Among families headed by older Americans, the percentage who are in debt has increased in recent years. Data from the Board of Governors of the Federal Reserve System showed that one out of every two families headed by someone seventy-five or older that were in debt in 2016, more than double the rate from 1989. Rates of indebtedness have increased even more dramatically for certain types of debt. For example, the percentage of consumers age sixty and older with student loan debt quadrupled between 2005 and 2015. Rates of delinquent and defaulted student loans have also increased among older borrowers.

In addition to an increase in the percentage of older Americans who are in debt, the amount of indebtedness has also increased. The Federal Reserve Bank of New York reported that, from 2003 to 2015, the amount of real per capita debt at age sixty-five increased over eight-fold (886%) for student loans, 47% for debt secured by a home, and 29% for auto loans, while staying the same for credit card debt.

Despite these increases, the CFPB’s survey of consumer experiences with debt collection found that older Americans were still less likely to be contacted about a debt in collection than younger Americans. Only nineteen percent of survey respondents 62 or older reported being contacted by a debt collector or creditor in the prior year, significantly fewer than the forty-two percent of 35-49 year old respondents.

Consumers age sixty-two or over file a significant number of complaints about debt collection with the CFPB, with the total number coming in just below the number of complaints received about mortgages. In the CFPB’s survey, fifty-nine percent of those age sixty-two or older who were contacted about a debt cited an issue with a debt in collection, forty percent disputed a debt, and twenty percent had been sued on a debt.

Older Americans may acquire debt for different reasons or use different repayment strategies than younger Americans. For example, one study found that consumers fifty or older were more likely to have credit card debt related to car repair, home repairs, or because they helped pay the debts of relatives. Another study reported that in order to pay their debts, seniors may engage in debt coping strategies such as forgoing home or car repairs, cutting pills, missing medical appointments, or skipping meals.

Older Americans may also be more likely to be subject to certain collection tactics, such as efforts to collect the debt of a deceased family member or attempts to get seniors to make debt payments from exempt government benefits.

Footnotes

113 Fed. Reserve Bd., 2016 Survey of Consumer Finances Chartbook 837 (Sept. 20, 2017) [1], available at https://www.federalreserve.gov (49.8% of families headed by someone 75 or older were in debt in 2016 compared to 21% in 1989. 70.1% of families headed by someone 65–74 were in debt in 2016 compared to 49.6% in 1989). See also Craig Copeland, Debt of the Elderly and Near Elderly, 1992–2013 (Employee Benefit Research Institute, Jan. 2015) (percentage of American families with heads ages 55 or older that had debt increased from 53.8% in 1992 to 65.4% in 2013); Consumer Fin. Protection Bur., Snapshot of Older Consumer and Mortgage Debt (May 2014) (increasing percentage of older Americans owe a mortgage on their home).


115 Consumer Fin. Protection Bur., Snapshot of Older Consumers and Student Loan Debt, 11 (Jan. 2017) (“The proportion of delinquent student loan debt held by borrowers age 60 and older increased from 7.4% to 12.5% from 2005 to 2012. Nearly 40% of federal student loan borrowers age 65 and older are in default.”).


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117 Consumer Fin. Protection Bur., Consumer Experiences with Debt Collection: Findings from the CFPB’s Survey of Consumer Views on Debt (Jan. 2017), available at www.cfpb.gov. See also Breno Braga, et al., Local Conditions and Debt in Collections (Urban Institute, June 2016) (“People age 65 and older are the least likely to have debt in collections and have the lowest amounts of debt in collections.”).


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