

More than one-in-four seniors never expect to be debt-free

By Editorial Staff Fri, Jan 20, 2017

Among people age 65 and older, 28% said they 'never expect to get out of debt.' (In late 2015, 35% felt that way.)

There's an adage that "they who are not in debt are rich." If true, a growing number of Americans expect to die rich. Only 12% of U.S. adults with debt today expect to die in debt, according a survey by CreditCards.com. But they may be kidding themselves.

Although that figure was six percentage-points higher than in a November 2015 survey, it's an average of responses from all ages. Among people age 65 and older, 28% said they "never expect to get out of debt." (In late 2015, 35% felt that way.)

The survey added to the already ample evidence that many Americans are financially underprepared for retirement. Debt and savings conflict: Over 70% of those surveyed by CreditCards.com said that if their debt vanished, they would save the windfall. Almost half (32%) would save for retirement. Others would save for emergencies (15%), a new home (14%) or college tuition (12%).

The youngest adults surveyed (ages 18 to 29) were the most optimistic about dying in the black, but that figure may simply reflect a blissful ignorance about expenses that they haven't encountered yet. According to the survey, which did show improvement:

- 14% of those ages 50 to 64 never expect to get out of debt (down from 24%).
- 11% of those ages 30 to 49 never expect to get out of debt (down from 19%).
- 4% of those ages 18 to 29 never expect to get out of debt (down from 11%).

Eight years after the financial crisis, the nation's overall debt profile continues to improve. In the last two years, the percentage of American adults carrying credit card debt, car loans, student loans, mortgages, or other personal debt fell to about 75% from 86%.

But if you unpack that number, you find that "credit card debt has been rising steadily for more than five years and is close to \$1 trillion, according to the Federal Reserve," said Matt Schulz, a CreditCards.com analyst, in a press release. "It seems like a lot of people are forgetting the painful lessons of the Great Recession."

Twelve percent of Republicans, 11% of independents and 10% of Democrats surveyed said they will never get out of debt, down from 25%, 21% and 14% in late 2015, respectively.

Just as many people rate themselves better-than-average drivers and lovers, many people believe they are less leveraged than their peers. Only 9% of U.S. adults say they carry more debt than their closest friends and family, while 48% say they owe less and 37% think they owe about the same amount, the survey showed. Princeton Survey Research Associates International conducted the survey for CreditCards.com.

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