

The Graying of American Debt

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Sources

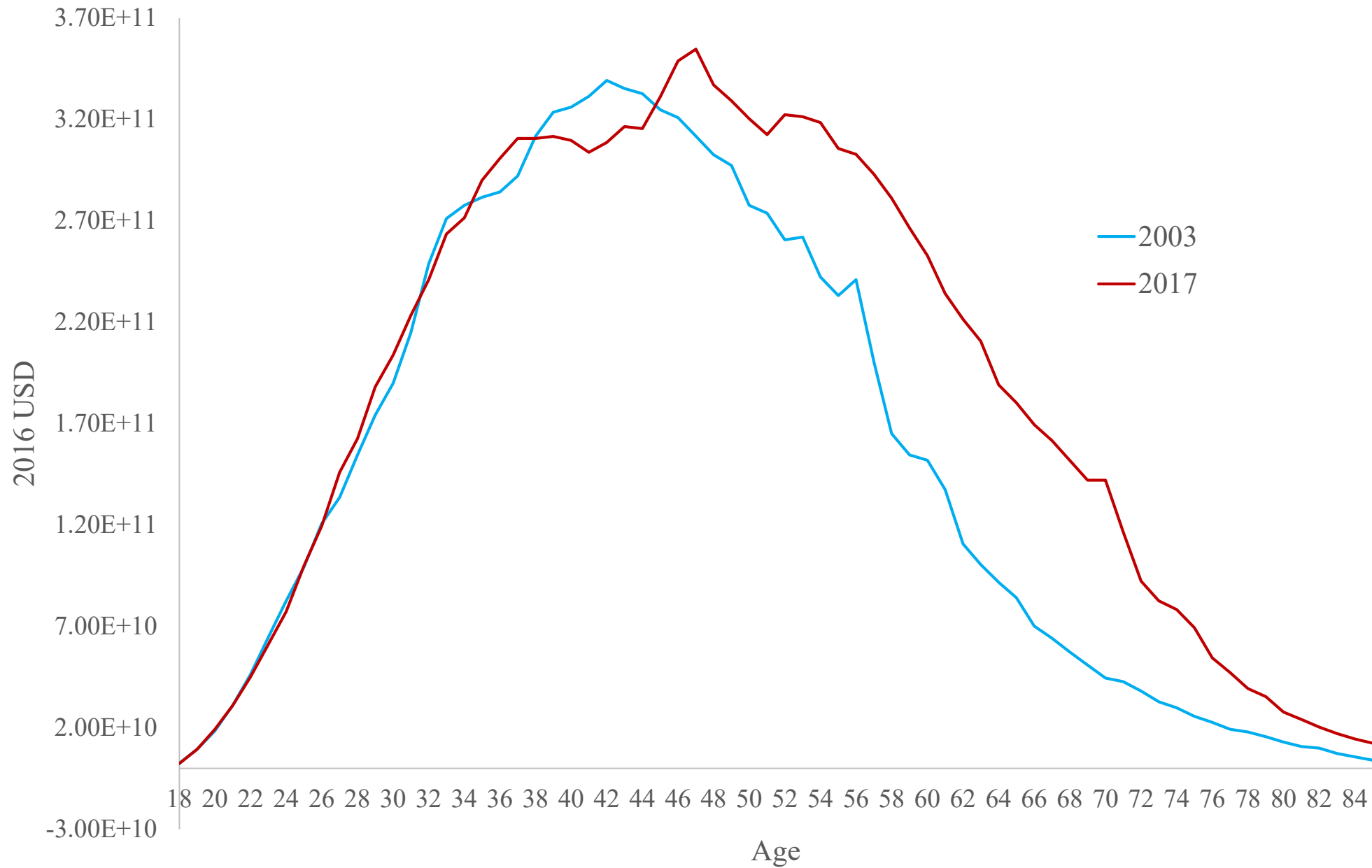
Lenders:

- **New York Fed Consumer Credit Panel / Equifax (CCP)**
 - Ongoing collaboration between NY Fed and Equifax
 - Data 1999Q1 - 2018Q4, 5% of U.S. credit fileholders
 - Debts, payments, delinquency, default; age & location

Borrowers:

