

Household Debt in the U.S.: 2000 to 2011

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Debt is an important financial tool used by U.S. households to finance their purchases. Households often use their available credit in times of economic prosperity to finance large purchases – such as a home or a vehicle – or to pay for a household member’s education. Additionally, they may take on debt to help them get through a period of unemployment or to help pay for medical care.

Household Debt

In 2011, 69 percent of U.S. households held some form of debt. This represents a decrease from 2000 when 74 percent of U.S. households held debt.¹ At the same time, median household debt has increased over the past decade: from \$50,971 [+/- \$1,165] in 2000 to \$70,000 [+/- \$1,199] in 2011 (see Figure 1). This increase can be attributed to changes in both secured and unsecured debt, which both increased by 30 percent between 2000 and 2011. Median secured debt (i.e., debt held against real estate or motor vehicles) increased from \$69,749 in 2000 to \$91,000 in 2011, and median unsecured debt (which includes credit card debt, student debt, medical debt, and other loans) increased from \$5,365 to \$7,000. However, there was no statistically significant change in debt between 2009 and 2010. Both secured and unsecured debt decreased between 2010 and 2011: median secured debt decreased by \$7,455 (or 8 percent), and

Total debt is the total amount of money owed by households.

Secured debt is debt backed by collateral. Components of secured debt include: mortgages and home equity loans, debt against vehicles, debt against rental property, and debt against businesses.

Unsecured debt is debt that is not backed by collateral. Components of unsecured debt include: amount owed for store bills or credit cards, amount of money owed for loans obtained through a bank or credit union (other than car loans or home equity loans), and other debt (medical bills not covered by insurance, student loans, money owed to private individuals, and any other debt not covered).

Median debt is the amount that divides households into two equal groups, one having debt less than that amount and the other having debt above that amount.

Aggregate debt is the sum of total debt of households.

Householder is the person in whose name the home is owned or rented as of the interview date. If the home is owned jointly by a married couple, the person whose name is listed first is considered the householder.

¹ All comparisons are significant at the 90 percent level. All dollar figures are in 2011 constant dollars (The following inflation adjustment factors were used: 1.34 for 2000 statistics, 1.14 for 2005 statistics, 1.05 for 2009 statistics, and 1.04 for 2010 statistics). All statistics were calculated using internal data. The estimates discussed here are based on responses from a sample of the population and may differ from the actual values because of sampling variability and other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant. For information on sampling and nonsampling error see: <http://www.census.gov/sipp/source.html>.

median unsecured debt decreased by \$980 (or 12 percent).

Household Debt by Age

Between 2000 and 2011, those in the 35 to 44, 45 to 54, and 55 to 64 age groups experienced the largest increases in median debt - their median debt increased by \$21,350, \$23,055, and \$27,346, respectively (Figure 2). However, those 55 to 64 years old and 65 and over experienced the largest *relative* increases in household debt. For those in the 55 to 64 age group, median household debt increased by 64 percent, and for those 65 and over, median household debt more than doubled. These changes were primarily driven by increases in secured debt, which increased from \$56,336 in 2000 to \$85,000 in 2011 for those in the 55 to 64 age group, and from \$25,381 to \$50,000 for the 65 and over age group. Those 65 and over were also the only group that was more likely to hold secured debt and debt in general in 2011 relative to 2000: the percentage of households 65 and over with any form of debt increased from 41 percent in 2000 to 44 percent in 2011, and for secured debt it increased from 25 percent to 31 percent. The opposite pattern was observed for those under 55.

Between 2000 and 2011, households also became less likely to hold credit card debt: the percentage of households holding credit card debt decreased from 51 percent in 2000 to 38 percent in 2011. At the same time, the percentage of households holding other unsecured debt, such as debt for medical bills not covered by insurance and educational loans, increased from 11 percent to 19 percent between 2000 and 2011. This increase was particularly pronounced for those younger than 45: the percentage of households holding other debt increased from 17 percent to 31 percent for those younger than 35, and from 12 percent to 23 percent for those in the 35 to 44 age group. The median for other debt increased, as well, from \$4,024 in 2000 to \$10,000 in 2011, with the largest increases experienced by those under 45 years old.

Composition of Debt²

Over the past decade secured debt, which includes debt against one's primary residence and motor vehicles, remained the largest component not only of household debt, but also of U.S. aggregate debt. In 2011, it accounted for 89 percent of all debt. Home debt remained the largest component of secured debt. In 2011, it accounted for 78 percent of all secured debt.

The composition of unsecured debt, which includes credit card debt and student loans, changed significantly between 2000 and 2011. The share of other debt³ in unsecured debt increased from 17 percent in 2000 to 49 percent in 2011, and its amount more than quadrupled

² Individual outliers that highly influenced the mean value for each debt category were excluded.

