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## **New Research from EBRI:**

### **Debt Levels Spike for the Oldest Americans**

WASHINGTON—American families headed by individuals age 75 or older had increases in the incidence of debt, the average amount of debt held, and the percentage with debt payments greater than 40 percent of their income in 2010, according to new research by the nonpartisan Employee Benefit Research Institute (EBRI).

In contrast, families headed by those with ages just before normal retirement age (55–64) and just after (65–74) had very small changes in these debt measures and in some cases improvements.

For families with heads 75 or older, the average debt level increased from \$13,665 in 2007 to \$27,409 in 2010. The average debt of all of those headed by individuals 55 and older stood at \$75,082 in 2010, up more than \$1,300 (in 2010 dollars) from 2007. However, the families found to have the highest levels of debt were those with heads ages 55–64, those most likely to still be working. Among those families with heads age 55–64, the average debt level was \$107,060 in 2010, down from \$112,075 in 2007.

The EBRI analysis notes that the driver of debt for families with a head age 55 or older was housing debt: Almost three-fourths of debt payments go to pay for housing debt among these families.

“These debt results are troubling as far as future retirement preparedness is concerned, in that the data indicate that American families approaching retirement or newly retired are more likely to have debt—and higher levels of debt—than past generations,” said Craig Copeland, senior research associate at EBRI and author of the article on debt of the elderly. “Older families that have taken on higher housing debt may well eventually have difficulty avoiding a major lifestyle change in living standards in retirement, certainly if they are planning to rely on their home as an income producing asset.”

For all American families with heads age 55 or older, the percentage with debt held steady from 2007 to 2010, at roughly 63 percent. Furthermore, those with debt payments greater than 40 percent of income—a traditional threshold measure of debt load trouble—dropped to 8.5 percent in 2010 from almost 10 percent in 2007. However, debt payments as a share of income was virtually unchanged (from 10.8 percent in 2007 to more than 11 percent in 2010), while debt as a percentage of assets trended upward (from 7.4 percent in 2007 to 8.5 percent in 2010).

Despite the overall trend, the percentage of families with heads age 75 or older having debt increased from 31.2 percent in 2007 to 38.5 percent in 2010 and the percentage total debt payments represent of income increased from 4.5 percent to 7.1 percent.

EBRI’s analysis is published in the February *EBRI Notes*, “Debt of the Elderly and Near Elderly, 1992–2010,” using the Federal Reserve Board’s Survey of Consumer Finances (SCF). This study also analyzes American families, defining the “near elderly” as those ages 55–64 and “elderly” as those 65 and above. The SCF examines debt *payments* relative to *income*, and debt relative to *assets*. The report is available online at [www.ebri.org](http://www.ebri.org)

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