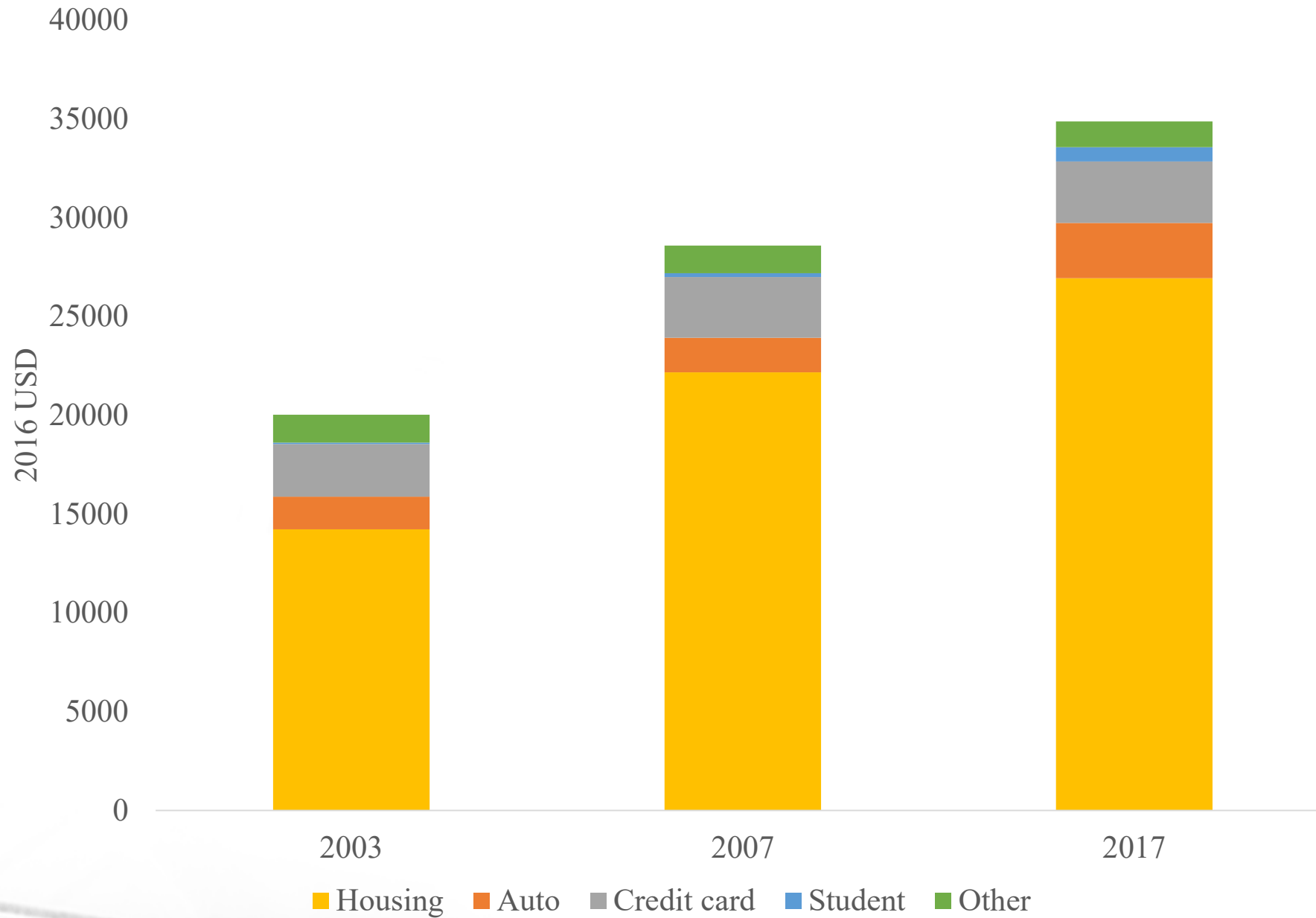
- **Survey of Consumer Finances (SCF)**
 - Representative survey of U.S. households
 - Triennial waves 1989 through 2016; N = 6248 in 2016
 - Assets, debts, financial decisions, demographics, work, spending

U.S. aggregate debt by single year of age, CCP 2003 v. 2017



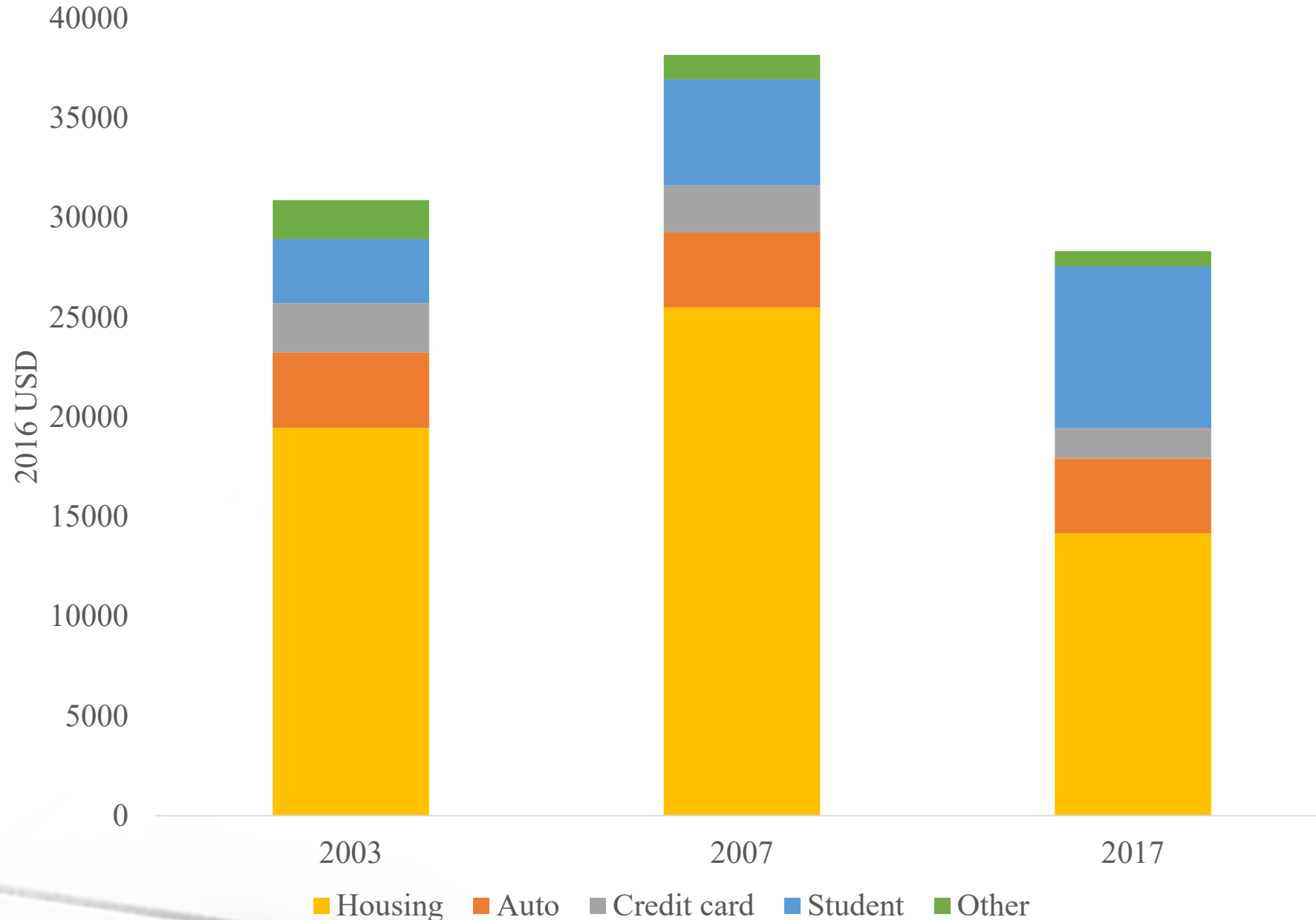
Source: New York Fed Consumer Credit Panel / Equifax

