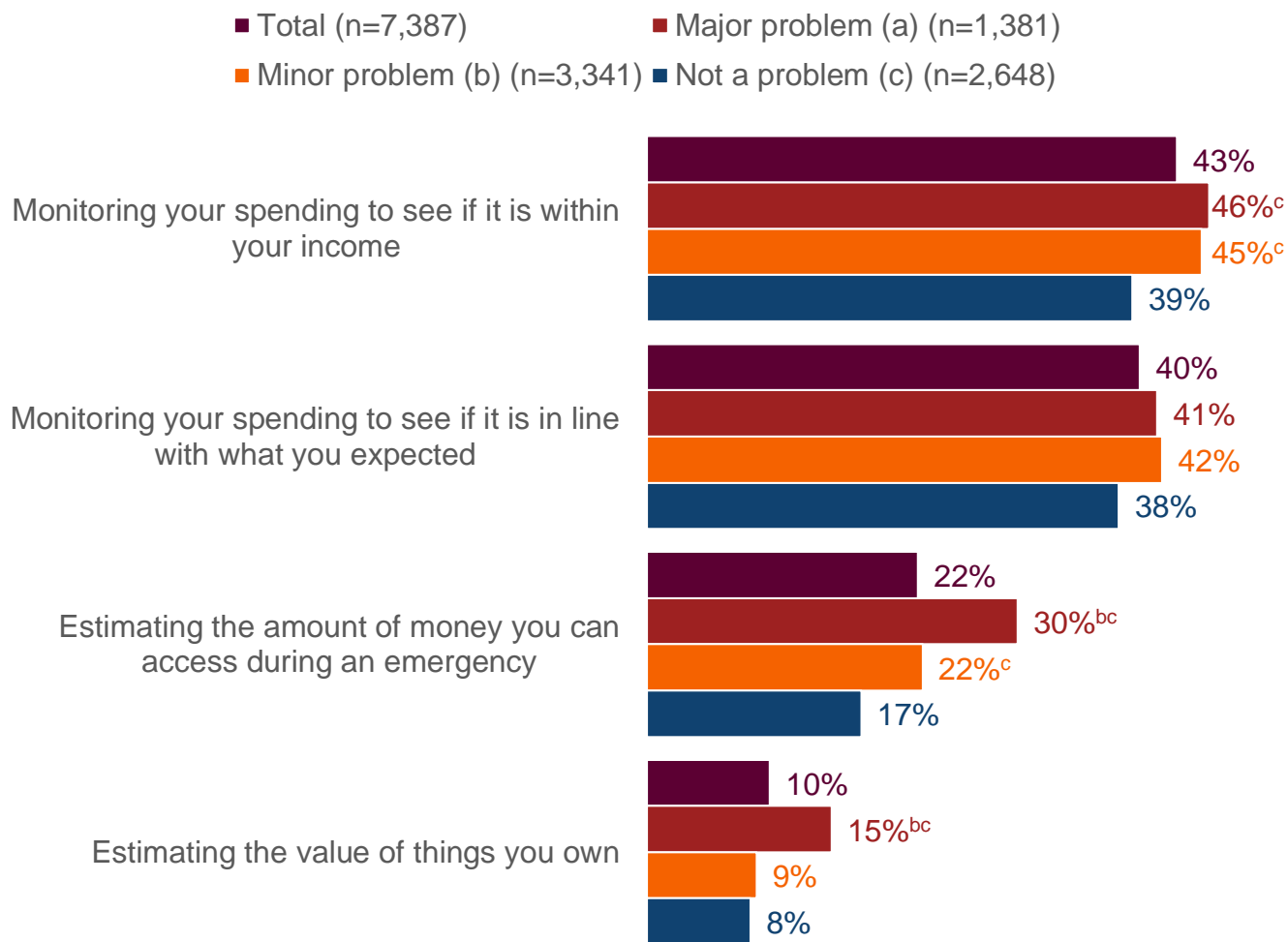
QB8. Please indicate your degree of agreement with the following statements:
Base: Total Respondents

Letters (abc) Indicates a significant difference between segments at a 95% confidence level

Those with problematic debt are also more likely than those without problematic debt to monitor their spending weekly and keep an eye on cash availability.

