

Debtors Who Expect to Die with Debt at Seven-Year Low

One-third of debtors anticipate taking on more debt this year

New York – January 8, 2020 – Those with debt are feeling dramatically better about their ability to pay it off, according to a new CreditCards.com report. Just 7% of U.S. adults with debt expect to die in debt, the lowest percentage in the seven related studies CreditCards.com has conducted dating back to 2013 (25% believed they would die with debt in 2019 and 30% in 2018). Click here for more information:

<https://www.creditcards.com/zero-interest/#debt-free-poll>

Nearly half (45%) of debtors expect a debt-free future within five years, while one-quarter expects it to take longer than 10 years. Among those who are bogged down by debt but expect to be debt-free at some point, the average pay-off time is nine years. Older millennials (ages 31-39) think it will take the longest: 12 years.

Overall, most debtors in these categories are confident they will make significant progress paying down their liabilities in 2020: 87% auto loan/lease, 87% personal loan, 81% credit card debt, 79% home equity loan/line of credit, 75% payday loan, 74% mortgage and 57% medical debt.

“Stocks hit numerous record highs this past year, we recently hit the lowest unemployment rate in 50 years, and we’ve enjoyed more than a decade of sustained economic growth,” says CreditCards.com industry analyst Ted Rossman. “These positive stats have Americans feeling good about their debt levels as we enter 2020.”

On the other hand, student loan debt scored the least confidence overall, with only 43% of student loan borrowers confident they will make significant progress lowering the balance. More than half (51%) of millennials with student loans are not confident in their ability to make a dent in the lump sum this year.

Despite a booming economy in 2019, Rossman adds, “I’m still concerned about credit card debt. It’s the most common type of debt, and the average credit card rate is over 17 percent. That’s about four times higher than the average mortgage or auto loan. If you have credit card debt, knocking that out should be your top financial priority. Sign up for a balance transfer card (<https://www.creditcards.com/balance-transfer/>), take on a side hustle, or cut your expenses to get started.”

Overall, 70% of U.S. adults have at least one form of personal debt. This includes 78% of Gen Xers (ages 40 – 55), 74% of boomers (ages 56 – 74), 70% of millennials (ages 24 – 39) and 44% of Gen Zers (ages 18 – 23). Higher earners are also more likely; 78% of those making \$80,000 and over carry debt compared to 66% of the lowest income bracket (under \$30,000).

While credit card debt is the most popular type (41%), other common forms of debt are auto loans/leases (26%), mortgages (26%), student loans (16%), medical debt (13%), personal loans (12%), home equity loans or lines of credit (6%) and payday loans (3%).

Just 27% of U.S. adults anticipate adding to their debts in 2020. Of those who are already in debt, 1 in 3 says they will go deeper into debt. More than 1 in 10 (12%) predict they will accrue more credit card debt.

Methodology:

CreditCards.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,602 adults, including 1,813 adults with personal debt. Fieldwork was undertaken on November 27 – December 1, 2019. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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