Age 65+ per capita debt by type, CCP 2003 / 2007 / 2017



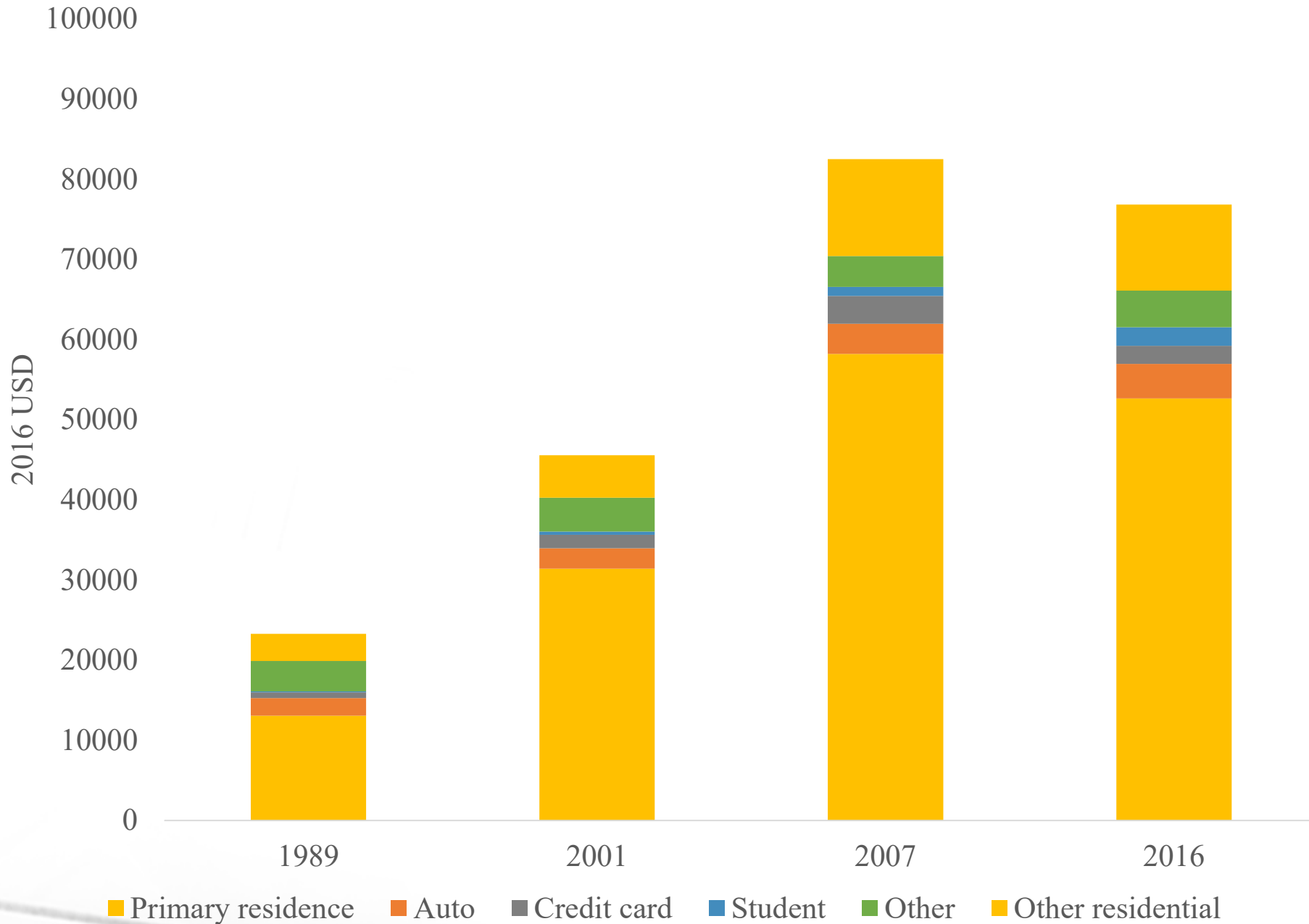
Source: New York Fed Consumer Credit Panel / Equifax, Census