³ Other debt includes medical bills *not* covered by insurance, student loans, money owed to private individuals, and any other debt not covered.

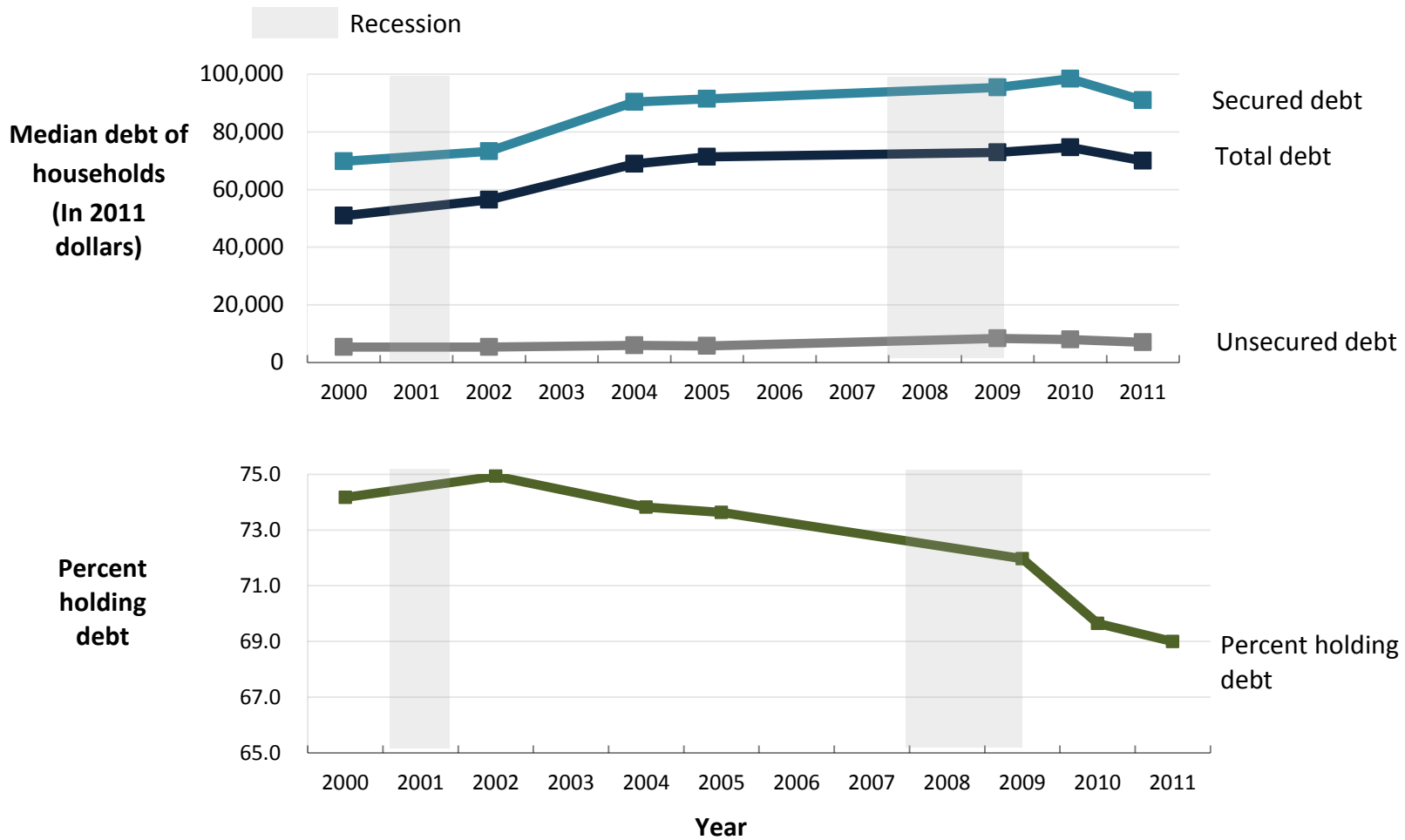
over the same period. At the same time, there was no statistically significant change in the amount of aggregate credit card debt, while its share in unsecured debt decreased from 47 percent in 2000 to 31 percent in 2011. Those younger than 35 experienced the largest increase in the share of other debt in unsecured debt: for them, the share of other debt increased from 26 percent in 2000 to 67 percent in 2011.

For additional wealth and debt statistics by select demographic and economic characteristics, please see <http://www.census.gov/people/wealth/>. **Disclaimer:** This report is released to inform interested parties of ongoing research and to encourage discussion of work in progress. The views expressed are those of the authors and not necessarily those of the U.S. Census Bureau.

