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Notes



AT A GLANCE

## Maximizing Contributions to an HSA: Findings from the EBRI HSA Database, *by Paul Fronstin, Ph.D., EBRI*

- Overall, 15 percent of health savings accounts (HSAs) received the maximum contribution in 2013.
- HSAs opened more recently were less likely than older accounts to have received the maximum contribution.
- Accounts with distributions for claims and higher-level claims were more likely to have received the maximum contribution.
- Accounts belonging to older HSA owners were more likely than those belonging to younger ones to have received the maximum contribution.

## Debt of the Elderly and Near Elderly, 1992–2013, *by Craig Copeland, Ph.D., EBRI*

- More older American families have debt: The percentage of American families with heads ages 55 or older that had debt increased from 63.4 percent in 2010 to 65.4 percent in 2013. Furthermore, the percentage of these families with debt payments greater than 40 percent of income—a traditional threshold measure of debt load trouble—increased in 2013 to 9.2 percent from 8.5 percent in 2010.
- However, other debt measures were down: Total debt payments as a percentage of income decreased from 11.4 percent in 2010 to 10.0 percent in 2013, and average debt decreased from $80,465 in 2010 to $73,211, while debt as a percentage of assets decreased from 8.5 percent in 2010 to 8.1 percent in 2013.
- Housing debt drove the change in the level of debt payments in 2013, while the nonhousing (consumer) debt-payment share of income held stable from 2010. Housing debt was the major component of debt for families headed by individuals ages 55 or older.
- The debt levels among those with housing debt have obvious and serious implications for the future retirement security of these Americans, perhaps most significantly that these families are potentially at risk of losing what is typically their most important asset—their home.

# Maximizing Contributions to an HSA: Findings from the EBRI HSA Database

*By Paul Fronstin, Ph.D., Employee Benefit Research Institute*

## Introduction

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) included a provision to allow individuals enrolled in certain high-deductible health plans to open and fund a health savings account (HSA), effective Jan. 1, 2004. Enrollment in HSA-eligible health plans was estimated to range from 17.4 million to 26 million policyholders and their dependents in 2014.[1] It has also been estimated that there were 10.7 million accounts holding $19.3 billion in assets as of Dec. 31, 2013.[2] The number of employers expected to offer an HSA-eligible health plan, either as a health plan option or as the only health plan option, is expected to continue to increase.[3]

While there is a growing body of literature around the use of medical services and spending among individuals in HSA-eligible plans,[4] there is limited financial data on accounts and account owners.[5]

In 2013, the maximum annual contribution to an HSA was $3,250 for account owners with individual coverage and $6,450 for account owners with family coverage. Individuals who had reached age 55 and not yet enrolled in Medicare could make an additional $1,000 catch-up contribution. Maximum annual contributions included both individual and employer contributions.

This report examines data on contributions from the EBRI HSA Database. Specifically, it examines HSA owners and characteristics associated with accounts receiving the maximum contribution. HSAs with contributions of between $3,088–$3,413 ($3,250 plus or minus 5 percent), or at least $6,128 ($6,450 minus 5 percent) were considered as having received the maximum contribution. Overall, 15 percent of all accounts had received the maximum contribution. More information about defining maximum contributions is in the Methods section below.

## Year Account Opened

HSAs opened for longer periods of time are more likely than younger accounts to have received the maximum contribution. More specifically, 12 percent of HSAs opened in 2013 received the maximum contribution that year, whereas 32 percent of accounts opened in 2005 received the maximum contribution (Figure 1). This may indicate that the owners of newer HSAs are less aware of the tax advantages, and as they have the account for longer periods of time and awareness increases, they are more likely to take advantage of the tax-preference associated with contributing to the account. It may also suggest that HSA owners become more aware of other aspects of the HSA over time, such as the ability to save for health care expenses in retirement.

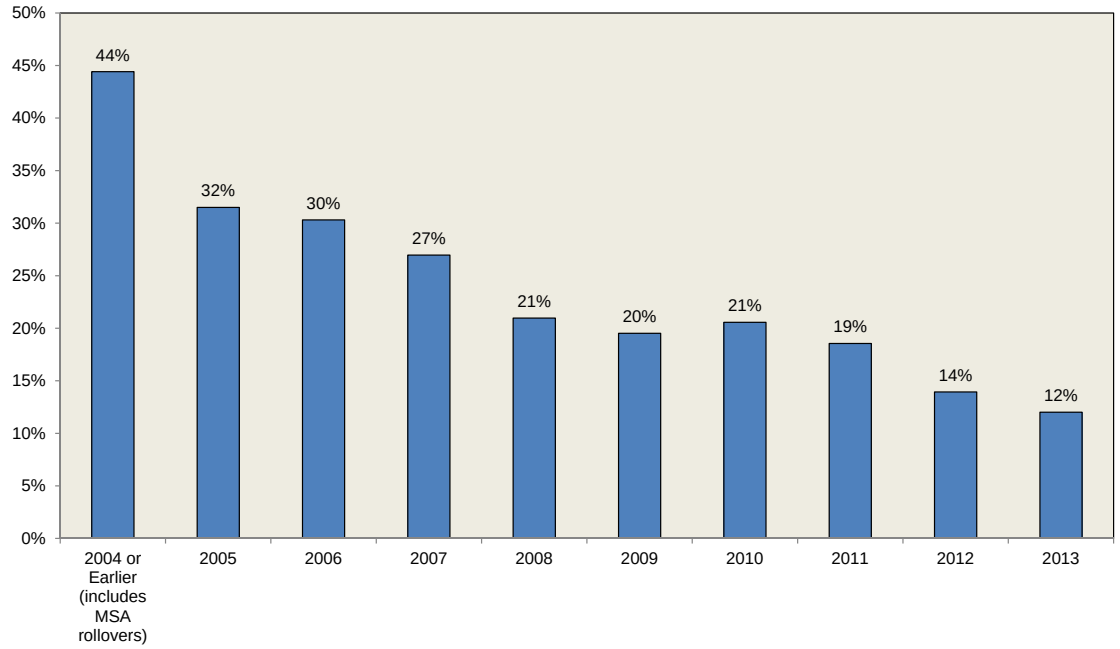
## Gender and Age

Men were more likely than women to receive maximum contributions in their HSA. Sixteen percent of accounts belonging to men received the maximum contribution compared to 10 percent among those belonging to women (Figure 2).

In general, accounts belonging to older HSA owners were more likely than those belonging to younger ones to have received the maximum contribution. One-fifth (20–21 percent) of HSA owners ages 45–64 received the maximum contribution in their HSA, compared to 16 percent among those ages 35–44, 7 percent among those ages 25–34 and 2 percent among those under age 25 (Figure 3). However, accounts that belonged to HSA owners ages 65 and older were slightly less likely than those belonging to owners ages 45–64 to receive the maximum contribution.

Figure 1

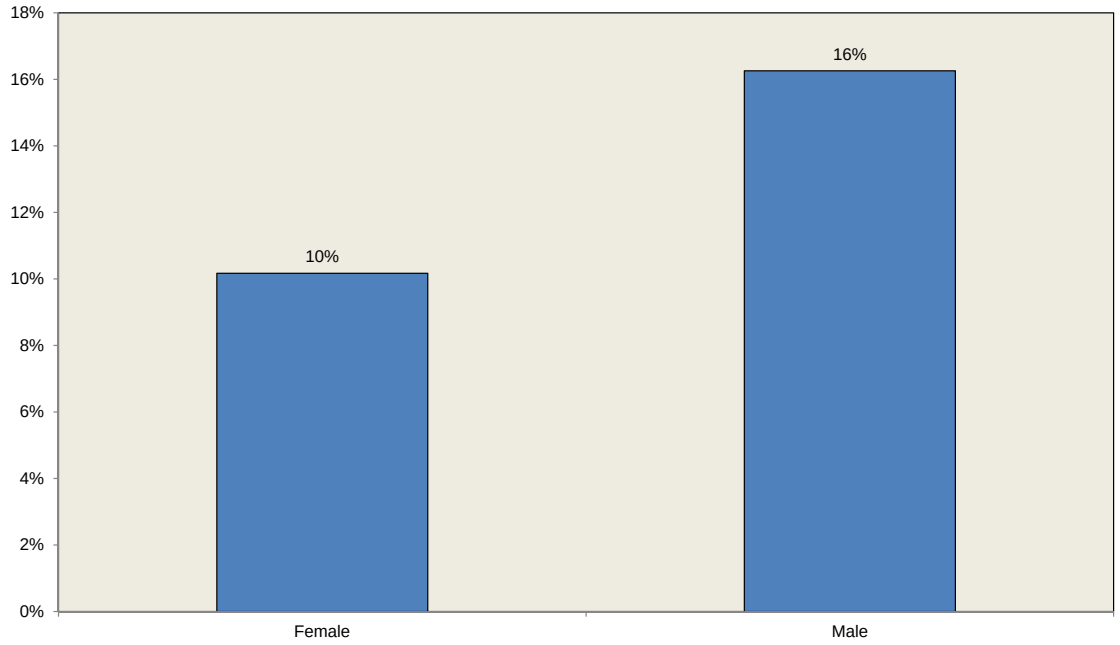
**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Year Account was Opened**




Source: EBRI HSA Database.

Figure 2

**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Gender of Account Owner**




Source: EBRI HSA Database.

When contributions were examined by both gender and age, it was found that among men, 55–64-year-old HSA owners were more likely to receive maximum contributions in their HSAs than those ages 45–54 (Figure 4). However, among women, 55–64-year-old HSA owners were less likely to receive maximum contributions in their HSAs than those ages 45–54.

## Distributions for Claims

Accounts belonging to individuals with distributions from their HSA for claims were more likely than those without such distributions to have received the maximum contribution in 2013. Seventeen percent of HSA owners with distributions for claims received the maximum contribution in their HSA compared with 10 percent among those without any distributions for claims (Figure 5). Among those with distributions for claims, HSAs with larger distribution amounts were more likely than those with smaller distribution amounts to have received the maximum contribution. Three-quarters of accounts with claims distributions of $7,000 or more received the maximum contribution, whereas only 5 percent of those with less than $1,000 in distributions received the maximum contribution (Figure 6).

