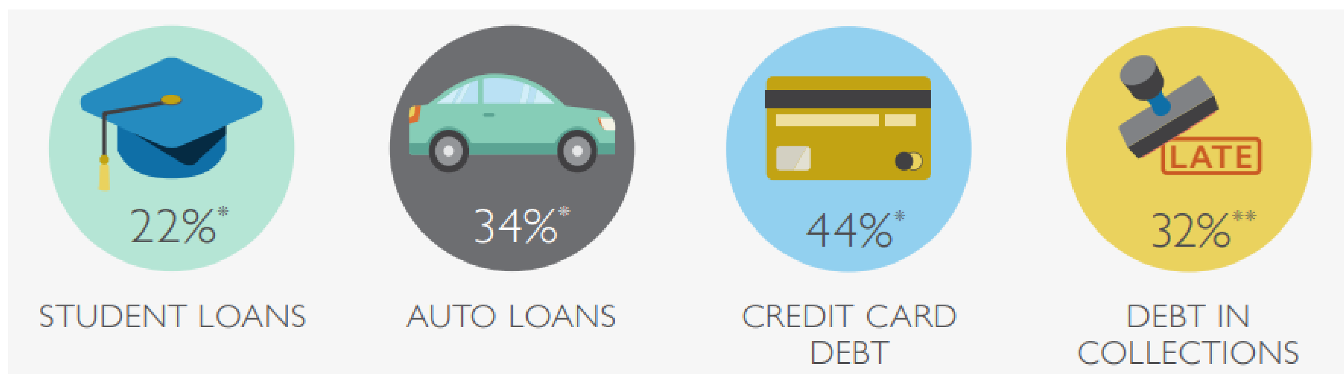
CONSUMER DEBT

Consumer debt in the United States has reached record highs, driven in large part by rising student, auto, and credit card debt. This rise has corresponded with a surging economy, but many of the nearly 100 million indebted U.S. households remain financially insecure.

Debt can be an effective way for millions of Americans to maintain liquidity, smooth consumption, and build wealth, but it can also contribute to financial hardship. EPIC is researching non-mortgage consumer debt to better understand the changing dynamics of non-mortgage consumer debt and the conditions under which it is a source of financial insecurity.

Who has consumer debt:



Sources: *2016 Survey of Consumer Finances, **Consumer Financial Protection Bureau

CONSUMER DEBT BY THE NUMBERS

Aggregate balances:

- $3.9 trillion: Aggregate non-mortgage debt
- $1.4 trillion: student loan debt (36% of total)
- $1.2 trillion: auto loan debt (31%)
- $830 million: credit card debt (21%)
- $390 million: other non-mortgage debt (10%)

Source: Federal Reserve Bank of New York

Median balances:

- $60,000: Any debt
- $19,000: student loan debt
- $12,900: auto loan debt
- $2,300: credit card debt

Source: 2016 Survey of Consumer Finances

IMPACTS OF CONSUMER DEBT

- Holding any unsecured debt is associated with lower savings, including for retirement
- A 10% increase in student loan debt causes a 1%-2% reduction in homeownership
- More than 40 peer-reviewed studies find links between debt and poor health, including obesity, disability, depression, anxiety, and suicide
- Consumer debts have less macroeconomic impact than mortgages but can slow growth. Student loans may already be doing so

See EPIC's Consumer Debt: A Primer for sources

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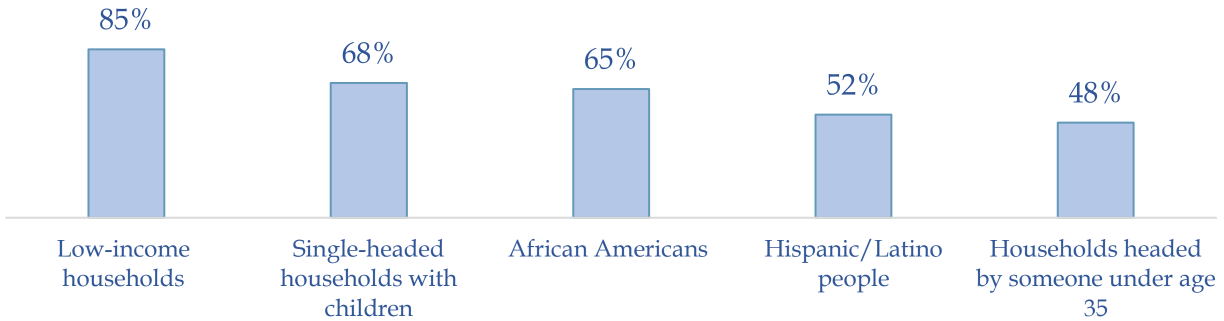
WHO FACES THE GREATEST RISK FROM CONSUMER DEBT?

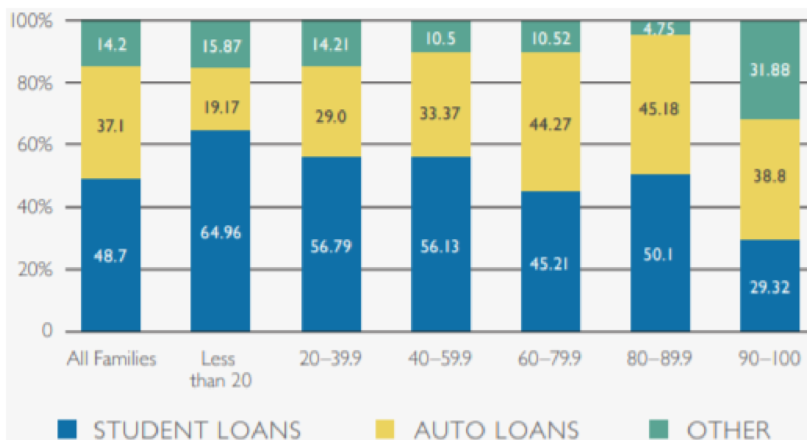
Expert takes: EPIC surveyed a diverse, cross-sector group of experts for their insights on consumer debt, its relationships with financial security, and the populations most at risk for debt becoming a source of insecurity. Experts identified several groups as highly likely to be negatively impacted by consumer debt. 85% see low-income Americans as highly vulnerable. Others seen to face high risk include black and Latino households, as well as single -parent and young households.



The expert view on low-income households is supported by data from the Survey of Consumer Finances:

PERCENTILE OF INCOME	ANY DEBT	PRIMARY RESIDENTIAL MORTGAGE	CREDIT CARD BALANCE	INSTALLMENT LOANS
All Families	$60,000	$111,000	$2,300	$17,000
Less than 20	$10,400	$50,000	$800	$10,000
20–39.9	$23,300	$63,000	$1,700	$12,000
40–59.9	$42,300	$89,000	$2,000	$16,000
60–79.9	$103,000	$114,000	$3,000	$21,400
80–89.9	$170,300	$157,000	$4,800	$25,000
90–100	$299,000	$268,000	$6,000	$28,000

DISTRIBUTION OF INSTALLMENT DEBT BY INCOME PERCENTILE



LOW-INCOME HOUSEHOLDS AND DEBT:

- Lower levels of debt but greater than average debt-to-income ratio
- Greater than average proportion of debt is unsecured
- Income under $20,000:
  - 52% are contacted by debt collectors annually
  - Most likely to have non-loan debt, especially utilities, telecom bills, and government fines and fees

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