Constant dollars is a term describing a dollar value after adjustment for inflation; due to inflation, the purchasing power of the dollar changes over time, so in order to compare dollar values from one year to another, dollar values need to be converted to constant dollar values. Constant dollar values represent an effort to remove the effects of price changes from statistical series reported in dollar terms. The Bureau of Labor Statistics' Consumer Price Index Research Series (CPI-RS) was used to adjust for inflation using the months which correspond to the timing of SIPP interviews. The following adjustment factors were used to convert dollar values to 2011 constant dollars:

2000 – 1.34 (November 1999 – February 2000)
2002 – 1.25 (September 2002 – December 2002)
2004 – 1.19 (September 2004 – December 2004)
2005 – 1.14 (September 2005 – December 2005)
2009 – 1.05 (August 2009 – November 2009)
2010 – 1.04 (August 2010 – November 2010)

Figure 1. Median Debt of Households and Percent of Households Holding Debt: 2000 to 2011

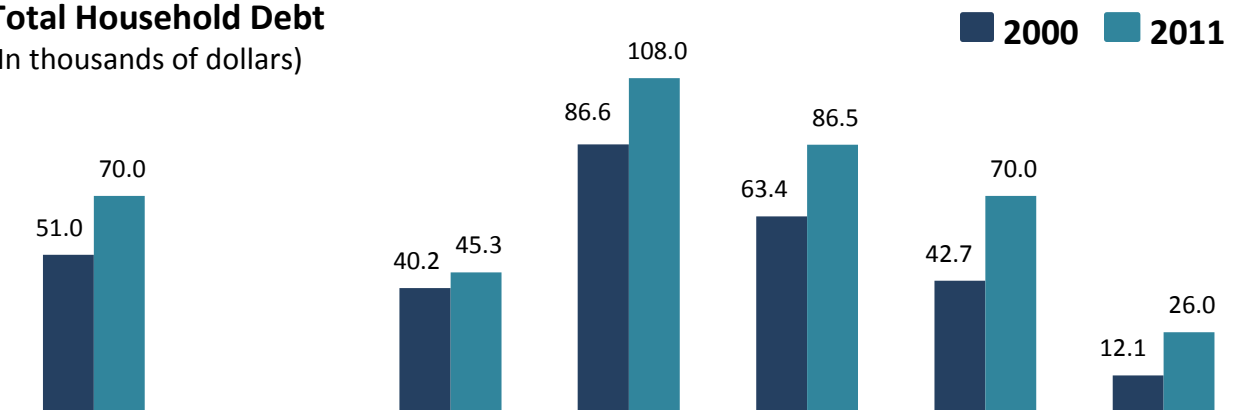


Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996, 2004 and 2008 Panels.

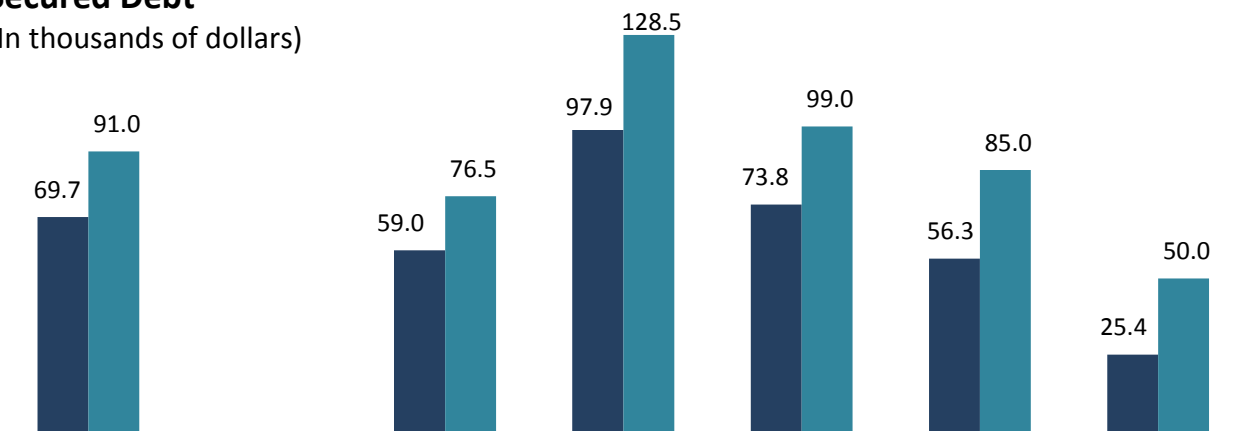
Note: *Total Household Debt* is total amount of money owed by households. *Secured Debt* is debt backed by collateral. *Unsecured Debt* is debt not backed by collateral. Median household debt is lower than median secured debt since not every household holds secured debt. Please see <http://www.nber.org/cycles/cyclesmain.html> for business cycle reference dates.