For example, compared to those without problematic debt, those whose debt is a major problem are nearly twice as likely to routinely estimate the amount of money they would be able to access in an emergency. Of note, fewer than half of those 50 and over who have debt monitor their cash flow on a weekly basis, regardless of whether they view their debt as problematic.

Weekly money management actions
Among total respondents, and by degree to which their debt is a problem



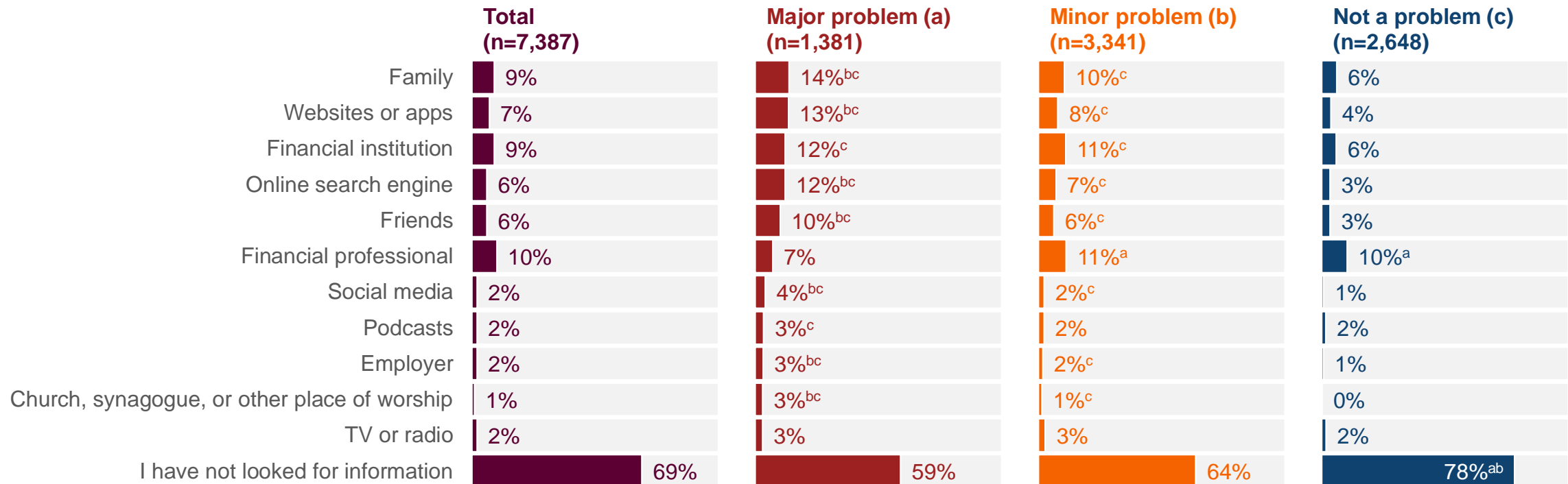
Letters (abc) indicate a significant difference between segments at a 95% confidence level

QB10. In the past 12 months, how often have you engaged in the following activities? Weekly or More Often (NET)
Base: Total Respondents

However, the majority of persons with problematic debt have not sought information related to debt reduction or debt management.

Family, websites and apps, and financial institutions top the list of resources that those with problematic debt have consulted.

Debt reduction resources consulted in the past 12 months
Among total respondents, and by degree to which their debt is a problem