Age 18-34 per capita debt by type, CCP 2003 / 2007 / 2017



Source: New York Fed Consumer Credit Panel / Equifax, Census

Age 55+ mean household debt by type, SCF 1989 / 2001 / 2007 / 2016



Source: Survey of Consumer Finances

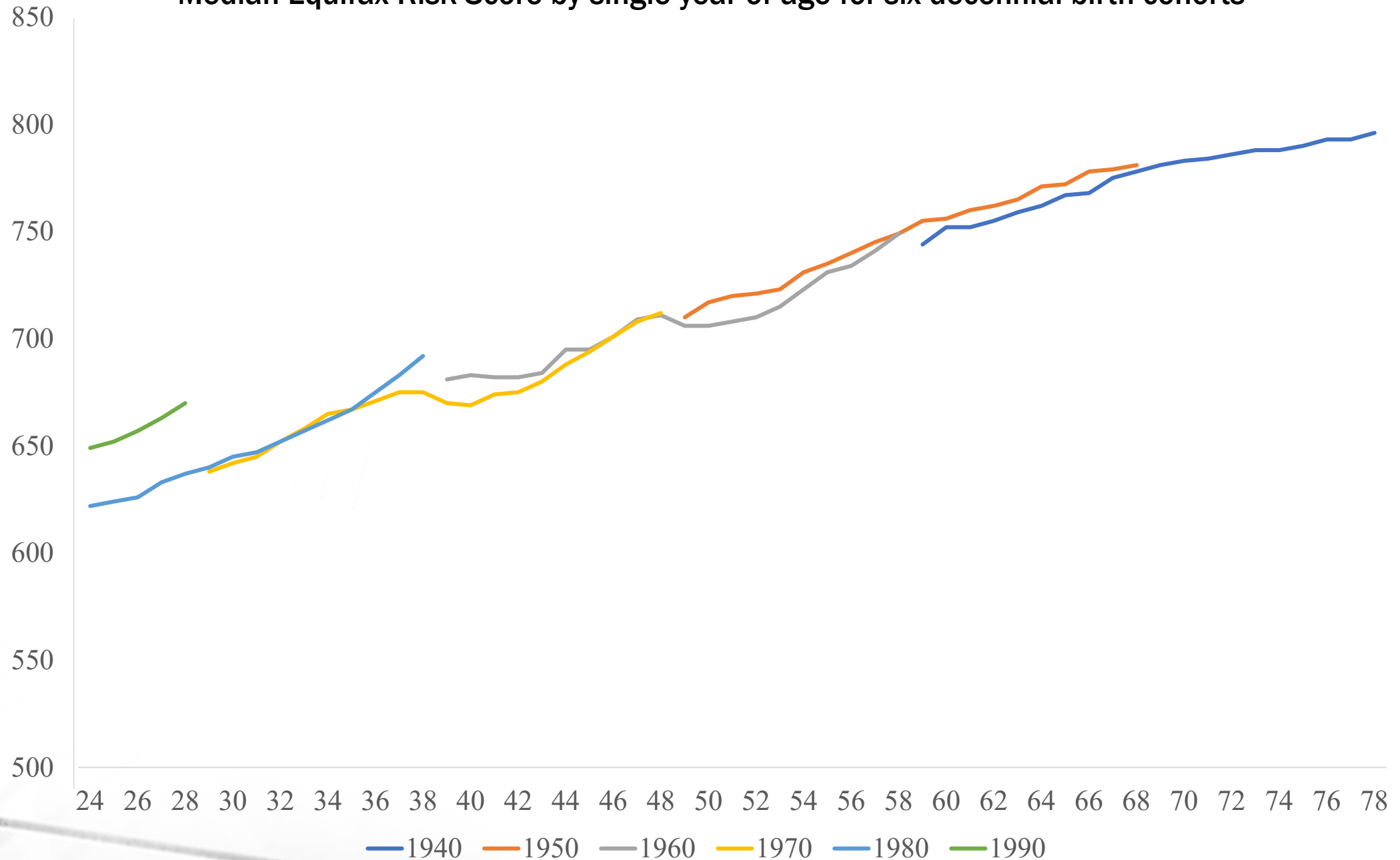
How did we get here?

- One possibility: The slowdown in new lending from 2009 forward means the current stock of outstanding loans is of older average vintage.
- Another: New originations are issued to older borrowers than they were during the mid-2000s lending boom.
 - Why might new originations now go to older borrowers?

Originations p/c	2003 (a) /2004 (m)	2017
Mortgage, 18-34	0.086	0.027
Mortgage, 65+	0.059	0.032
Auto, 18-34	0.175	0.132
Auto, 65+	0.090	0.101