Figure 2. Median Household Debt: 2000 and 2011

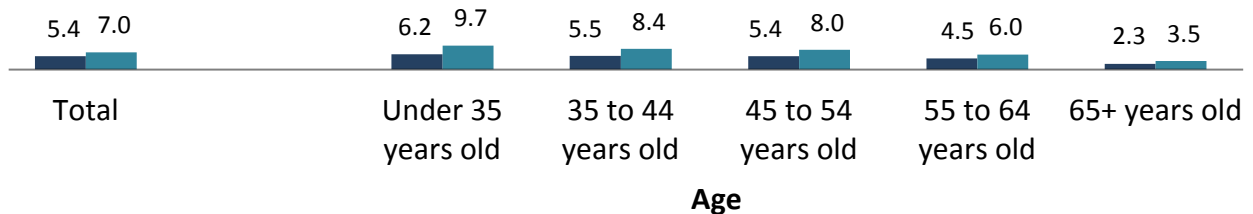
Total Household Debt
(In thousands of dollars)



Secured Debt
(In thousands of dollars)



Unsecured Debt
(In thousands of dollars)



Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996, 2004 and 2008 Panels.
Note: All dollars figures are in 2011 dollars. *Total Household Debt* is total amount of money owed by households). *Secured Debt* is debt backed by collateral. *Unsecured Debt* is debt not backed by collateral. Median household debt is lower than median secured debt since not every household holds secured debt.

Appendix

Table A1. Median Household Debt and Percent of Households Holding Debt: 2000 to 2011

	Year						
	2000	2002	2004	2005	2009	2010	2011
Total debt	50,971	56,395	68,955	71,333	72,862	74,619	70,000
Secured debt	69,749	73,276	90,355	91,489	95,402	98,455	91,000
Unsecured debt	5,365	5,314	5,944	5,718	8,387	7,980	7,000
Percent holding debt	74.2	74.9	73.8	73.6	72.0	69.6	69.0

Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996, 2004 and 2008 Panels.

Note: All dollar figures are in 2011 constant dollars. *Total Household Debt* is total amount of money owed by households). *Secured Debt* is debt backed by collateral. *Unsecured Debt* is debt not backed by collateral. Median household debt is lower than median secured debt since not every household holds secured debt.

Table A2. Median Household Debt, by Age: 2000 and 2011

	Total debt		Secured debt		Unsecured debt					
					Total		Credit card debt		Other debt	
	2000	2011	2000	2011	2000	2011	2000	2011	2000	2011
U.S.	50,971	70,000	69,749	91,000	5,365	7,000	3,353	3,500	4,024	10,000
Under 35 years old	40,240	45,300	59,019	76,500	6,170	9,700	2,951	3,000	5,365	13,000
35 to 44 years old	86,650	108,000	97,917	128,500	5,499	8,400	4,024	4,000	3,622	12,000
45 to 54 years old	63,445	86,500	73,773	99,000	5,365	8,000	3,840	4,000	4,024	10,000
55 to 64 years old	42,654	70,000	56,336	85,000	4,547	6,000	4,024	4,000	2,683	8,688
65 years and over	12,072	26,000	25,381	50,000	2,280	3,450	1,610	2,200	1,851	4,000

Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996 and 2008 Panels.

Note: All dollar figures are in 2011 constant dollars. *Total Household Debt* is total amount of money owed by households). *Secured Debt* is debt backed by collateral. *Unsecured Debt* is debt not backed by collateral. *Credit Card Debt* is debt owed for store bills or credit cards. *Other Debt* is debt that includes medical bills not covered by insurance, student loans, money owed to private individuals, and any other debt not covered.

Table A3. Percent Holding Debt, by Age: 2000 and 2011

	Total debt		Secured debt		Unsecured debt					
	2000	2011	2000	2011	Total		Credit card debt		Other debt	
					2000	2011	2000	2011	2000	2011
U.S.	74.2	69.0	59.4	55.3	55.6	46.2	51.4	38.3	10.7	18.6
Under 35 years old	81.5	72.2	63.3	53.4	64.8	52.5	57.7	38.3	17.4	31.3
35 to 44 years old	85.5	79.6	73.2	66.3	64.1	54.2	60.0	44.7	12.3	22.9
45 to 54 years old	85.9	78.9	72.9	67.2	65.1	52.0	61.2	44.3	12.3	20.5
55 to 64 years old	76.8	73.0	62.0	60.9	54.5	47.2	51.2	41.4	7.8	15.0
65 years and over	41.0	44.4	25.2	31.3	28.2	27.8	26.1	24.7	2.6	5.4

Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996 and 2008 Panels.

Note: *Total Household Debt* is total amount of money owed by households). *Secured Debt* is debt backed by collateral. *Unsecured Debt* is debt not backed by collateral. *Credit Card Debt* is debt owed for store bills or credit cards. *Other Debt* is debt that includes medical bills not covered by insurance, student loans, money owed to private individuals, and any other debt not covered.