Debt

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM), Milwaukee, WI and its subsidiaries.
Background

The 2021 Planning & Progress Study, a research series from Northwestern Mutual, explores U.S. adults’ attitudes and behaviors toward money, financial decision-making, and the broader issues impacting people’s long-term financial security.

The study was conducted by The Harris Poll on behalf of Northwestern Mutual. This wave included 2,320 American adults aged 18 and older who participated in an online survey between March 16 – 26, 2021. Previous waves included 2,650 American adults aged 18 or older who participated in an online survey between February 12 – 25, 2020 and 2,702 adults aged 18 or older who participated between June 26 – July 10, 2020.

Results were weighted to Census targets for education, age, gender, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online. No estimates of theoretical sampling error can be calculated; a full methodology is available.
American adults carrying debt hold an average of $23K

Average Debt (exclusive of mortgages)

- 2019: $29,800
- 2020: $26,621
- 2021: $23,325

BASE: THOSE WITH SOME DEBT – 2021 Gen Pop (n=1543)
QDB2. How much do you estimate your debt to be, exclusive of mortgages?
30% of Americans’ monthly income on average goes towards paying off debt

Percent of Income to Pay Off Debt

- 1% to 24%: 25%
- 25% to 49%: 12%
- 50% to 74%: 8%
- 75% to 100%: 5%
- Not sure: 28%
- Mortgage is my only debt: 22%

Average % of Income: 30% (Mean; exclusive of mortgages)
Credit cards are the top source of debt after mortgages, accounting for more than double any other source.

Main Sources of Debt

- Mortgage: 24%
- Credit card bills: 19%
- Car loan: 8%
- Personal educational loans: 7%
- Home equity loan/line of credit: 4%
- Educational expenses for children/family members: 3%
- I have no debt: 32%

*BASE: ALL QUALIFIED RESPONDENTS | 2021 Gen Pop (n=2320)*

QPAW10. What is your main source of debt? Please select one.
Many Americans have delayed financial milestones because of their debt.

Decisions Delayed as a Result of Debt

- Delayed other significant purchases: 29%
- Delayed saving for retirement: 18%
- Delayed home buying: 14%
- Delayed having children: 8%
- Delayed marriage: 7%
- None of the above: 51%

BASE: THOSE WITH SOME DEBT – 2021 Gen Pop: (n=1543)
N43. Which of the following have you done as a result of your level of debt? Please select all that apply.
78% say debt has impacted their ability to achieve financial security
There are indications that people are proactively managing and reducing their debt.

Two-thirds have a plan in place to pay off their debt.

- Yes: 66%
- No: 34%

Most expect to remain in debt for 1-5 years.

- 1 to 5 years: 45%
- 6 to 10 years: 20%
- 11 to 20 years: 14%
- For the rest of my life: 9%
- Don't know: 12%

BASE: THOSE WITH SOME DEBT – 2021 Gen Pop (n=1543)

QDB4. How many more years do you expect to be in debt?

Q9. Do you have a specific plan in place to pay off your debt?
About 1 in 3 (34%) say it will take them longer than expected to pay off their debt, given the pandemic

... While 23% expect to be able to pay if off sooner