Americans have $100 trillion in wealth and $15.7 trillion in debt

By Editorial Staff *Thu, Jun 28, 2018*

Credit card balances represented about 6.6% of disposable income in the first quarter, down from almost 9% a decade ago.

American household net worth has just surpassed $100 trillion for the first time, and total household debt (mortgage and consumer debt) is about $15.7 trillion. Since the 2008 financial crisis, home equity has rebounded smartly (good for Boomers) but student loan debt has mushroomed (bad for Millennials and their parents).

According to LendingTree's **Consumer Debt Outlook** for June 2018, which is based on Federal Reserve data, American household debt is currently on pace to exceed the prior peak debt level from 2008 by the end of June, primarily due to the growth of student debt.

Total mortgage and consumer debt levels are on pace to reach $15.7 trillion at the end of the second quarter of 2018, versus $14.7 trillion 10 years ago. Consumer debt (which excludes mortgages) is on pace to exceed $4 trillion by December 2018.

Mortgage-related household debt has fallen by 5.5% while total consumer credit (a collection of revolving credit and installment loans) has increased by 45%, mostly because of student debt, LendingTree's analysis found.

Household net worth, as measured by the Federal Reserve Financial Accounts, reached $100 trillion for the first time in the first quarter of 2018. Assets (primarily financial instruments and real estate) gained more than $1.07 trillion in the first quarter, outpacing the additional debt Americans accumulated.

[If estimates made by Edward Wolfe of New York University in 2017 remain true, the wealthiest one percent of Americans are worth about $40 trillion of that $100 trillion, the next nine percent are worth about $40 trillion, and the everybody else (the remaining 90%) are worth about $30 trillion.]

- American household debt is currently on pace to be $1 trillion above the peak debt level of 2008 by the end of this month. That figure has been increasing at a 3.4% annual rate and includes mortgage debt.
- As measured by a percentage of disposable income, outstanding mortgages comprise less of a liability for American households, even though they are the largest source of debt. Mortgage balances currently are around 68% of disposable income, down from 98% in 2008, as home equity has grown.

- Total student loan debt, at more than $1.5 trillion, comprises 42% of all consumer debt. Millennials shoulder most of that. Student loans now represent 10.3% of disposable income, up from 6% in 2008.
- Credit card debt, as a percentage of income, has fallen by about 30% since 2008. Credit card balances represent about 6.6% of income as of the first quarter of 2018, down from almost 9% a decade ago.

Student loan balances have risen 130% since the housing crisis began. Auto loans have risen 39% in the past decade. Credit card balances are slightly lower in nominal terms and even lower in real terms than they were in 2008.

In 2008, credit card debt comprised 40% of household liabilities, and student loan debt made up 27%. Today, student loans make up 42% of the nation's household debt, and credit cards are now only 28% of the share.

In May, the Federal Reserve Bank of New York **published** somewhat different numbers:

Aggregate household debt balances increased in the first quarter of 2018, for the 15th consecutive quarter, and are now $536 billion higher than the previous (2008Q3) peak of $12.68 trillion.

As of March 31, 2018, total household indebtedness was $13.21 trillion, a $63 billion (0.5%) increase from the fourth quarter of 2017. Overall household debt is now 18.5% above the 2013Q2 trough.

Mortgage balances, the largest component of household debt, increased somewhat during the first quarter. Mortgage balances shown on consumer credit reports on March 31 stood at $8.94 trillion, an increase of $57 billion from the fourth quarter of 2017.

Balances on home equity lines of credit (HELOC) continued their downward trend, declining by $8 billion, and are now at $436 billion. Non-housing balances saw a $14 billion increase in the first quarter. Auto loans grew by $8 billion. Student loan balances increased by $29 billion and credit cards declined by $19 billion.