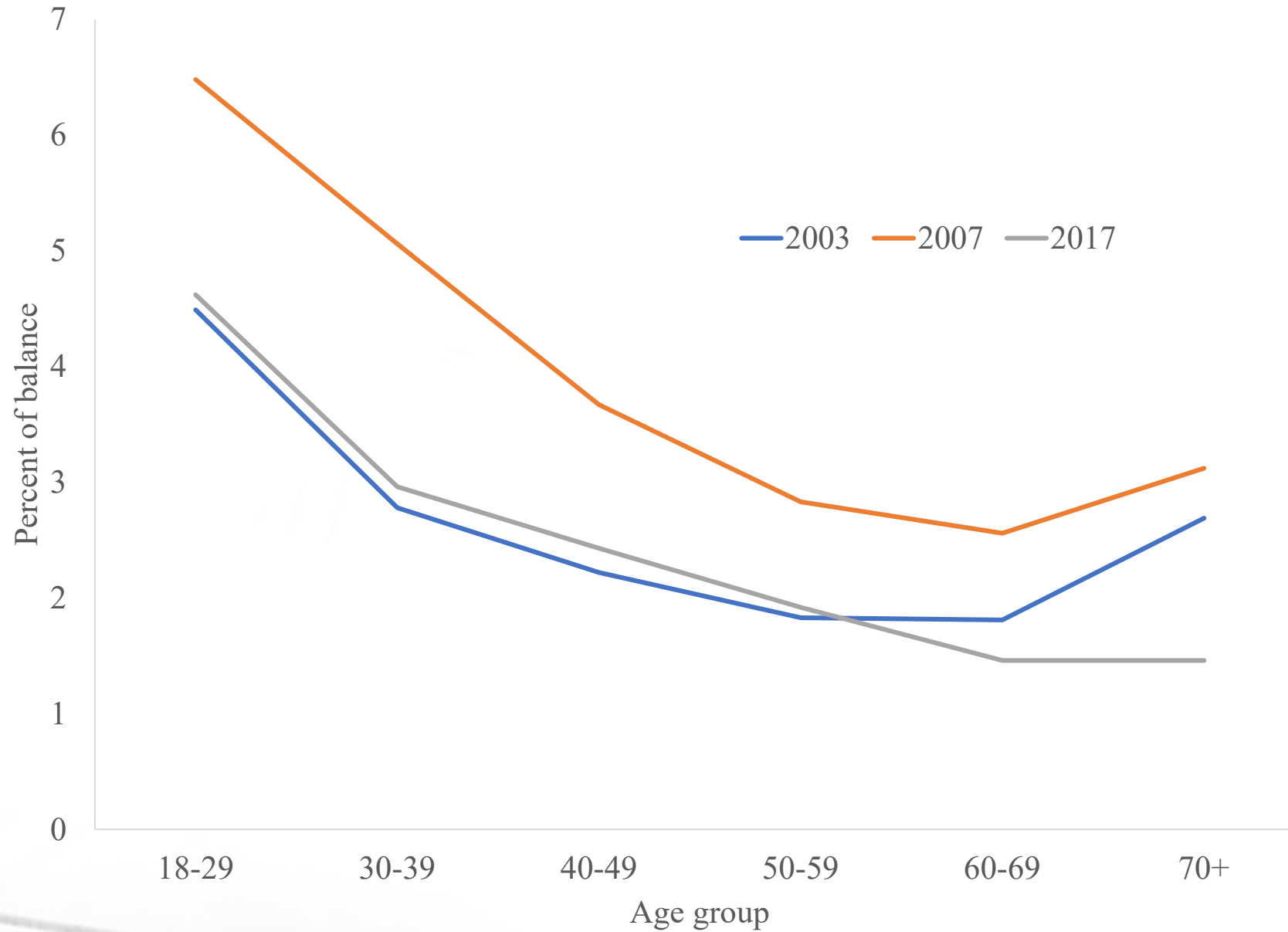
Source: New York Fed Consumer Credit Panel / Equifax, Census

Median Equifax Risk Score by single year of age for six decennial birth cohorts



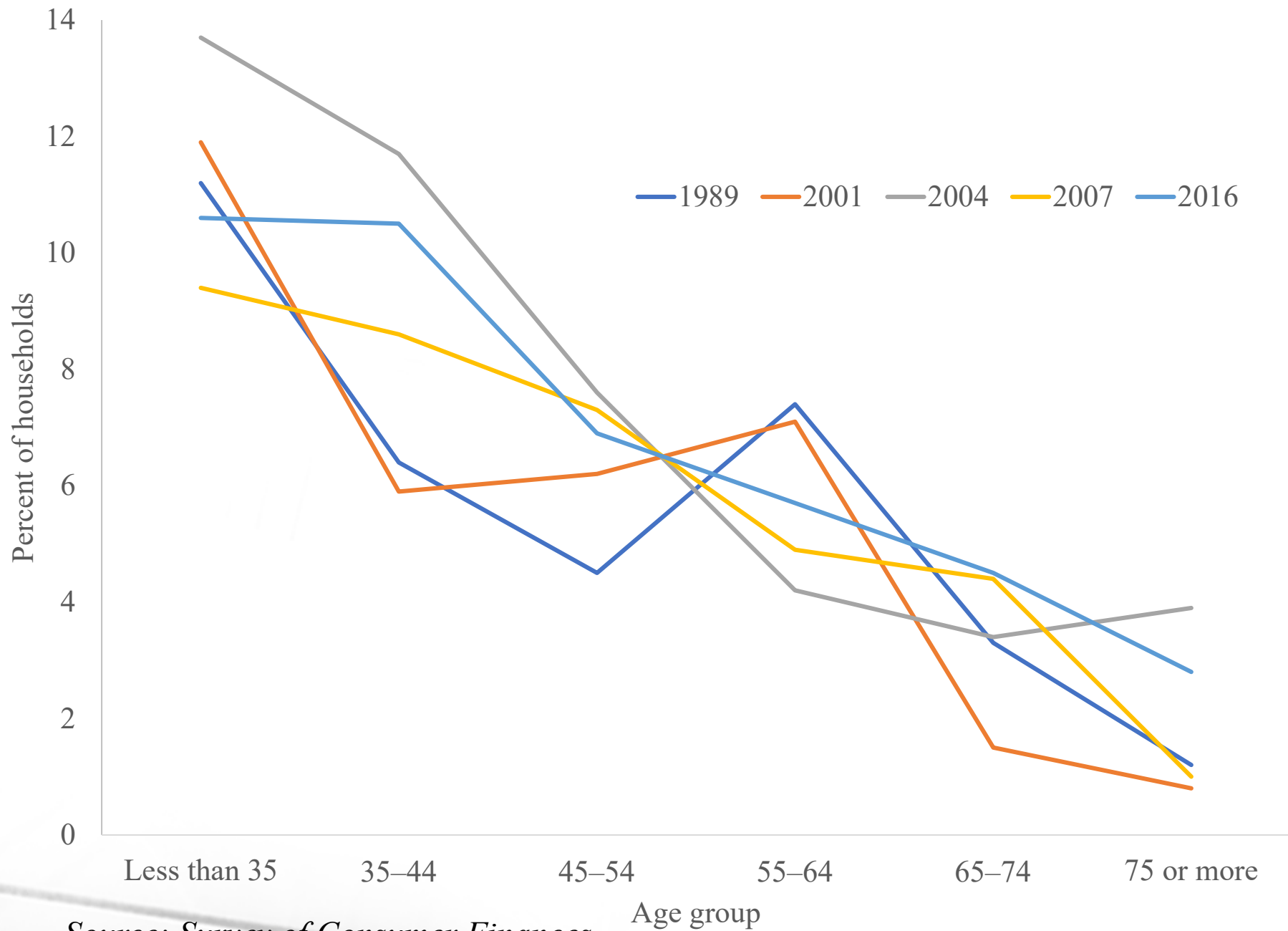
Source: New York Fed Consumer Credit Panel / Equifax

