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EBRI Research Finds that Despite Some Signs of Recent Improvement, Debt of the Elderly Remains Higher than for Prior Generations

A new study by the Employee Benefit Research Institute (EBRI) examines the debt of the older American families, and notes that despite some recent improvements, families with heads ages 55 or older have experienced a long-term trend of increased debt.

"Debt of the Elderly and Near Elderly, 1992–2016" examines data from the Federal Reserve's Survey of Consumer Finances (SCF) to determine trends in debt among older American families with heads ages 55 or older.

On the positive side, the analysis shows that:

- Debt levels among elderly and near elderly have decreased from their peaks in 2010. The average debt amount for families with heads ages 55 or older was $82,968 in 2010, but this amount stood at $76,679 in 2016 (both amounts in 2016 dollars).
- Debt payments as a percentage of income for this group fell from 11.4 percent in 2010 to 8.2 percent in 2016.
- Older families' debt as a percentage of assets declined from 8.4 percent in 2010 to 6.5 percent in 2016.

At the same time, a longer-term trend line shows that a much higher percentage of American families with heads ages 55 or older have debt: In 1992, 53.8 percent of such families had debt; by 2016 that reached 68.0 percent. And families with the oldest heads are seeing the greatest increases: since 2007, the proportion of indebted families with heads ages 75 or older increased nearly 60 percent (from 31.2 percent in 2007 to 49.8 percent in 2016).

"While improving in many respects in the most recent years, the longer-term trends in debt are troubling as far as retirement preparedness is concerned," says Craig Copeland, Senior Research Associate at EBRI. "We see in the data that American families just reaching retirement or those newly retired are more likely to have debt than past generations, specifically those in the 1990s." Copeland also noted the fact that families with heads ages 75 or older whose debt payments are excessive relative to their incomes is near its highest levels since 1992. "More families that have elderly heads are placing themselves at risk of running short of money in retirement due to their increased likelihood of holding debt while in retirement," he concludes.

The full report is published in the March 5 *Issue Brief*, "Debt of the Elderly and Near Elderly, 1992–2016," and is available online here. A related EBRI *Fast Fact* is located here.

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