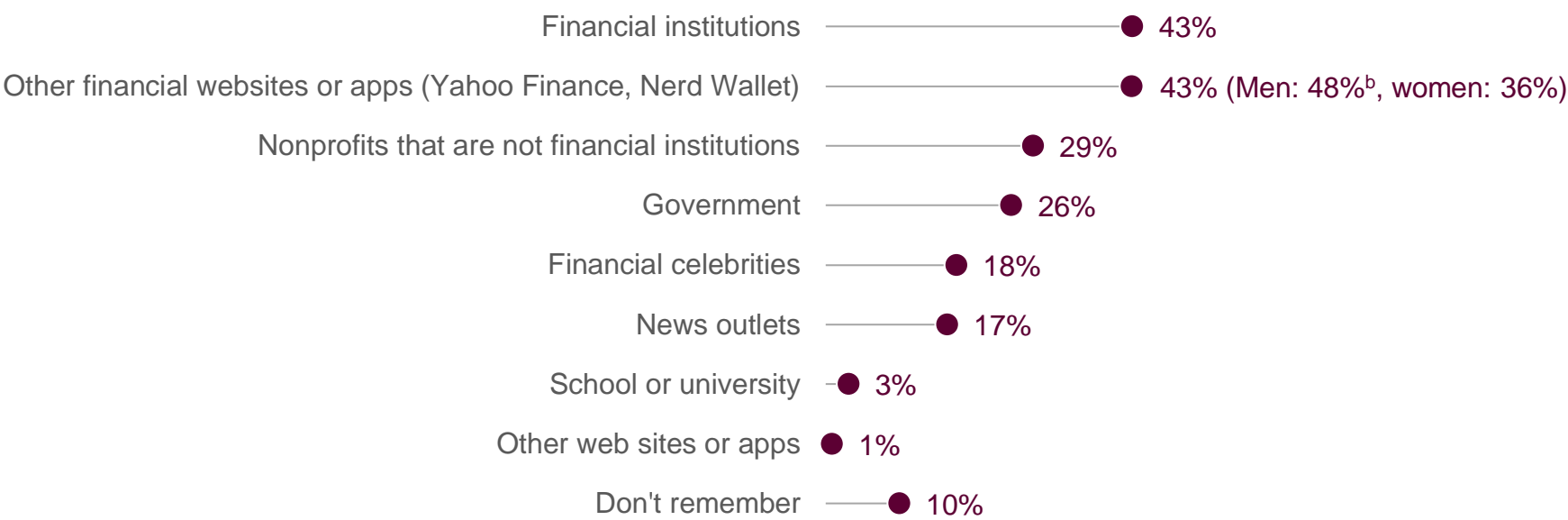


QE2. In the past 12 months, have you consulted any of the following for information about how to reduce or manage your debt? Base: Total Respondents

Of the small percentage of adults ages 50 and over with debt who consult online resources to help reduce or manage debt, financial institutions and other financial websites or apps are mentioned most.

The next most commonly consulted online resources include nonprofits and government resources. Men are more likely than women to have consulted other financial websites or apps.

Online debt reduction resources consulted in the past 12 months
Among total respondents who consulted websites or apps

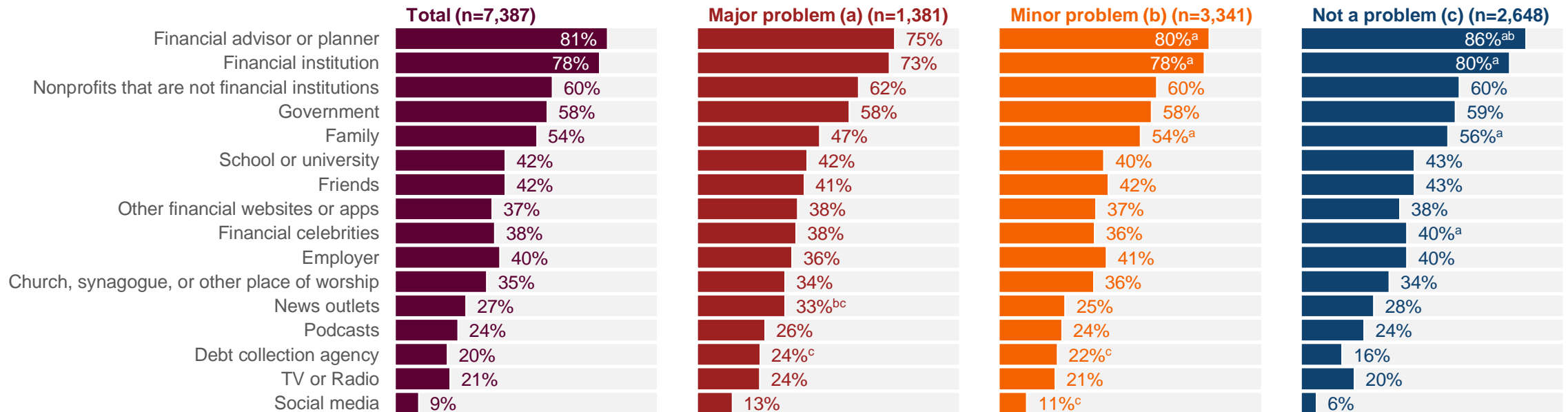


QE3. In the past 12 months, what kind of websites or apps have you used for information about how to reduce or manage your debt?
Base: Respondents who have consulted websites or apps on how to reduce debt (n=656)

Financial advisors and financial institutions are considered to be the most reliable sources of information about debt reduction, followed by nonprofits and government agencies.

