

51 Million Accrued Additional Credit Card Debt Since Beginning of COVID-19 Pandemic

Half say unemployment status has a major effect on making future minimum credit card payments

New York – January 27, 2021 – More than half (51%) of U.S. adults with credit card debt, or about 51 million people, added to their credit card debt since March 2020, according to a new CreditCards.com report. Among them, 44% or 22 million people, blame the COVID-19 pandemic as the reason they accrued credit card debt. When it comes to making at least their minimum credit card payments for the next three months, half of U.S. adults with credit card debt say being unable to work now or in the future would have a major effect. Click here for more information:

<https://www.creditcards.com/credit-card-news/coronavirus-debt-poll/>

Unfortunately, millennial credit card debtors (ages 24-39) continue to be hit the hardest, with more than half (56%) reporting adding to their credit card debt since March 2020. Fifty-five percent of those millennials attribute their increased debt to the pandemic, higher than all generations.

Fifty-five percent of northeasterners who added to their credit card debt since March blame the pandemic, compared with 32% of Midwesterners, 43% of southerners and 45% of westerners.

The impact of economic activity on credit card debt:

Nearly two-thirds (66%) of credit card debtors said being unable to work now or in the future would affect their ability to make at least their minimum credit card payments in the next three months (50% major, 15% minor). Generationally speaking, an overwhelming number of millennials (84%) and Gen Xers (ages 40-55, 81%) with credit card debt feel this way.

Sixty-four percent of credit card debtors believe a continued surge in nationwide COVID-19 cases would affect their ability to make at least their minimum credit card payments in the next 3 months (38% major, 27% minor). Additionally, more than half (54%) of credit card debtors say their ability to make minimum credit card payments would be affected if a successful COVID-19 vaccine is not widely available by June 2021 (28% major, 26% minor).

Exactly a month ago, the Trump administration approved a second round of stimulus checks for up to \$600 per person, half of the \$1,200 payments that went out earlier in 2020. Based on the CreditCards.com poll which was conducted earlier in December, 63% of credit card debtors said a lack of additional stimulus money from the government would have influenced their ability to make at least their minimum credit card payments over the next three months, including 38% who said it would have a major effect and 25% who cited a minor effect.

More than three-quarters (77%) of millennial credit card debtors said no additional stimulus money from the government would have influenced their ability to make at least a minimum credit card payment in the three months following the survey period. Other groups more inclined to be impacted by a lack of stimulus deal included 73% of those with annual household incomes below \$40,000 (48% major effect, 25% minor effect), 68% of women and 57% of men (major effect: women 42%, men 34%).

“As President-Elect Biden said at the time, this second stimulus package was a down payment. Many Americans still need more help to bridge the gap,” according to CreditCards.com industry analyst Ted

Rossmann. “Hopefully wider vaccine availability will bring better days soon. Unfortunately, we’re not there yet and many people are still struggling.”

A broader look at debt:

Overall, 70% of U.S. adults have personal debt, including 39% with credit card debt, 25% with a mortgage, 23% with an auto loan/lease and 16% with student loan debt. In fact, credit card debt is especially common in the \$40,000 - \$80,000 income bracket (48%). You’re more likely to have credit card debt if your annual household income is \$80,000+ (40%) than if it’s under \$40,000 (36%). Nearly half (48%) of baby boomers and Gen Xers (47%) and 33% of millennials have credit card debt.

Those with debt are optimistic about their ability to pay it off: 64% of debtors believe they will be debt-free within 10 years, including 48% who think they’ll be debt-free within five years and 14% who will be debt-free within one year. More than a quarter (29%) of debtors think it will take more than 10 years, including 7% who never expect to be debt-free. Another 7% don’t know when they will be debt-free. Thirteen percent of student loan debtors think they will never be debt-free, higher than any other type of debt.

“I’m pleasantly surprised at how optimistic many debtors are feeling about how much they owe. This is important, because getting out of debt is often more psychological than mathematical,” Rossmann added. “A big part of the solution is to organize your budget so that you have more money coming in than going out each month. Whether it’s taking on a side hustle to earn more income or cutting back on expenses, finding extra money to pay off your debts can save you a lot of money in interest and free up your time and energy for other things.”

Methodology:

CreditCards.com commissioned [YouGov Plc](#) to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,475 adults, including 957 adults with personal credit card debt. Fieldwork was undertaken on December 16-18, 2020. 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.

About CreditCards.com:

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