## Employer Contributions

HSAs with employer contributions were less likely than those without employer contributions to receive the maximum contribution. In 2013, 14 percent of HSAs with an employer contribution received the maximum contribution, compared with 20 percent of accounts without an employer contribution (Figure 7). However, among HSAs with employer contributions, those with larger employer contributions were more likely than those with smaller contributions to have received the maximum contribution. In 2013, 31 percent of HSAs with an employer contribution of $2,000–$4,999 received the maximum contribution, compared with 16 percent among those with an employer contribution of $1,000–$1,999 (Figure 8).

## About the EBRI HSA Database

The EBRI HSA Database Project is a large, representative repository of information about individual HSAs. As of Dec. 31, 2013, the EBRI database included statistical information for:

- 1.5 million health savings accounts.
- $2.7 billion in assets.

The 2013 EBRI HSA database covers 14 percent of the universe of HSAs and 14 percent of HSA assets.[6] The project is unique because it includes data provided by a wide variety of account record-keepers and, therefore, represents the characteristics and activity of a broad range of HSA owners.

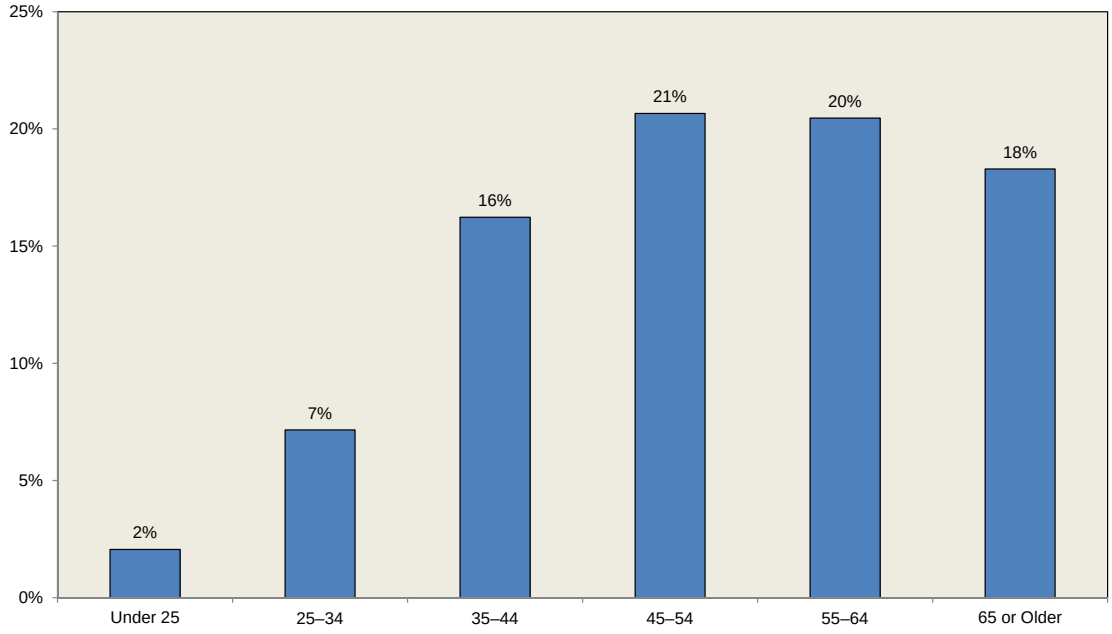
### Sources of Data

Several recordkeeping organizations provided de-identified data on HSA owners at year-end 2013. Records were de-identified prior to inclusion in the database to conceal the identity of account owners, but the data were coded so that account owners could be tracked over time, a unique aspect of the EBRI HSA Database.[7] Another unique aspect of the EBRI HSA Database is that it can link the accounts of individuals with more than one account in the database, thus permitting the aggregation of the HSA asset totals of individuals with multiple accounts, within or across account record-keepers. This provides a more complete picture of both the number of individuals with accounts and their HSA assets.

Moreover, the EBRI HSA Database also contains the following information about account owners: year of birth; gender; type of coverage (such as individual or family); month and year the HSA was opened;[8] and deductible when the HSA was opened. Data for each account also include individual and employer contributions, as well as beginning- and end-of-year account balances.

Figure 3

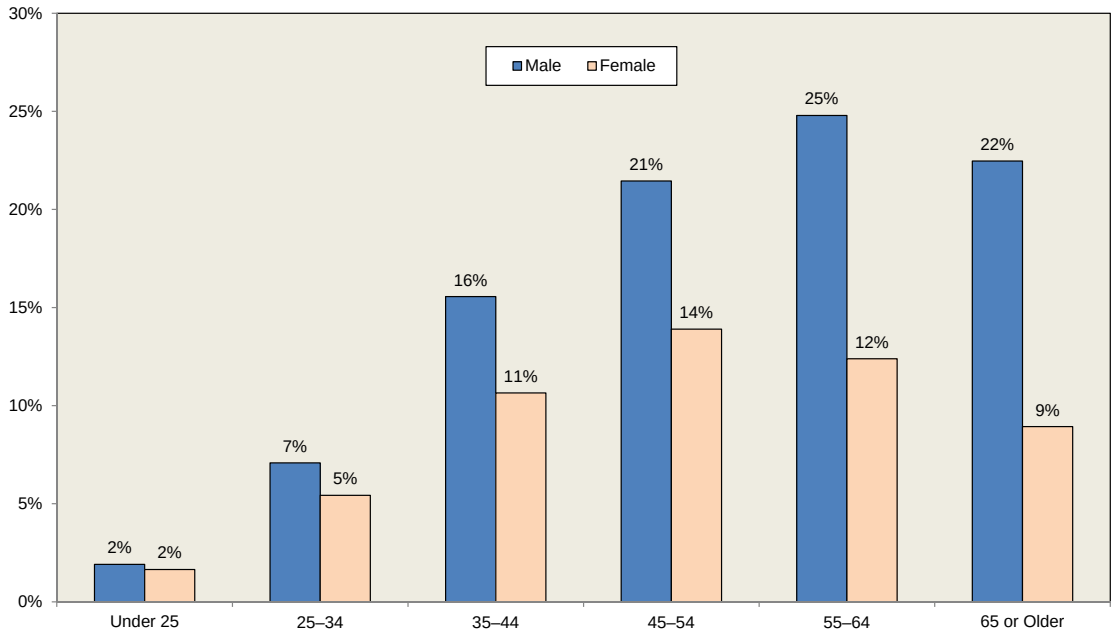
**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Age of Account Owner**




Source: EBRI HSA Database.