Those without problematic debt are more likely than those who see their debt as a major problem to view several sources as reliable, including financial advisors, financial institutions, and family.

Percent who say these debt reduction resources are very or somewhat reliable
Among total respondents, and by degree to which their debt is a problem



QE1. How reliable would you consider each of the following as a source of information about how to reduce or manage your debt?

Base: Total Respondents

Letters (abc) indicate a significant difference between segments at a 95% confidence level



IMPLICATIONS

Implications

Adults 50-plus who have debt acknowledge that debt can be both necessary and risky. Their debt has played a clear role in their lives — to help buy a home or car, pay for educational expenses, and to finance everyday expenses and emergencies when they face a shortfall of their own available funds. Despite the opportunities made possible by their debt, many also acknowledge that their current level of debt presents a problem.

What distinguishes those with problematic levels of debt from those without problematic levels of debt?

- Not surprisingly, our findings suggest that income is one distinguishing factor, with those who have higher incomes less likely to have problematic debt. However, income is certainly not the only difference as nearly half of those who carry debt and have incomes over \$75,000 admit that their debt is at least a minor problem. On a related note, expenses relative to income also appears to be a key factor since those who describe their debt as a major problem are more likely to identify everyday expenses as a major reason for their debt.
- Life shocks represent another important difference between those with problematic debt levels and those without problematic debt. In particular, loss of income (as a result of inability to work due to disability, job loss, or reduced hours), health problems, and high medical expenses are much more common among those with problematic debt levels.

How could those with problematic levels of debt be helped?

Many who are struggling with debt would most likely benefit from resources to help them learn how to reduce their debt, yet they may feel uncomfortable discussing these issues. Some feel a sense of shame or may be overwhelmed by their situation. People who do not have enough income to meet their basic living expenses often do not know where to turn.

Implications (continued)

One way to help people avoid falling into debt is to increase access to automated ways to save for emergencies to help increase their chances of being prepared for life shocks. While adults with lower incomes may find saving more challenging, automated mechanisms that deduct savings directly from paychecks may help even those with lower incomes build savings over time.

To reduce the risk of reaching problematic levels of debt, some adults may benefit from budgeting tools or other resources to help them reduce their expenses and manage their spending.

Many people may also qualify for a range of public benefits to help them meet their income challenges. The AARP Foundation provides links to several resources to help people connect with public benefit programs in their state:
<https://www.aarp.org/aarp-foundation/our-work/income/public-benefits-guide-senior-assistance/>

Resources and online tools such as the following are also available to help people who are struggling with debt:

- AARP MoneyMap is an online tool that can help consumers plan for expenses, develop a debt plan, or create a budget. www.aarp.org/moneymap
- The Consumer Financial Protection Bureau also provides resources for consumers on a range of topics.
<https://www.consumerfinance.gov/consumer-tools/>



METHODOLOGY

Methodology

- **Objectives:** To explore the reasons that adults ages 50-plus carry debt and identify the experiences, attitudes, behaviors, and other characteristics that distinguish those who describe their debt as problematic from those who do not describe their debt as problematic.*
- **Methodology:** NORC at the University of Chicago fielded the survey on behalf of AARP. Data for the main sample were collected online and by phone using NORC's *Foresight 50+®* panel, a probability-based panel designed to be representative of adults in the 50 states and the District of Columbia. Additionally, respondents from the Dynata and Prodege online opt-in panels were invited to augment the sample of Hispanic adults and African American/Black adults. The survey was available in English and Spanish.
- **Qualifications:** Age 50 or older and carry at least one type of debt** (credit card balance carried over from a prior month, mortgage or home equity loan, car loan, unpaid medical or utility bill, car title loan, student loan for self or someone else, loan from a retirement plan, loan from a payday lender, other installment loan)
- **Sample:** NORC's *Foresight 50+® probability-based* panel for the main sample, plus Dynata and Prodege opt-in panels to augment the African American/Black sample and the Hispanic sample. Total n=7387 adults ages 50+ with debt, including 1,237 adults ages 75+, 1,597 African American/Black adults, and 1,642 Hispanic adults
- **Interviewing Dates:** May 3-May 22, 2023
- **Weighting:** The data is weighted to represent adults ages 50-plus who have debt. The final sample was weighted by age, gender, education, race/ethnicity, and census division using February 2023 Current Population Survey benchmarks for adults ages 50-plus. The weighted data reflect the U.S. population of adults age 50-plus who have debt. In order to incorporate the Dynata and Prodege nonprobability sample, NORC used TrueNorth calibration services, a hybrid calibration approach developed at NORC based on small area estimation methods to explicitly account for potential bias associated with the nonprobability sample.
- **Questionnaire length:** Overall: 26 minutes (median)
- **Confidence Interval:** Total sample: $\pm 1.88\%$