Annual transition to severe delinquency, % of balance, CCP 2003 / 2007 / 2017



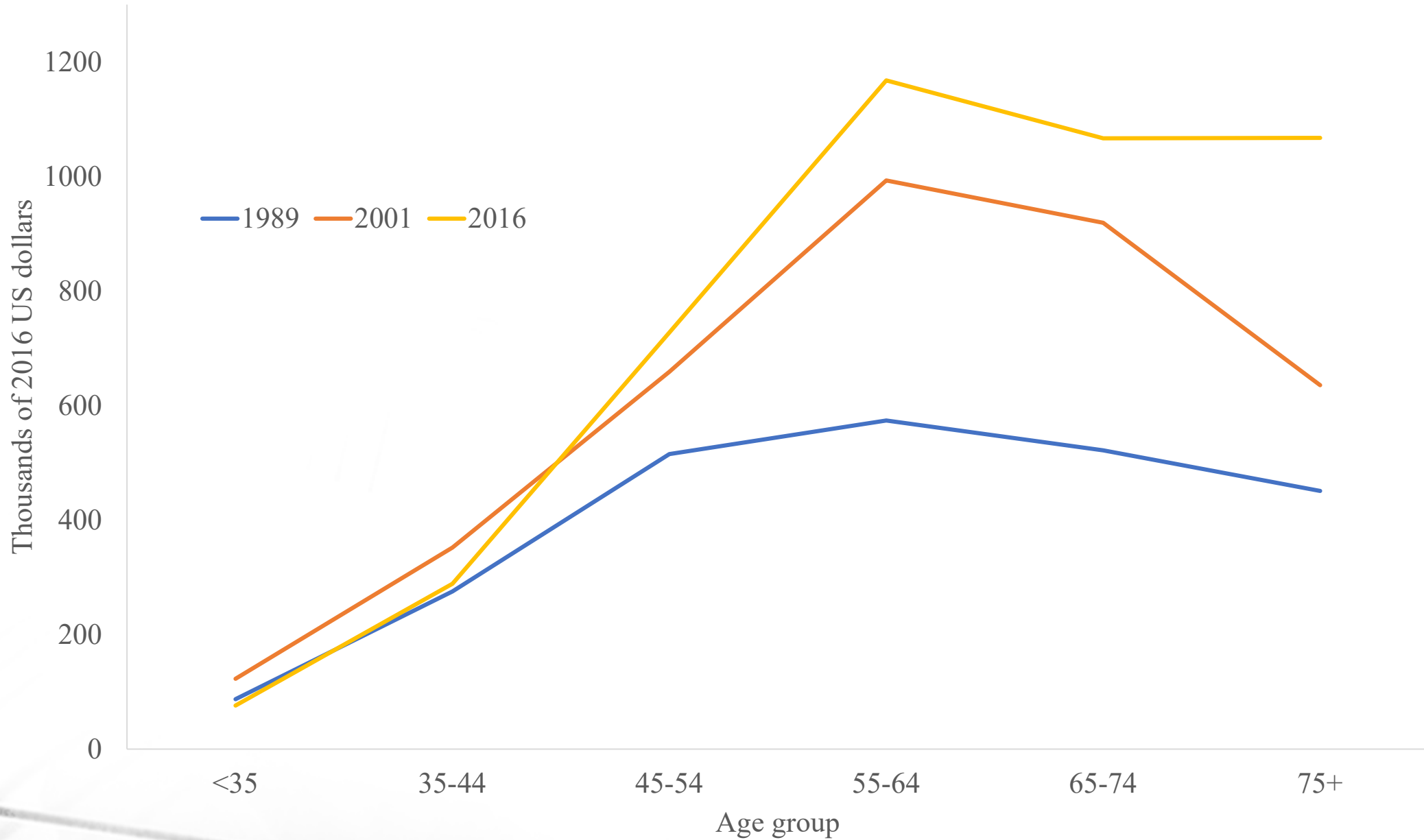
Source: New York Fed Consumer Credit Panel / Equifax