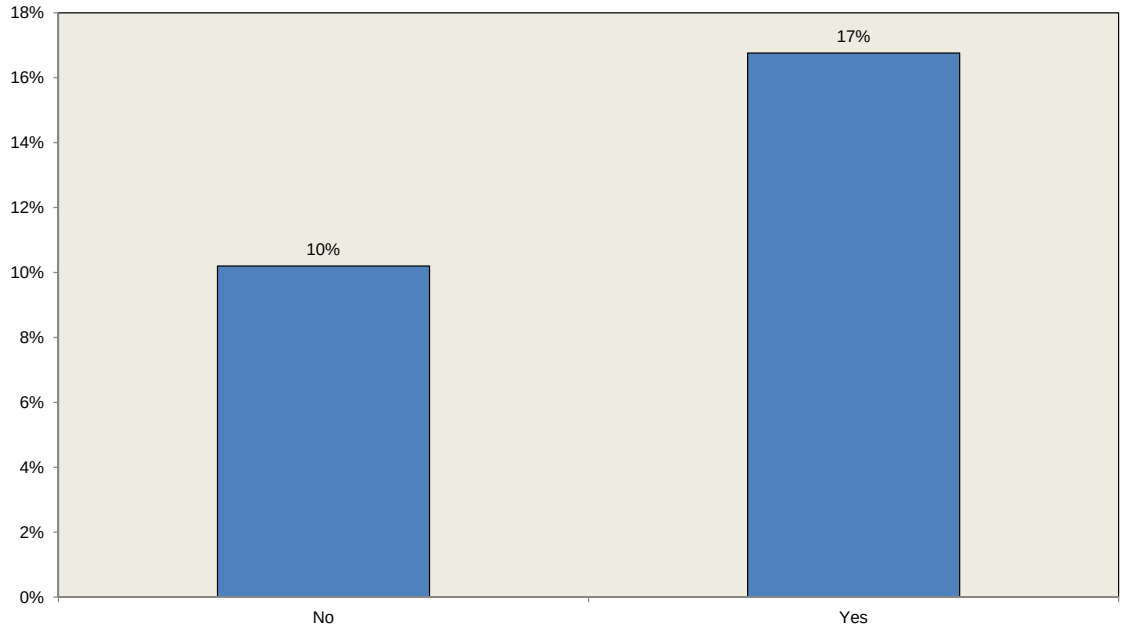
Figure 4

**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Age and Gender of Account Owner**



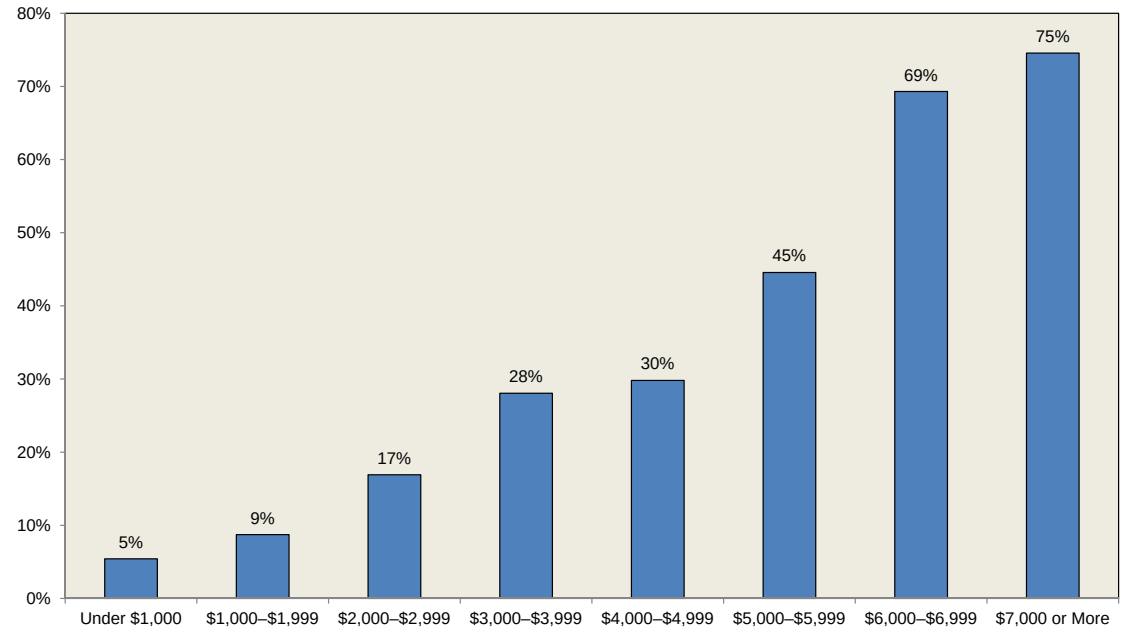

Source: EBRI HSA Database.

Figure 5
**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Distribution from Account for Claims**



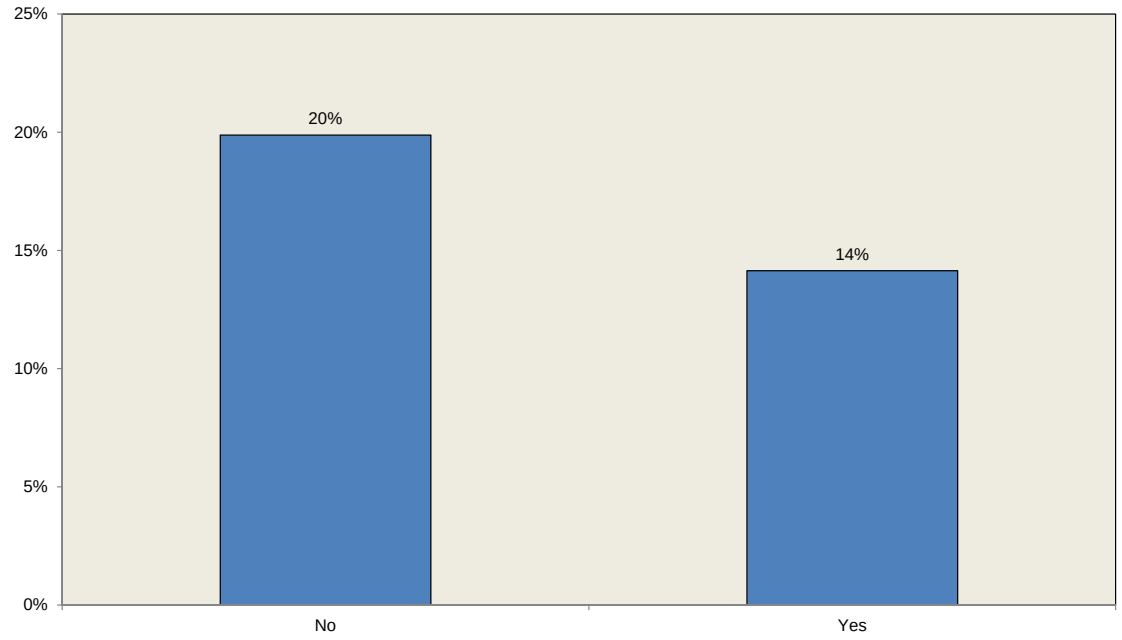

Source: EBRI HSA Database.

Figure 6
**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Level of Claims from Account**



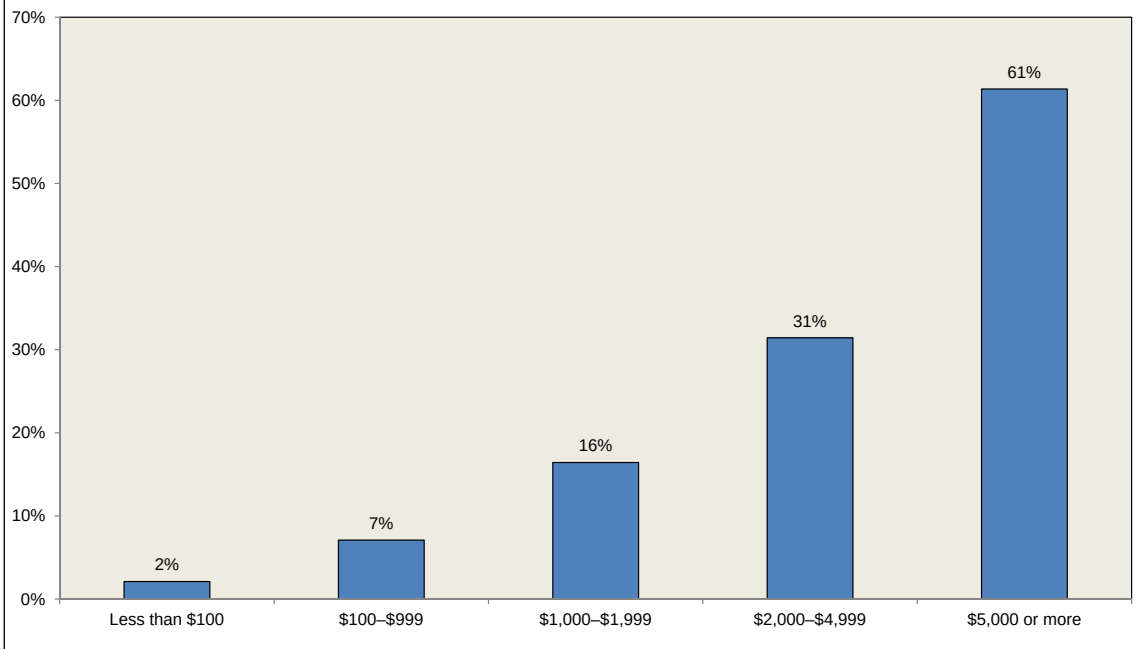

Source: EBRI HSA Database.

Figure 7
**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Presence of Employer Contribution**




Source: EBRI HSA Database.

Figure 8
**Percentage of HSA Owners Whose Accounts Received the Maximum Contribution in 2013, by Level of Employer Contribution**




Source: EBRI HSA Database.

Nearly all of the accounts opened in November and December 2013 had no activity (i.e., no individual or employer contributions) and zero account balances, and thus were excluded from the analysis on the assumption that they were new accounts that were most likely not eligible for contributions until January 2014.

### Methods

Of the 1.5 million accounts in the EBRI HSA Database, nearly 1.1 million received either an individual or employer contribution in 2013. The data in this paper are based on the accounts with contributions. Not all data providers were able to provide data for all variables in the EBRI HSA Database. Hence, some of the analysis in this paper is based on samples of just over 500,000 accounts.

The maximum annual contribution was $3,250 for individual coverage and $6,450 for family coverage in 2013. Additionally, individuals who had reached age 55 and were not yet enrolled in Medicare could make a $1,000 catch-up contribution.

Maximum annual contributions are set statutorily, and include both individual and employer contributions. However, determining whether the maximum amount was contributed to an HSA from administrative data is not straightforward. There are different maximum contribution levels by type of coverage, thus, it is important to know whether an account owner had individual or family coverage. Not all data providers collect that information, and type of coverage is usually collected only at the time that an account was opened. Type of coverage may have changed since an account was opened.

While individuals ages 55 and older are allowed to make catch-up contributions, using the account owner's age to determine whether an account was eligible for catch-up contributions is imprecise. Married couples both covered by an HSA-eligible health plan are each allowed a $1,000 catch-up contribution. However, they are required to each contribute the catch-up contribution to their own account. As a result, a married couple making the maximum contribution may have contributed $7,450 to one account, and $1,000 to a separate account.

We examined three alternative measures to determine whether an account received the maximum contribution. First, when accounts with contributions of either $3,250 or $6,450 or more were examined it was determined that 9 percent of all accounts in the EBRI HSA Database had received the maximum contribution. As alternatives, the number of accounts with contributions that could be 5 percent and 10 percent lower or higher than the statutory maximums were examined. When using the 5 percent threshold, it was found that 15 percent of all accounts had received the maximum contribution. When using the 10 percent threshold, it was found that 21 percent of all accounts had received the maximum contribution. Both individual and employer contributions were included in determining whether an account received the maximum contribution. The analysis in this paper counted accounts as receiving the maximum contribution if contributions were within 5 percent of the maximum contribution limit. Regardless of which method was used for determining whether an account received the maximum contribution, the findings were consistent. Accounts receiving the maximum level of contributions were more likely to be older accounts and to belong to older, male account owners. Accounts with distributions for claims and those with higher-level claims were more likely to have received the maximum contribution. And while accounts without employer contributions were more likely to have received the maximum contribution, when an employer contribution was received, accounts with higher employer contributions were more likely to have received the maximum contribution.

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## Endnotes

[1] America's Health Insurance Plans (AHIP) found that 17.3 million people were enrolled in an HSA-eligible plan in January 2014 (See https://www.ahip.org/Press-Room/2014/HSA-Census-Survey/). CEHCS (EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey) estimated that 26 million people were enrolled in an HSA-eligible plan in August 2014 (Fronstin and Elmlinger, 2014).