**Because this report focuses on explaining noteworthy differences between people who view their level of debt as problematic and those who don't view their level of debt as problematic, the featured survey results are those that yielded noteworthy differences between those who view their debt as problematic and those who do not.*

For a full list of all questions asked in the survey, including the questions in the report and those not in the report, please see the annotated questionnaire.

***Because the survey focused on adults ages 50+ who have debt, all survey results are based on respondents who have debt. However, in order to capture the prevalence of debt among adults ages 50+, NORC also kept track of eligibility rates for the survey and found that 75% of all adults ages 50+ have debt. This percentage is reported as the first finding within the Executive Summary. All other findings are based on adults ages 50+ who have debt.*

Car Loan Application Form

APPENDIX: PROFILES OF THOSE WITH PROBLEMATIC LEVELS OF DEBT

Profile Table: Demographics

- Adults ages 50-plus who view their debt as problematic have lower household incomes than those who do not view their level of debt as problematic. For example, of those who view their debt as a major problem, nearly half (48%) have household incomes under \$40,000, compared to just 19% of those who don't view their debt as a problem. However, income is not the only demographic difference between these segments.
- Compared to adults 50-plus without problematic levels of debt, those with problematic debt are more likely to be women, to be ages 50–54, and to be Black, Hispanic, or Asian.

Level of Debt:	Major Problem (a)	Minor Problem (b)	Not a Problem (c)
<i>Base: Total Respondents</i>	1,381	3,341	2,648
Gender			
Male	41%	44%	54% ^{ab}
Female	59% ^c	56% ^c	46%
Age			
50-54	32% ^{bc}	21% ^c	14%
55-64	39% ^c	43% ^{ac}	35%
65-74	20%	23% ^a	34% ^{ab}
75+	9%	13% ^a	18% ^{ab}
Ethnicity			
White, non-Hispanic	53%	65% ^a	79% ^{ab}
Black, non-Hispanic	18% ^{bc}	14% ^c	7%
Other, non-Hispanic	2%	1%	1%
Hispanic	20% ^{bc}	15% ^c	10%
2+, non-Hispanic	2% ^c	1%	1%
Asian, non-Hispanic	5% ^{bc}	3%	2%
Income			
Mean	\$55K	\$67K ^a	\$91K ^{ab}
Under \$40K	48% ^{bc}	37% ^c	19%
\$40K - \$74K	27%	29%	29%
\$75K +	25%	34% ^a	52% ^{ab}

Profile Table: Types of Debt, Reasons for Debt, and Impact

- Adults 50-plus who view their debt as problematic are much more likely than those without problematic debt to have credit card debt. They are also more likely to have an unpaid balance on a health/medical bill and a personal loan from a bank and to be carrying multiple types of debt.
- Compared to those without problematic debt, those with problematic debt are more likely to cite multiple reasons for their debt, particularly everyday expenses, inability to work due to disability, and job loss.
- Those with problematic debt are more likely to feel that they are not good with money. They are also less likely to have a plan for paying down their debt.

