Debt

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

Background
The 2023 Planning & Progress Study, a research series from Northwestern Mutual, explores US adults’ attitudes and behaviors toward money, financial decision-making, and the broader issues impacting people’s long-term financial security.

Methodology
The Harris Poll conducted 2,740 online interviews among the general U.S. adult (18+) population, with oversamples of Gen Z & High Net Worth (total household investable assets, excluding pensions, retirement plans and property, greater than $1,000,000) between February 17th and March 2nd.

Data for the general U.S. population (including the Gen Z & High Net Worth oversample) were weighted to Census targets for education, age, gender, race/ethnicity, region and household income. A full methodology is available.
The average American’s personal debt exclusive of mortgages is $21,800. That’s $8,000 less than what people reported in 2019.

**Current Debt (exclusive of Mortgages)**

<table>
<thead>
<tr>
<th>Debt Range</th>
<th>2023</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 to $5,000</td>
<td>39%</td>
<td>47%</td>
<td>46%</td>
</tr>
<tr>
<td>$5,001 to $25,000</td>
<td>26%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>$25,001 to $50,000</td>
<td>15%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>$50,001 to $100,000</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>More than $100,000</td>
<td>5%</td>
<td>7%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Average amount of personal debt (exclusive of mortgages)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>$29,803</td>
<td>$26,621</td>
<td>$23,325</td>
<td>$22,354</td>
<td>$21,800</td>
</tr>
</tbody>
</table>

**BASE:** THOSE WITH SOME DEBT – 2023 (n=1776); 2022 Gen Pop (n=1581); 2021 Gen Pop (n=1543); 2020 Gen Pop: (n=1948)

**QDB2.** How much do you estimate your debt to be, exclusive of mortgages?

^Mean rounded to nearest whole number
More than a third (35%) of Americans say they’re carrying close to or at their highest level of debt ever. At the same time, more than four in ten (43%) U.S. adults who have personal debt say they’re currently carrying close to or at their lowest level of debt ever.

**Current Debt Levels**

- **LOWEST/LESS DEBT (NET)**
  - I’m close to my lowest debt levels ever: 23%
  - I’m carrying less debt than ever: 20%

- **HIGHEST/MOST DEBT (NET)**
  - I’m carrying more debt than ever: 18%
  - I’m close to my highest debt levels ever: 17%

- I am not carrying the most nor the least debt I’ve ever had: 23%

*BASE: THOSE WITH SOME DEBT (n=1777)*

Q2316 Which of the following comes closest to your current non-mortgage debt levels? Please select one.
Credit cards account for more than double any other single source of personal debt.

Main Sources of Debt

- Credit card bills: 28%
- Car loan: 12%
- Medical debt*: 7%
- Home equity loan/line of credit: 6%
- Personal educational loans: 5%
- Educational expenses for children/family members: 3%
- Caring for a loved one*: 3%
- I have no debt: 33%

*added in 2023
People who carry personal debt say 30% of their monthly income goes toward paying it off.

**Percent of Income to Pay Off Debt**

- 1% to 24%: 35%
- 25% to 49%: 15%
- 50% to 74%: 10%
- 75% to 100%: 6%
- Not sure: 33%

**Average % of Income:**
- (Mean)
- 2023: 30%

**BASE:** THOSE WITH SOME DEBT – 2023 Gen Pop (n=1777)

Q081. What percentage of your monthly income goes to paying off debt (excluding your primary home mortgage)?
Most Americans expect to remain in debt for years.

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

- 1 to 5 years: 49%
- 6 to 10 years: 21%
- 11 to 20 years: 8%
- For the rest of my life: 10%
- Don't know: 12%

BASE: THOSE WITH SOME DEBT – 2023 (n=1776)
Q084. How many more years do you expect to be in debt?
With respect to priorities, the research found that most people’s instincts are to get out of debt before building savings.

Which do you prioritize?

- Saving Money: 39%
- Paying down debt: 61%
Overall, 5% of survey participants cited personal education loans as their top source of debt. For Gen Z, it’s more than triple that (17%) and for Millennials it’s double (10%).

<table>
<thead>
<tr>
<th>Student Loans as the Top Source of Personal Debt</th>
<th>2023</th>
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</thead>
<tbody>
<tr>
<td>Generation Z</td>
<td>17%</td>
</tr>
<tr>
<td>Millennials</td>
<td>10%</td>
</tr>
<tr>
<td>Generation X</td>
<td>3%</td>
</tr>
<tr>
<td>Boomers+</td>
<td>1%</td>
</tr>
<tr>
<td>All</td>
<td>5%</td>
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</tbody>
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