[2] See www.devenir.com/research/year-end-2013-devenir-hsa-research-report/

[3] See Figure 8 in http://www.mercer.com/newsroom/united-states-health-benefit-cost-growth-slowed-again-in-2013.html and Figure 33 in http://www.towerswatson.com/DownloadMedia.aspx?media={B5CC3143-9B78-4B92-96A4-3F569300406F}

[4] See the literature review in Bundorf (2012) as well as more recent research in Fronstin and Roebuck (2013); Fronstin, Sepulveda and Roebuck (June 2013); and Fronstin, Sepulveda and Roebuck (December 2013).

[5] For examples, see http://www.ahip.org/HSA-BANK-2012/ and www.devenir.com/research/year-end-2013-devenir-hsa-research-report/

[6] According to Devenir, there were 10.7 million accounts holding $19.3 billion in assets as of Dec. 31, 2013. See www.devenir.com/research/year-end-2013-devenir-hsa-research-report/

[7] At no time has any nonpublic personal information that is personally identifiable, such as a Social Security number, been transferred to or shared with EBRI.

[8] A very small percentage (less than 0.5 percent) of accounts have an account opening date prior to 2004. An HSA that was funded by amounts rolled over from an Archer Medical Savings Account (MSA) was considered established on the date the MSA was established.

# Debt of the Elderly and Near Elderly, 1992–2013

*By Craig Copeland, Ph.D., Employee Benefit Research Institute*

## Introduction

Debt is often overlooked when discussing the future income security of retirees. However, any debt that a near-elderly or elderly family has accrued entering or living in retirement is likely to offset any asset accumulations, resulting in a lower level of retirement income security.[1]

This article focuses on the trends in debt levels among those ages 55 or older (near-elderly are defined as those ages 55–64 and the elderly are defined as those ages 65 and older), as financial liabilities are a vital but often ignored component of retirement income security.[2] The Federal Reserve Board's Survey of Consumer Finances (SCF) is used in this article to determine the level of debt.[3] Debt is examined in two ways:

- Debt payments relative to *income.*
- Debt relative to *assets*.

Each measure provides insight regarding the financial abilities of these families to cover their debt before or during retirement. For example, higher *debt-to-income* ratios may be acceptable for younger families with long working careers ahead of them, because their incomes are likely to rise, and their debt (related to housing or children) is likely to fall in the future. On the other hand, higher debt-to-income ratios may represent more serious concerns for older families, which could be forced to reduce their accumulated assets to service the debt at points where their active earning years are ending. However, if these older families with high debt-to-income ratios have low *debt-to-asset* ratios, the effect of paying off the debt may not be as financially difficult as it might be for those with high debt-to-income and high debt-to-asset ratios.

As described in more detail below, debt levels of the current elderly and near-elderly increased in 2013. However, the average debt held and debt payments as a percentage of income decreased. While holding debt is not necessarily a sign of financial danger for all elderly or near-elderly families (especially if they are also high-income), housing debt (typically the major asset elderly families have) is of particular concern, because leveraging it at this point in their lives may leave them without a major resource to finance an adequate retirement.

## Percentage With Debt

The share of older American families that had debt in 2013 increased from 2010. The percentage of American families headed by individuals ages 55 or older with some level of debt was 65.4 percent in 2013, up from the 2010 level of 63.4 percent (Figure 1). The 2013 level was up over 10 percentage points from the 1992 level of 53.8 percent.

The percentage with debt decreased significantly as the family heads aged; i.e., in 2013, 78.5 percent of families with heads ages 55–64 held debt, compared with 41.3 percent of those with heads ages 75 or older. Furthermore, the percentage with debt increased from 2010 to 2013 for families headed by individuals in each age group studied. For those families with heads ages 55–64, the percentage with debt increased from 77.6 percent in 2010 to 78.5 percent in 2013. Among those families with heads ages 65–74, the percentage with debt increased from 65.0 percent to 66.4 percent and for those families with heads ages 75 or older, the increase was from 38.5 percent to 41.3 percent. In addition, each age group in 2013 had a higher percentage with debt than at any survey year during 1992–2013 study period except for families with heads ages 55–64, which peaked in 2007 at 81.7 percent.

The percentage with debt also was also higher for those with higher family incomes across each survey year, except in 2013 when the percentage decreased at the highest-income quartile. In 2013, 44.8 percent of families in the

lowest-income quartile had debt, compared with 77.2 percent of those in the third income quartile (Figure 2). Of those in the highest-income quartile, 76.4 percent had debt in 2013, an amount lower than the third income quartile, and also lower than in 2010, when 77.7 percent of those in the highest-income quartile had debt. The 2013 percentage of elderly and near elderly families with debt was the highest during the study period for those families in the third income quartile, while the percentage with debt for families in the highest-income quartile has trended down since 2007 and for families in the lowest-income quartile has leveled off at just above 44 percent since 2007.

## Debt Levels

As the percentage of families with heads ages 55 or older *with any debt* increased from 1992–2013, the *average total debt* level also increased: from $36,144 (2013 dollars) in 1992 to $73,211 in 2013. At the same time, the *median debt level* (half above, half below) of those with debt increased from $17,879 to $47,900 (Figure 3). This was a real increase in the average and median debt levels of 102.6 percent and 167.9 percent, respectively, from 1992.[4] However, while the percentage with debt increased from 2010 to 2013, the average debt level and the median debt level of those families having debt decreased during this time from $80,465 to $73,211 for the average and from $59,372 to $47,900 for the median.

These debt levels differed significantly across various family characteristics. Families with younger or more educated heads, higher incomes, and higher net worth had significantly higher average and median debt levels. Significantly higher average levels of debt were also seen in families headed by individuals who were working for someone else, white or married. For example, in 2013, among those with debt, families with heads ages 55–64 had a median debt of $63,300, compared with $20,000 for those headed by people ages 75 or older. Similarly to the overall decline in the median debt, the median debt level across each category break decreased from 2010 to 2013, except for families with a head without a high school diploma and families with a nonworking head that wasn't retired.

While the increases in debt levels from 1992–2013 can be construed as a negative result for these families, debt levels may not tell the full story of their financial well-being. If income and assets grow at a pace faster than these debt levels, these families might actually be in an improving financial position despite the increased debt levels.[5] The next two sections of this article examine debt levels relative to income and assets:

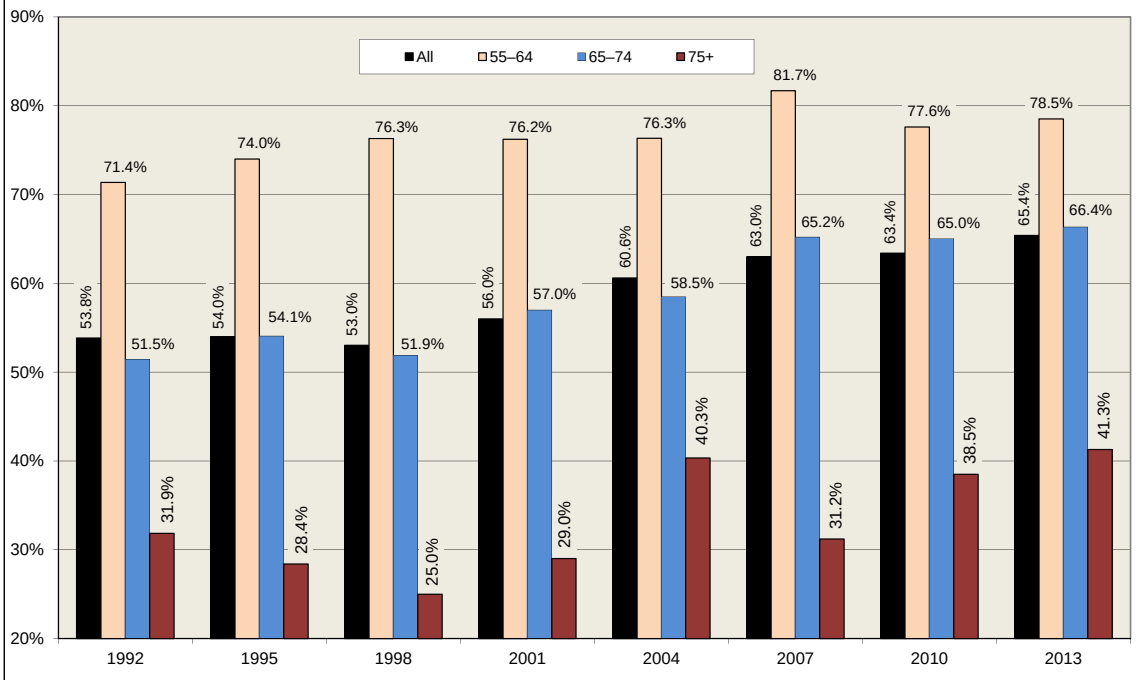
- For income, the amount of debt service is examined by using required debt payments relative to *family income.*
- In contrast, for assets, outstanding debt is measured relative to *total assets.*

## Debt Payments

The first measure of the indebtedness of the near elderly (ages 55–64) and elderly (ages 65 and over) is the percentage of family income that debt payments represent. From 1992 to 2001, debt payments were approximately 9 percent of family income, at which point they began trending upward; from 10.3 percent in 2004 to 11.4 percent in 2010 before decreasing to 10.0 percent in 2013 (Figure 4). As the age of the family heads increased, the debt payment percentages decreased, declining from 11.3 percent for families with heads ages 55–64 in 2013 to 6.5 percent for those headed by individuals ages 75 or older. In 2013, the debt payments as a percentage of income declined for each age category from those seen in 2010.