Level of Debt:	Major Problem (a)	Minor Problem (b)	Not a Problem (c)
<i>Base: Total Respondents</i>	1,381	3,341	2,648
Top 5 types of debt (QS1)			
A credit card balance	79% ^{bc}	69% ^c	38%
A car, motorcycle, or other vehicle loan	41%	43% ^c	38%
Unpaid balance on a health/medical bill	39% ^{bc}	25% ^c	10%
Personal loan from a bank, credit union, or other financial institution	39% ^{bc}	29% ^c	16%
A mortgage	38%	49% ^a	52% ^a
Top 5 major reasons for current level of debt (QB1)			
Housing costs	55% ^{bc}	37% ^c	26%
Everyday expenses	49% ^{bc}	22% ^c	6%
Vehicle costs	38% ^{bc}	27% ^c	12%
Unable to work due to disability or illness (you or a family member)	37% ^{bc}	24% ^c	8%
Job loss (yours or a family member's)	36% ^{bc}	17% ^c	7%
Impact of debt (QC4 and QC2)			
Felt stressed in past year due to debt	75% ^{bc}	40% ^c	9%
Debt has reduced ability to save for retirement	85% ^c	82% ^c	46%
Money management (QB8) -% strongly agree/agree/slightly agree			
I am careless with money	39% ^{bc}	22% ^c	7%
I find it hard to keep track of my money	38% ^{bc}	19% ^c	6%
<i>Base: Respondents with credit card debt</i>	1,128	2,431	1,095
Has a plan to pay down credit card debt			
Has a formal plan (QB12) - % yes	13%	16%	16%
Has an informal plan (QB13) - %yes	53%	69% ^a	68% ^a
Has formal or informal plan (B12 or B13)	56%	72% ^a	70% ^a

Profile Table: Recent Life Events

- Adults who view their debt as problematic are more likely than those without problematic debt to say that they or someone in their household has experienced health challenges as well as negative economic events such as job loss or salary cuts.
- They are also more likely to be a caregiver of an older adult or child and to have experienced the death of a spouse or family member.
- They are also more likely to have more debt now than at the same time last year.

Level of Debt:	Major Problem (a)	Minor Problem (b)	Not a Problem (c)
<i>Base: Total Respondents</i>	1,381	3,341	2,648
Life experiences in past three years (you or household member) (QB4)			
Serious health condition, injury, or disability	38% ^{bc}	27% ^c	15%
Purchased a car	30%	31%	36% ^{ab}
Had work hours or salary cut (without losing job)	25% ^{bc}	13% ^c	7%
Lost a job	22% ^{bc}	12% ^c	8%
Moved to a new home or residence	18% ^{bc}	13%	11%
Got a new job	17% ^{bc}	12%	13%
Been primary caregiver of an older adult	14% ^c	12% ^c	9%
Been primary caregiver of a child	13% ^{bc}	6%	5%
Death of spouse or other family member	12% ^{bc}	8%	8%
Lost money due to fraud or scam	11% ^{bc}	7% ^c	3%
Moved in with parents, in-laws, or other adult relatives, or they moved in with you	8% ^{bc}	6% ^c	4%
Attended college or graduate school	8%	8%	7%
Experienced a natural disaster	7% ^{bc}	4%	3%
Got divorced or separated	7% ^{bc}	4%	2%
Amount of total debt compared to last year (QD12)			
More than 12 months ago	54% ^{bc}	32% ^c	12%
About the same	28%	33% ^a	37% ^{ab}
Less than 12 months ago	17%	35% ^a	49% ^{ab}

Note: Table lists those life events mentioned by more than 5% of respondents who described their current level of debt as a "major problem."

About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. With a nationwide presence, AARP strengthens communities and advocates for what matters most to the more than 100 million Americans 50-plus and their families: health security, financial stability and personal fulfillment. AARP also produces the nation's largest circulation publications: AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org/about-aarp/, www.aarp.org/español or follow [@AARP](https://twitter.com/AARP), [@AARPenEspañol](https://twitter.com/AARPenEspañol) and [@AARPadvocates](https://twitter.com/AARPadvocates) on social media.

About Interloq, LLC

Interloq provides innovative market research solutions to help brands, marketers and business leaders collect and harness the power of data to drive fast insights and decisions about their business. Our primary consultants have been conducting market research for over two decades while always remaining on the pulse of modern technology to inform our research methods. Interloq is proud to be a woman-owned business based in Dallas, Texas. To learn more, visit www.Interloq.com.



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This research was designed and executed by AARP Research