New Survey Shows How Debt Impacts Financial Habits

(NAPS)—At a time when Americans hold a record $14 trillion of debt, including mortgages, credit card and student loan debt, according to the New York Federal Reserve, Americans may still be doing better than they realize when it comes to debt.

A new survey from New York Life Insurance Company suggests that although debt is growing, the challenge of paying it off is not insurmountable. In fact, slightly more than a third of respondents (35 percent) say they’ve never had more than $5,000 in debt. Moreover, nearly two-thirds (62 percent) of Millennials say they’ve never had more than $10k in debt, and a majority of respondents overall have either paid off all or more than half of their debt (35 percent and 27 percent, respectively). Among those who have the highest amounts of debt—$75k or more—over half (55 percent) have paid off all or more than half.

“Debt can be an enormous stressor for the household, with many Americans feeling like any amount of debt is a roadblock to achieving all other financial milestones,” says Brian Madgett, Head of Consumer Education at New York Life. “However, this data paints a more optimistic picture and suggests that those struggling with debt today can overcome it by following some key steps.”

Paying debt requires discipline—A habit that has extended to other money matters

Managing debt effectively requires attention to detail and thoughtful planning. Given that a significant number of respondents have paid off all or some of their debt, the data suggests Americans are strengthening their financial muscles through a variety of good habits. For example, 37 percent of respondents say following a personal budget was most important to them when their debt was at its highest level. Almost half (46 percent) say they would contribute to a long-term savings/emergency fund if they had no debt at all. Of those who have had the greatest debt burdens ($75k or more) and have completely paid it off, 46 percent follow a personal financial budget and 32 percent are contributing to a retirement fund—figures that are higher than the habits reported by the general survey population.

Help wanted

Getting out of debt is challenging, and according to the survey data, many adults are “going it alone.” More than one third (35 percent) say they did not have help paying down their debt when it was at its highest level. When breaking down the data according to various debt levels, this lack of support becomes even more evident, with at least 42 percent of people with $5,000—75,000 in debt saying they didn’t have any help. Only about one in four respondents (23 percent) say they either currently or previously worked with a financial professional, and another one in five respondents (21 percent) say that they have not but would like to do so. These findings suggest respondents may not fully realize the accessibility or usefulness of a professional as a resource to help get their money habits on track.

The top choices among respondents who said they have not worked with a financial professional, but would like to in the future, indicated they would work with a professional when they have more money saved (34%), they are making more money (32%) or they find a financial professional they trust (27%).

“It’s a savvy move to ask for help when it comes to money, whether you’re looking to get out of a rut or start accumulating wealth,” notes Madgett. “There are many resources right in your community that can offer the affordable advice and human guidance you need to achieve your financial goals.”

To learn more about the survey or connect with a financial professional, visit NewYorkLife.com.