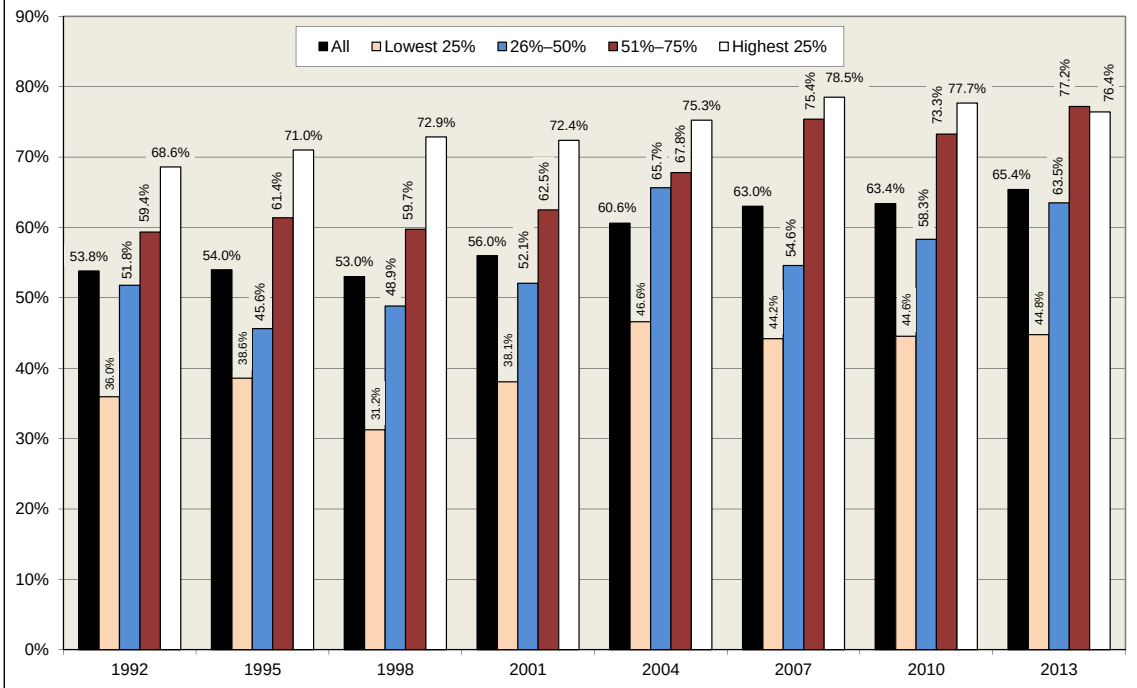
Across the three lowest-income quartiles of these families, the percentages of income that debt payments represented in 2013 were just over 15 percent (Figure 5). There was a significant drop-off for those in the highest-income quartile to 7.7 percent. Debt payments as a percentage of income for the middle two income quartiles were unchanged from 2010 to 2013. In contrast, debt payments as a percentage of income for the lowest- and the highest-income quartiles decreased from 2010 to 2013.

Figure 1
**Percentage of American Families With Heads Ages 55 or Older With Debt, by Age of Family Head, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

Figure 2
**Percentage of American Families With Heads Ages 55 or Older With Debt, by Family Income Quartile, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

Figure 3

**Average Total Debt and Median Total Debt for Those With Debt For Families With Heads Ages 55 or Older, by Various Characteristics, 1992–2013**

| | 1992 | | 1998 | | 2001 | | 2007 | | 2010 | | 2013 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Category | Average | Median With Debt | Average | Median With Debt | Average | Median With Debt | Average | Median With Debt | Average | Median With Debt | Average | Median With Debt |
| All | $36,144 | $17,879 | $49,616 | $31,767 | $50,925 | $30,210 | $79,013 | $48,281 | $80,465 | $59,372 | $73,211 | $47,900 |
| Age of Family Head | | | | | | | | | | | | |
| 55–64 | 62,824 | 32,507 | 88,591 | 50,180 | 85,589 | 45,972 | 120,111 | 67,414 | 114,736 | 82,092 | 103,187 | 63,300 |
| 65–74 | 27,487 | 8,127 | 39,980 | 17,156 | 45,859 | 17,206 | 78,150 | 45,059 | 75,957 | 47,798 | 70,789 | 43,500 |
| 75 or older | 9,581 | 5,201 | 11,170 | 11,551 | 11,775 | 6,567 | 14,645 | 16,618 | 29,374 | 32,151 | 23,680 | 20,000 |
| Race of Family Head | | | | | | | | | | | | |
| White, nonHispanic | 36,229 | 19,504 | 51,034 | 33,454 | 51,421 | 28,634 | 80,729 | 53,446 | 86,068 | 64,302 | 78,411 | 54,000 |
| Other | 35,763 | 9,671 | 41,803 | 22,159 | 48,327 | 32,837 | 71,712 | 31,439 | 61,592 | 47,798 | 56,726 | 27,700 |
| Family Income (2013 $s) | | | | | | | | | | | | |
| Less than $10,000 | 8,502 | 2,438 | 5,056 | 2,859 | 4,478 | 1,274 | 28,862 | 7,119 | 53,487 | 19,291 | 47,375 | 17,000 |
| $10,000–$24,999 | 7,888 | 3,251 | 13,367 | 5,719 | 10,261 | 8,511 | 14,893 | 11,677 | 19,298 | 13,160 | 16,138 | 10,000 |
| $25,000–$49,999 | 17,305 | 12,353 | 22,668 | 19,014 | 24,079 | 17,798 | 30,699 | 24,590 | 42,681 | 32,151 | 42,234 | 31,000 |
| $50,000–$99,999 | 31,921 | 29,256 | 51,499 | 48,608 | 41,992 | 35,464 | 87,806 | 75,229 | 86,856 | 75,341 | 80,945 | 70,000 |
| $100,000 or more | 156,645 | 91,995 | 163,263 | 94,356 | 174,460 | 128,720 | 226,394 | 197,953 | 210,902 | 159,469 | 195,099 | 61,000 |
| Family Status | | | | | | | | | | | | |
| Married | 54,273 | 27,013 | 71,296 | 43,461 | 69,468 | 36,777 | 120,932 | 83,089 | 113,767 | 78,234 | 104,026 | 74,690 |
| Single male | 32,962 | 16,579 | 54,890 | 44,319 | 44,124 | 34,150 | 51,037 | 22,703 | 47,471 | 37,510 | 61,994 | 34,000 |
| Single female | 12,378 | 5,542 | 18,194 | 12,438 | 20,230 | 11,821 | 30,642 | 20,211 | 42,434 | 34,294 | 33,154 | 24,000 |
| Education of Family Head | | | | | | | | | | | | |
| Below HS diploma | 13,952 | 6,745 | 12,816 | 11,580 | 14,770 | 11,322 | 21,911 | 22,456 | 27,186 | 18,219 | 24,819 | 23,000 |
| HS diploma | 22,788 | 12,109 | 27,781 | 27,163 | 25,599 | 21,029 | 44,697 | 22,569 | 47,636 | 40,725 | 41,617 | 28,680 |
| Some college | 39,323 | 25,079 | 54,297 | 43,461 | 46,885 | 27,583 | 82,361 | 61,755 | 77,875 | 64,302 | 65,204 | 43,000 |
| College degree | 83,363 | 48,760 | 107,856 | 60,388 | 110,130 | 78,808 | 145,179 | 112,282 | 133,453 | 100,740 | 126,115 | 100,400 |
| Net Worth Percentile[a] | | | | | | | | | | | | |
| Lowest 25% | 7,227 | 3,819 | 16,401 | 9,150 | 18,780 | 8,511 | 28,369 | 14,597 | 40,765 | 21,434 | 45,983 | 17,850 |
| 25%–49% | 14,521 | 10,418 | 35,095 | 29,451 | 23,708 | 19,531 | 57,240 | 44,913 | 60,291 | 58,408 | 49,772 | 40,000 |
| 50%–75% | 24,692 | 24,656 | 27,687 | 35,741 | 41,703 | 45,840 | 66,400 | 51,650 | 49,580 | 47,123 | 57,054 | 47,000 |
| 75%–90% | 41,729 | 44,860 | 46,195 | 52,897 | 57,463 | 40,678 | 88,059 | 101,054 | 117,197 | 110,921 | 91,751 | 99,400 |
| Top 10% | 182,837 | 65,989 | 228,733 | 120,090 | 212,508 | 157,617 | 278,292 | 241,406 | 252,328 | 246,491 | 212,509 | 211,000 |
| Working Status of Family Head | | | | | | | | | | | | |
| Works for someone else | 52,330 | 29,029 | 73,705 | 47,178 | 70,870 | 42,478 | 119,334 | 85,952 | 106,149 | 75,555 | 105,011 | 67,940 |
| Self-employed | 156,912 | 65,176 | 152,400 | 45,749 | 151,806 | 80,122 | 203,688 | 110,036 | 201,423 | 120,566 | 178,667 | 20,000 |
| Retired | 16,592 | 9,752 | 22,720 | 14,439 | 21,242 | 13,135 | 34,218 | 22,456 | 38,955 | 35,473 | 37,130 | 27,500 |
| Other nonwork | 11,746 | 2,438 | 33,117 | 21,445 | 22,348 | 6,567 | 139,376 | 55,130 | 87,766 | 56,082 | 88,472 | 61,000 |

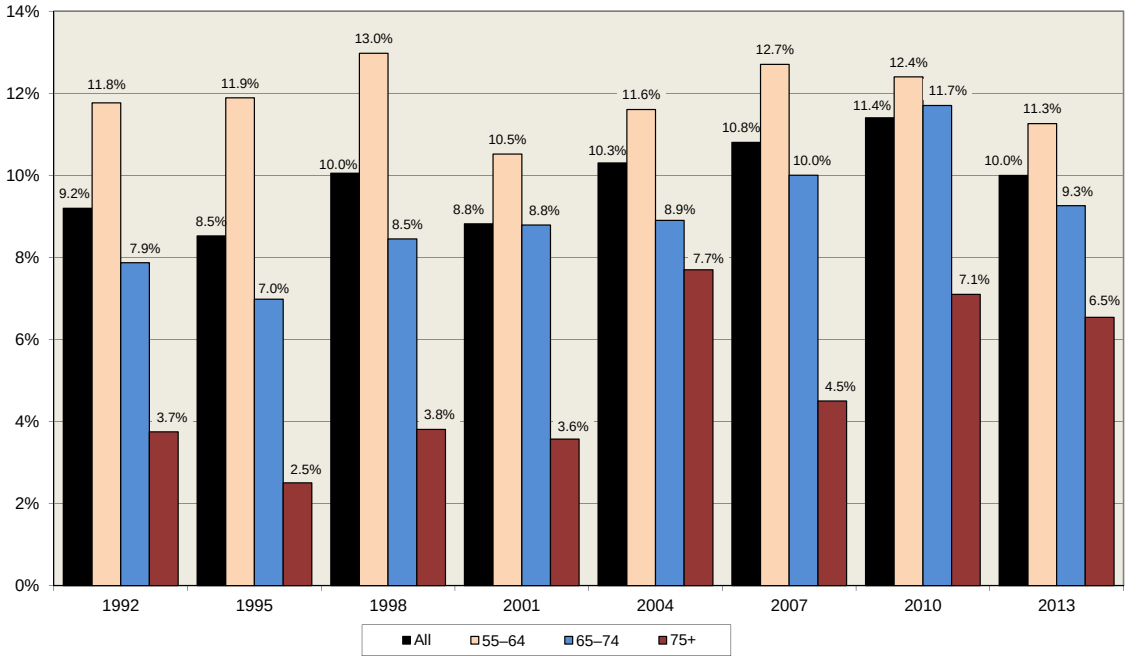
Source: Employee Benefit Research Institute estimates from the 1992, 1998, 2001, 2007, 2010, and 2013 Survey of Consumer Finances.