Percent of households with any account 60+dpd by age of head, SCF



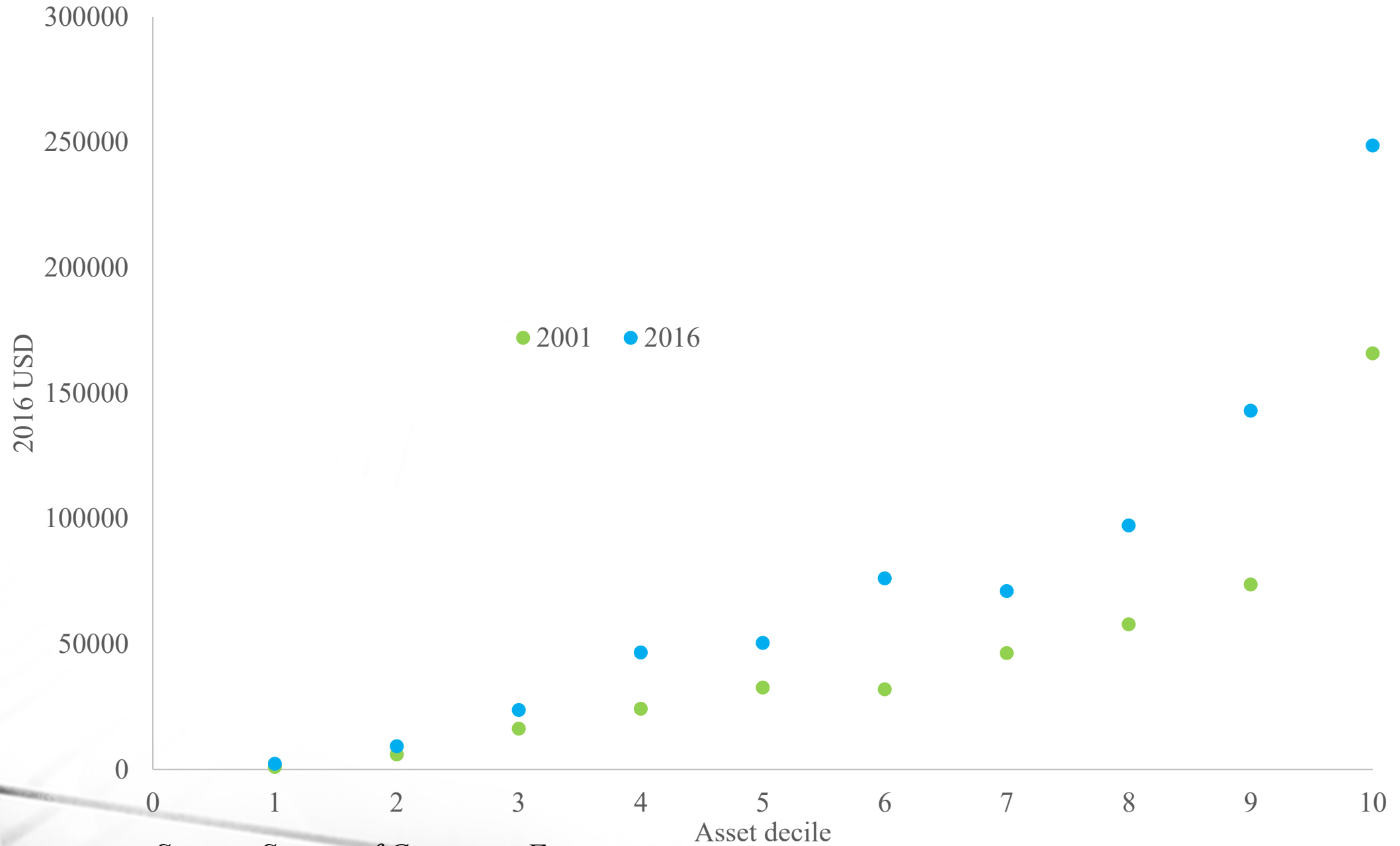
Source: Survey of Consumer Finances

Mean household net worth by age of head, SCF 1989 / 2001 / 2016



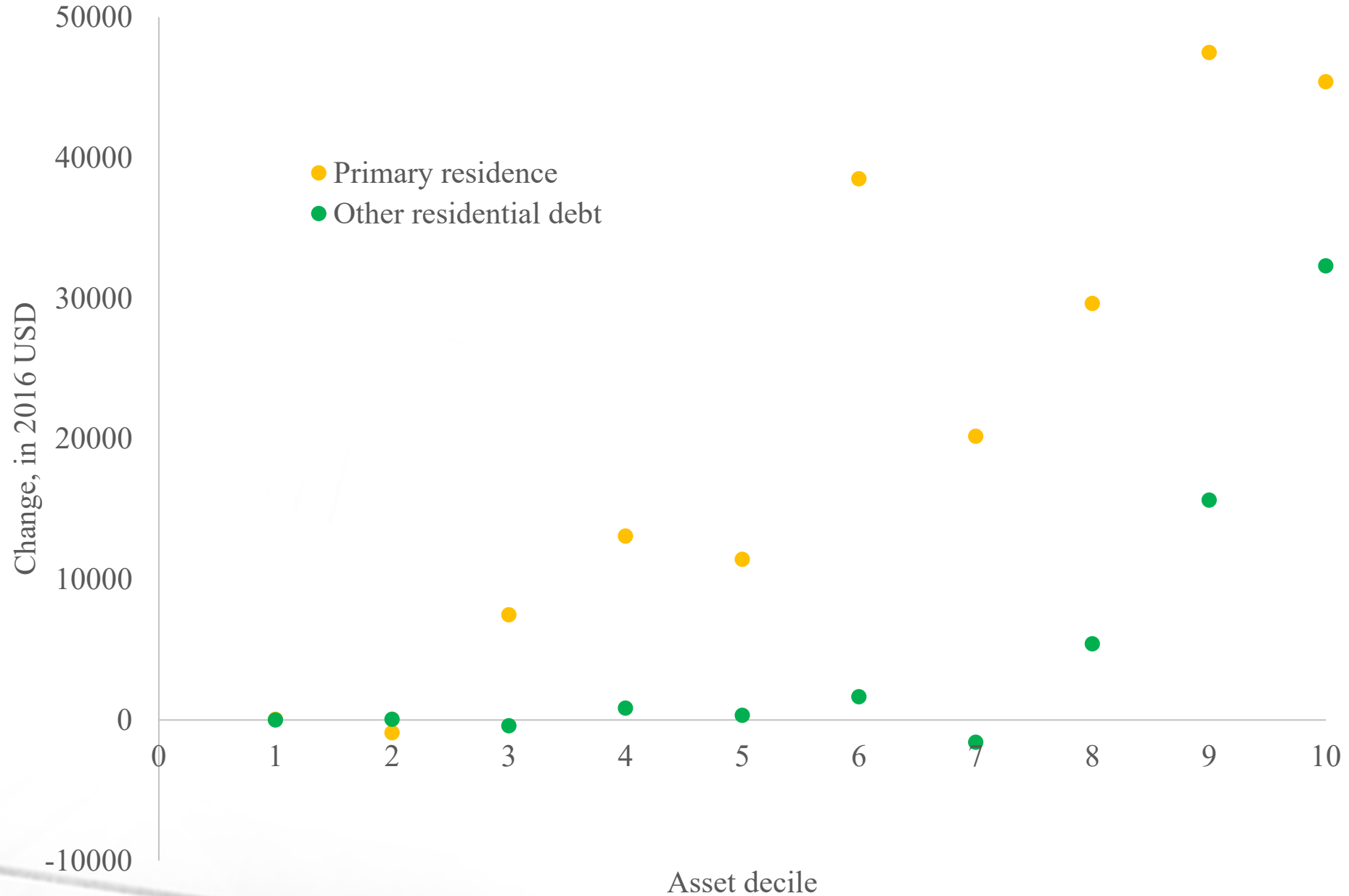
Source: Survey of Consumer Finances

Mean household debt within household asset deciles, SCF 2001 v. 2016



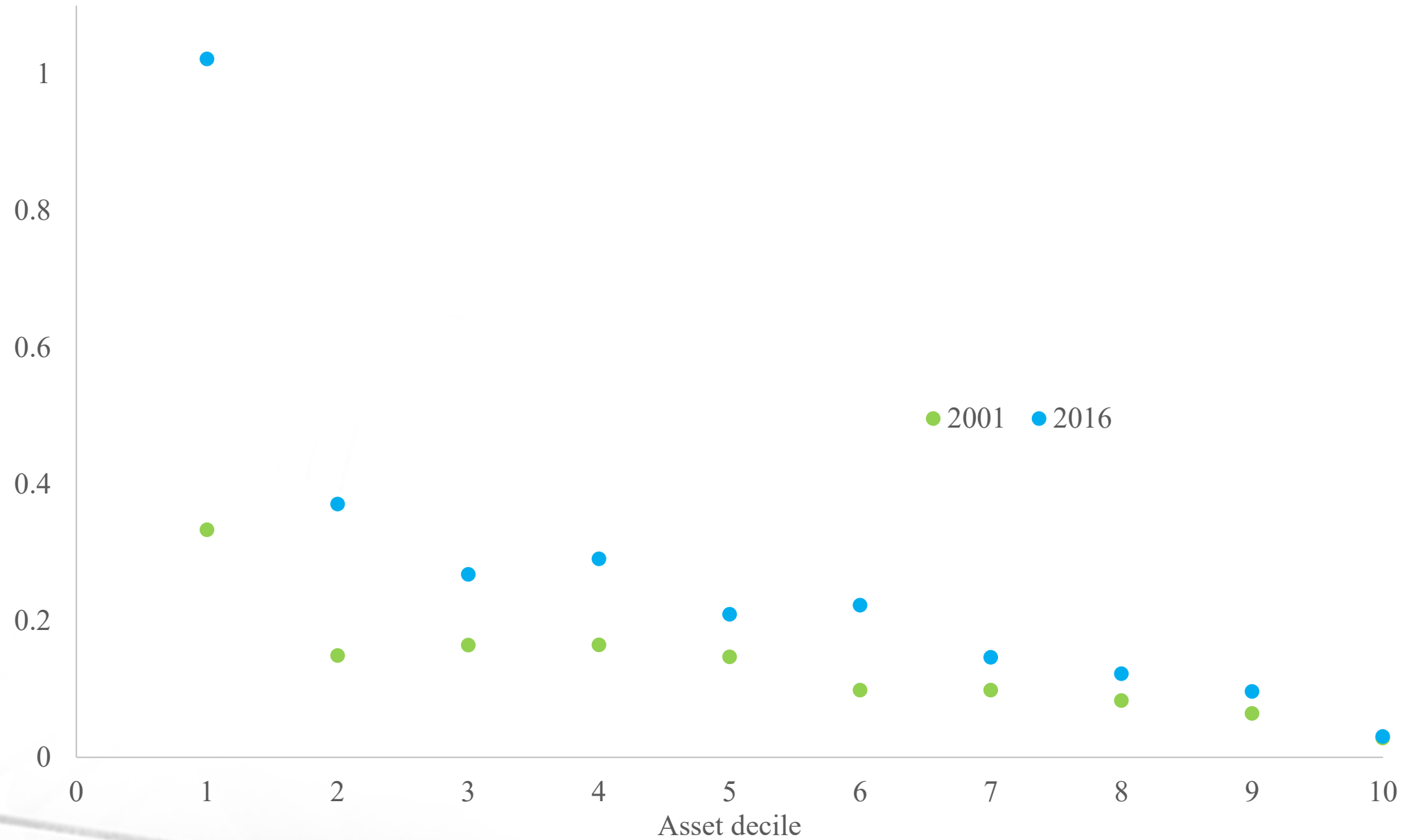
Source: Survey of Consumer Finances

2001 to 2016 change in housing debt by household asset decile, SCF



Source: Survey of Consumer Finances

Ratio of total debts to total assets within household asset decile, SCF 2001 v. 2016



Source: Survey of Consumer Finances

Discussion

- Real debt held by U.S. borrowers ages 55-80 has increased by 87% since 2003; meanwhile, per capita debt among younger Americans has declined.
- Much of the growth is attributable to housing debt. About a fifth of the housing debt growth comes from non-primary residences, and more than half from increased mortgage borrowing among the top two deciles of the household asset distribution.
- This circumstance has arisen through a broad slowdown in lending alongside a tilting of new originations toward older borrowers.
- Repayment among older borrowers was reliable in the past, and, despite growing debt, remains reliable today.
- Though much of the dollar amount of the growth in debt among retirees comes from the wealthy, low and moderate asset households have seen meaningful increases in the size of debt relative to assets.