[a] Net worth percentiles are for the families with a head age 55 or older, not for all families.

Note: All dollar amounts are in 2013 dollars.

Figure 4

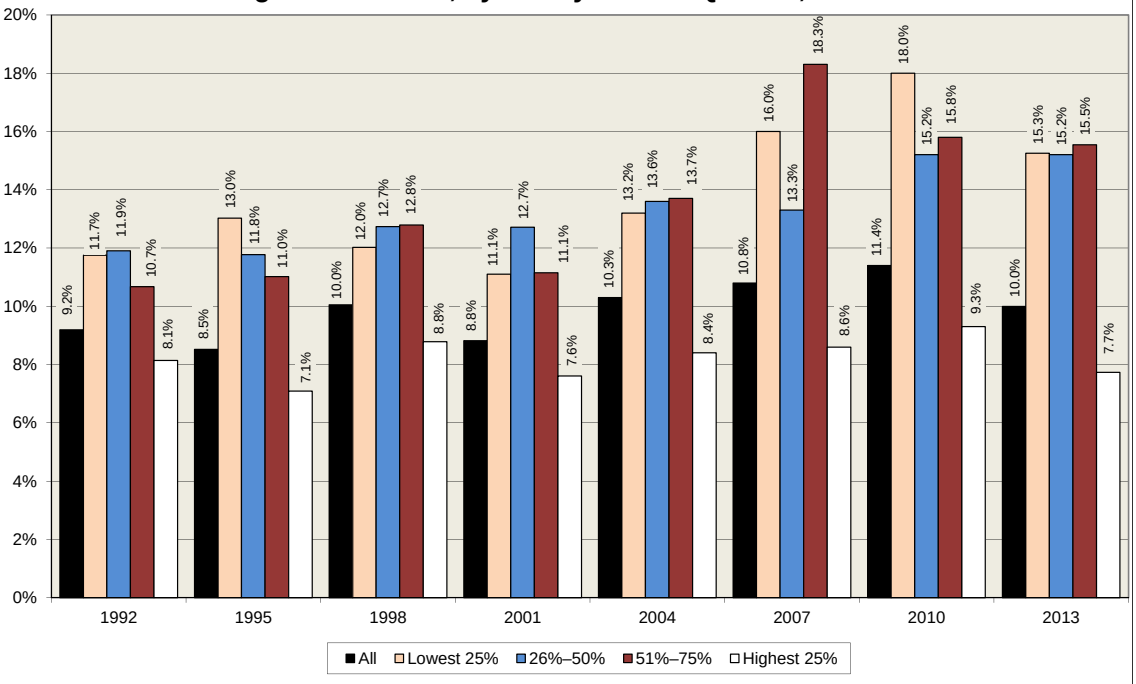
**Total Debt Payments as Percentage of Income Among Families With Heads Ages 55 or Older, by Age of Family Head, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

Figure 5

**Total Debt Payments as a Percentage of Income for Families With Heads Ages 55 or Older, by Family Income Quartile, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

## Housing: The Driver of Debt

The level of housing debt drove the change in the level of debt payments in 2013, while the nonhousing (consumer) debt-payment share held stable from 2010. The share of income that went to housing debt payments increased from 6.7 percent in 2004 to 8.3 percent in 2010 before declining to 7.0 percent in 2013. Among the age groups, the share of income that housing debt payments represented among families with heads ages 65–74 decreased from 8.6 percent in 2010 to 6.7 percent in 2013, and for families with heads ages 75 or older, it decreased from 4.7 percent in 2010 to 3.8 percent in 2013 (Figure 6).

## Excessive Debt Levels

Looking at the *average debt payment* as a percentage of income does not generally reveal how many people are in difficult situations with debt, because the average can mask a wide distribution of individual circumstances. A threshold commonly used for determining a problem with excessive debt is when family debt payments exceed 40 percent *of income*. By that standard, the percentage of families with excessive debt increased in 2013, but it remained below its 2007 level. The proportion of near elderly and elderly families surpassing this threshold increased from 8.5 percent in 2010 to 9.2 percent in 2013, while the 2007 level was 9.9 percent (Figure 7).

The increase from 2004–2007 was a result of the surge in families with heads ages 55–74 whose debt payments were above the 40-percent threshold, while families with heads ages 75 or older experienced a decline in the percentage with debt payments above this threshold. In contrast, the change from 2007–2010 was the result of declines in the proportion above the 40-percent threshold among those with heads ages 55–74, while the percentage with these high debt payments increased for the families with heads ages 75 or older, rising to 4.9 percent in 2010 from 4.3 percent in 2007. However, in 2013, the percentage with debt payments above the 40-percent threshold increased across each age group.

The share of families with debt payments above 40 percent of income was lowest for those families in the highest-income quartile in 2013, as it was in all prior years in the study (Figure 8). The proportion of families above the 40-percent threshold was highest for families in the second income quartile (13.7 percent). Families in the second quartile not only had an increased likelihood of having debt payments above this threshold in 2013, but their percentage overtook the lowest-income quartile to rank in the highest position. While the percentage above the 40-percent threshold declined for the two highest-income quartiles in 2013, the increases in the lowest two quartiles pushed the overall level in 2013 above that of the 2010 level.

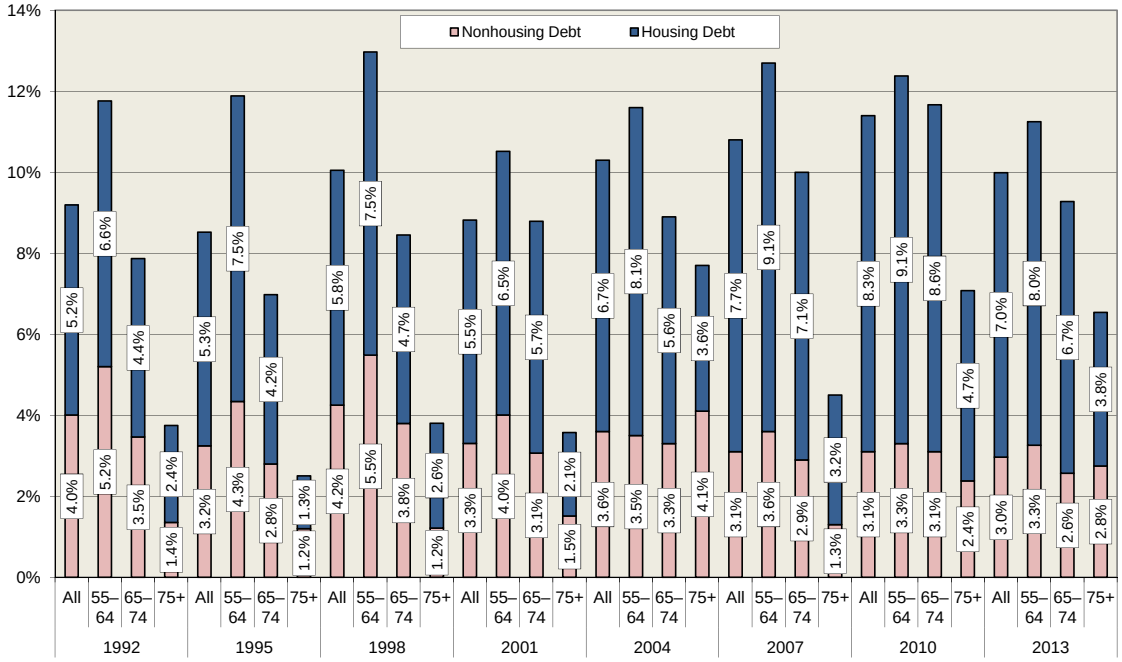
Overall debt levels, percentage with debt, debt payments as a percentage of income, and percentage of families with debt payments greater than 40 percent of their income all increased from 1992 to 2013. Furthermore, housing debt increased across all age groups, representing more than 70 percent of all debt. However, many of these measures of debt improved in 2013 except in some measures where they worsened for those families with the least-educated family heads and with the lowest incomes.

## Debt as a Percentage of Assets

Debt as a percentage of *total assets* for near elderly and elderly families was virtually unchanged at approximately 7.0 percent from 1992–1998 but decreased in 2001 to less than 6.0 percent before increasing to just above 7 percent (at 7.4 percent) in 2007 (Figure 9). In 2010, the percentage jumped to 8.5 percent—the highest percentage (by more than 1 percentage point) during the study period. This percentage declined in 2013 to 8.1 percent. Nearly all of the decrease from 1998–2001 was due to a lower percentage of nonhousing debt relative to assets; nonhousing debt decreased from 3.2 percent in 1998 to 2.3 percent of assets in 2001. After a relatively steady level of housing debt relative to assets from 1992–2001, housing debt increased from 3.5 percent in 2001 to 5.3 percent in 2007 and reached 6.1 percent in 2010. In 2013, the majority of the decrease was from nonhousing debt, while housing debt

Figure 6

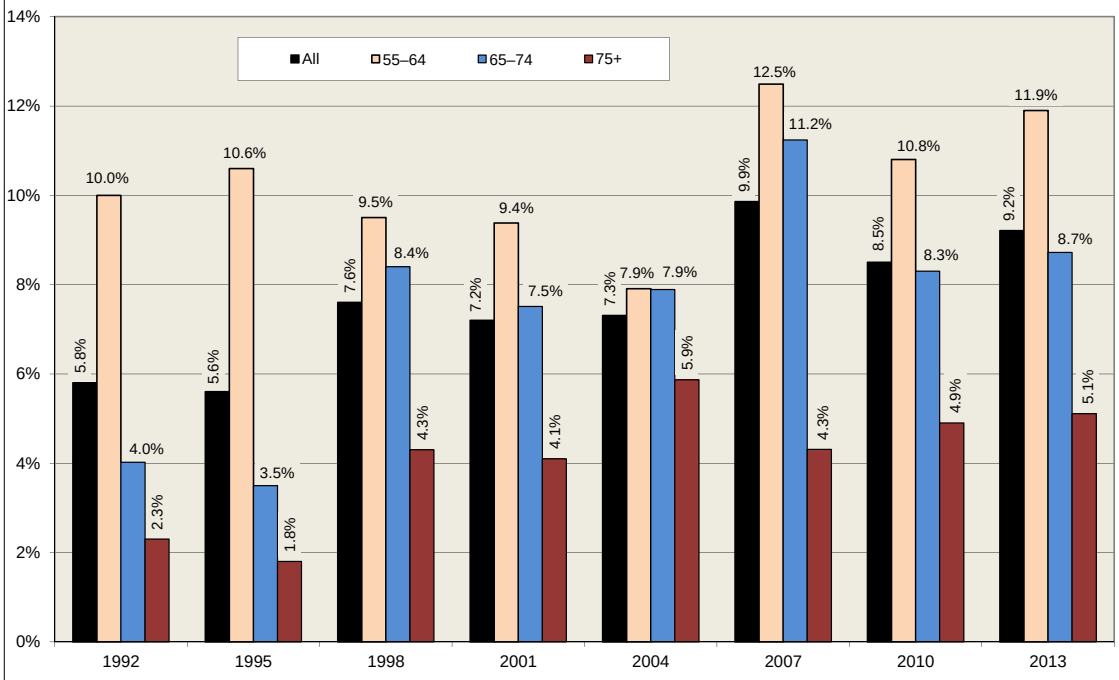
**Total Housing and Nonhousing Debt Payments as Percentage of Income Among Families With Heads Ages 55 Or Older, by Age of Head, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

Figure 7

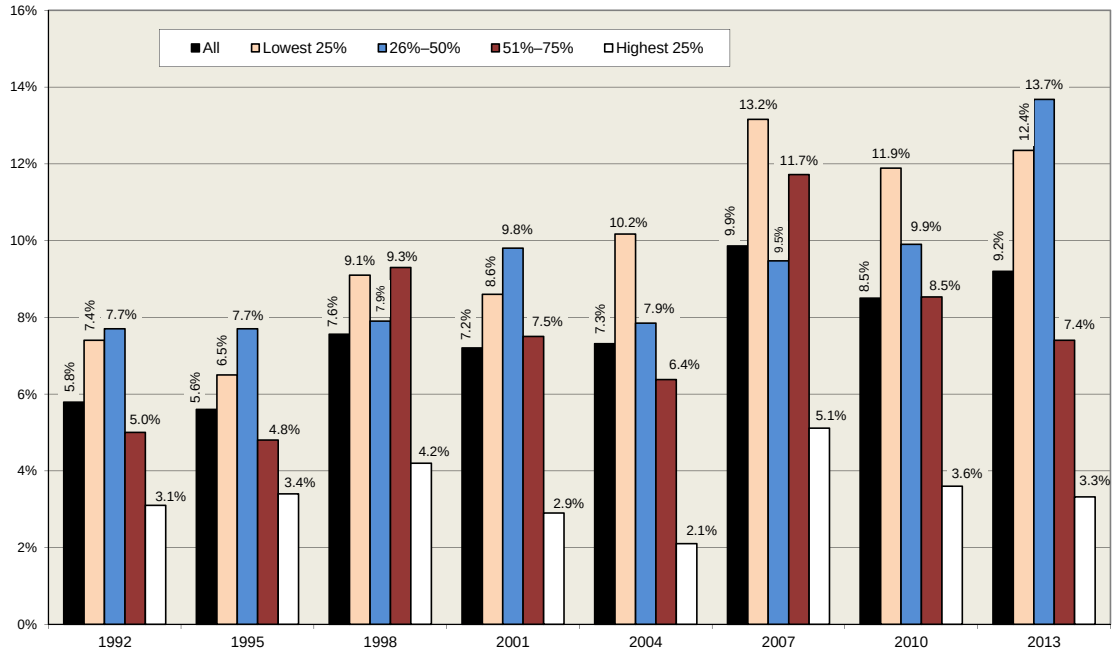
**Percentage of American Families With Heads Ages 55 or Older Who Have Debt Payments of Greater Than Forty Percent of Income, by Age of Head, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

Figure 8

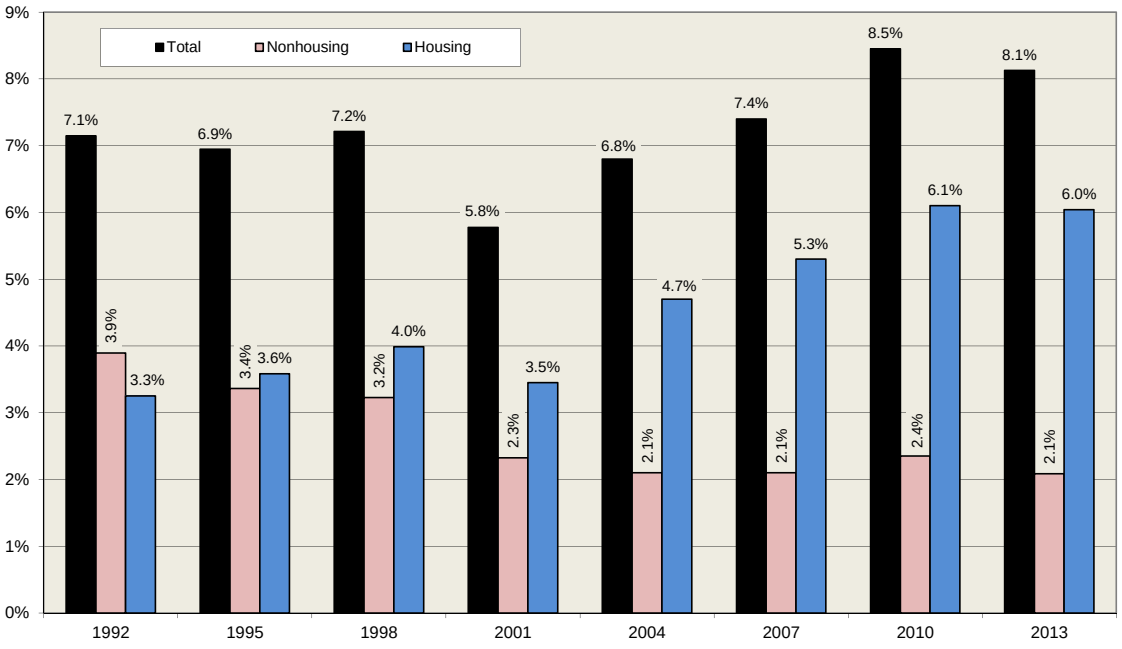
**Percentage of American Families With Heads Ages 55 or Older With Debt Payments Greater Than Forty Percent of Their Income, by Income Quartile, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

Figure 9

**Total, Nonhousing, and Housing Debt as a Percentage of Assets for American Families With Heads Ages 55 or Older, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

barely budged. Consequently, while *nonhousing* debt as a share of assets has remained relatively low recently, *housing* debt as a share of assets has increased markedly during the same period.

As with the debt level, the share of family assets that debt represents varied significantly across various characteristics of family heads (Figure 10): Overall, it decreased significantly as both the family heads' age and the family's net worth increased. By age of the family head, the debt-to-asset ratio decreased in 2013 from 11.5 percent for those ages 55–64 to 3.7 percent for those ages 75 or older. The lowest-net-worth families stood out as having, by far, the highest debt-to-asset ratio: 93.8 percent in 2013. Other groups of families with high relative debt-to-asset levels were:

- The second-lowest-net-worth quartile of families.
- Families with heads who "work for someone else" or were in the "other nonwork" category.
- Families that did not have white, nonHispanic heads; i.e., minority families.

The *overall* debt-to-asset ratio for those ages 55 or older decreased to 8.1 percent in 2013, down from 8.4 percent in 2010. Furthermore, the *median* debt-to-asset ratio for those with debt was unchanged at 19.6 percent in 2013. Consequently, in 2013, both the total debt as a percentage of total assets and the percentage of debt for those with debt remained at or were just below their highest levels of the study period.

## Credit-Card and Housing Debt

During the study period, the proportion of families with heads ages 55 or older with housing debt increased steadily, from 24 percent in 1992 to 42 percent in 2010, before retreating in 2013 to 39 percent (Figure 11). In contrast, the percentage with credit-card debt held steady at the low-30 percent range through 2004, before reaching 38 percent in 2007. In 2010 and 2013, the percentage fell back into the low-30 percent range (Figure 12). The percentages of families with credit-card debt in 2013 were similar to their 1992 levels across each age group despite some jumps in the intervening years, with family heads ages 55–64 having the largest increase, increasing from 37 percent in 1992 to 43 percent in 2013. However, the percentages of families with housing debt increased significantly across all age groups. In particular, for families with heads ages 65–74, this debt increased from 18 percent in 1992 to 42 percent by 2013, and for families with heads ages 75 or older, from 10 percent to 20 percent.

While there was a small increase in the percentage of families with credit-card debt, the median amount owed by those having this debt decreased slightly, to $2,500 in 2013 from $2,604 (2013 dollars) in 2010 (Figure 13). While the overall median slightly declined in 2013, the median credit-card debt for those families carrying it was virtually unchanged among each age group of family heads studied.

Median housing debt, among those having housing debt, ticked upward from 2010 to 2013 ($87,879 in 2010 (2013 dollars) to $93,000 in 2013). Furthermore, these amounts were significantly higher than the 1992 level of $45,510 (Figure 14). While the overall level moved upward between 2010 and 2013, the medians for the age groups 55–64 and 75 or older decreased, while the median increased for those ages 65–74.

## Conclusion

The percentage of American families with heads ages 55 or older that have debt increased from 2010 to 2013 (63.4 percent in 2010 to 65.4 percent in 2013). Furthermore, the percentage of these families with debt payments greater than 40 percent of income—a traditional threshold measure of debt-load trouble—increased in 2013 to 9.2 percent from 8.5 percent in 2010. However, total debt payments as a percentage of income decreased from 11.4 percent in 2010 to 10.0 percent in 2013, and average debt decreased from $80,465 in 2010 to $73,211 in 2013, while debt as a percentage of assets decreased from 8.5 percent in 2010 to 8.1 percent in 2013.

The data indicate that housing debt was the major component of debt for families with heads ages 55 or older. Among families with housing debt, the median debt amount increased from 2010–2013, while credit-card debt of those having this debt decreased. Despite some ups and downs among the various measures from 2010 to 2013, the overall debt situation among those ages 55 or older remained at the same general level.

The debt levels among those with housing debt have obvious and serious implications for the future retirement security of these Americans. Perhaps most significantly, elderly or near elderly families with housing debt are potentially at risk of losing what is typically their most important asset—their home. Consequently, older families that take on higher housing debt may well have difficulty avoiding a major lifestyle change in living arrangements for the remainder of their retirement, certainly if they plan to rely on their home as an asset.

These debt results are troubling as far as retirement preparedness is concerned, in that the data indicate that American families just reaching retirement or those newly retired are more likely to have debt—and higher levels of debt—than past generations. Furthermore, the percentages of families whose debt payments are excessive relative to their incomes are at or near their highest levels since 1992. Consequently, even more near elderly and elderly families are likely to find themselves at risk for severe changes in lifestyle after retirement than past generations.

In other work by the Employee Benefit Research Institute,[6] many workers were found to be at risk of running short of money in retirement. This level of debt among families with heads ages 55 or older, along with asset values still recovering from the 2008 recession, will add to the difficulty for many people of this age to save for a retirement that will not run short of money. Moreover, the amount of debt backed by primary residences among these families could lead to either a forced sale or limited ability to use any housing equity for funding retirement.

## Endnotes

[1] See Craig Copeland "Individual Account Retirement Plans: An Analysis of the 2013 Survey of Consumer Finances." *EBRI Issue Brief,* no. 406 (Employee Benefit Research Institute, November 2014) for a discussion of asset accumulation estimates from the 2013 Survey of Consumer Finances.

[2] See Craig Copeland, "Debt of the Elderly and Near Elderly, 1992–2010," *EBRI Notes*, no. 2 (Employee Benefit Research Institute, February 2013): 2–15; Craig Copeland, "Debt of the Elderly and Near Elderly, 1992–2007," *EBRI Notes*, no. 10 (Employee Benefit Research Institute, October 2009): 2–14; Craig Copeland, "Debt of the Elderly and Near Elderly, 1992–2004," *EBRI Notes*, no. 9 (Employee Benefit Research Institute, September 2006): 2–13; and Craig Copeland, "Debt of the Elderly and Near Elderly, 1992–2001," *EBRI Notes*, no. 4 (Employee Benefit Research Institute, April 2004): 1–13 for prior examinations of debt among this age group.

[3] See Bricker, Jesse, et al. "Changes in U.S. Family Finances from 2010 to 2013: Evidence from the Survey of Consumer Finances." *Federal Reserve Bulletin*. vol. 100, no. 4 (September 2014): 1–40, www.federalreserve.gov/pubs/bulletin/2014/pdf/scf14.pdf (last reviewed November 2014) for more information on the Survey of Consumer Finances.

[4] All dollar amounts in this report are in 2013 dollars.

[5] Although the families may be in a better financial position, this does not mean that they are in an "ideal" financial position.

[6] See Jack VanDerhei "What Causes EBRI Retirement Readiness Ratings™ to Vary: Results from the 2014 Retirement Security Projection Model.®" *EBRI Issue Brief,* no. 396 (Employee Benefit Research Institute, February 2014).

Figure 10

**Total Debt as a Percentage of Assets, Percentage With Debt, and Median Total Debt to Asset Ratio For Those With Debt, For Families With Heads Ages 55 or Older, by Various Characteristics, 1992–2013**

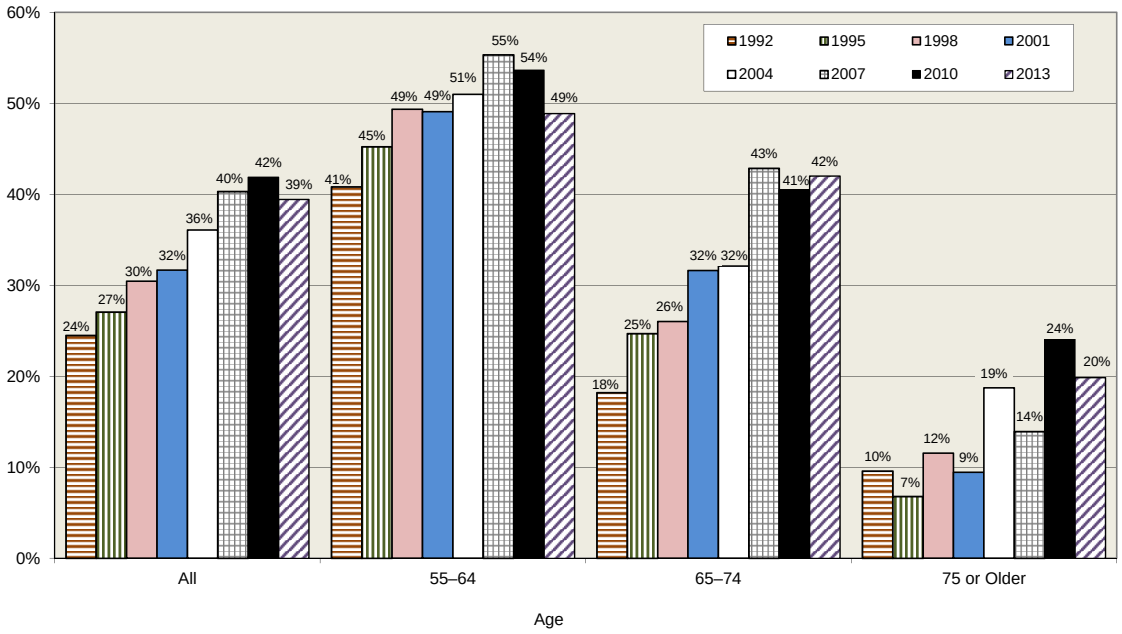
| | 1992 | | | 1998 | | | 2001 | | | 2007 | | | 2010 | | | 2013 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Category | Debt as a Percent Of Assets | Percent With Debt | Median Debt to Asset Ratio[a] | Debt as a Percent Of Assets | Percent With Debt | Median Debt to Asset Ratio[a] | Debt as a Percent Of Assets | Percent With Debt | Median Debt to Asset Ratio[a] | Debt as a Percent Of Assets | Percent With Debt | Median Debt to Asset Ratio[a] | Debt as a Percent Of Assets | Percent With Debt | Median Debt to Asset Ratio[a] | Debt as a Percent Of Assets | Percent With Debt | Median Debt to Asset Ratio[a] |
| All | 7.1% | 53.8% | 10.1% | 7.2% | 53.0% | 12.8% | 5.8% | 56.0% | 12.1% | 7.4% | 63.0% | 16.0% | 8.4% | 63.4% | 19.6% | 8.1% | 65.4% | 19.6% |
| Age of Family Head | | | | | | | | | | | | | | | | | | |
| 55–64 | 10.2 | 71.4 | 15.6 | 10.4 | 76.3 | 17.6 | 8.2 | 76.2 | 14.9 | 10.3 | 81.7 | 18.8 | 10.7 | 77.6 | 22.8 | 11.5 | 78.5 | 24.3 |
| 65–74 | 5.6 | 51.5 | 5.3 | 5.6 | 51.9 | 8.8 | 4.9 | 57.0 | 9.3 | 6.4 | 65.2 | 14.9 | 7.7 | 65.0 | 15.9 | 6.3 | 66.4 | 14.3 |
| 75 or older | 2.6 | 31.9 | 5.2 | 2.4 | 25.0 | 5.5 | 1.9 | 29.0 | 4.7 | 2.0 | 31.2 | 8.3 | 4.0 | 38.5 | 14.6 | 3.7 | 41.3 | 13.9 |
| Race of Family Head | | | | | | | | | | | | | | | | | | |
| White, nonHispanic | 6.4 | 51.6 | 9.1 | 6.7 | 51.7 | 12.1 | 5.2 | 55.0 | 10.4 | 6.8 | 60.7 | 14.6 | 7.7 | 62.3 | 17.9 | 7.2 | 64.7 | 16.5 |
| Other | 15.7 | 64.0 | 13.5 | 14.7 | 60.3 | 20.2 | 15.0 | 61.3 | 20.8 | 14.4 | 72.9 | 23.4 | 15.6 | 67.1 | 27.6 | 18.9 | 67.7 | 34.6 |
| Family Income (2013 $s) | | | | | | | | | | | | | | | | | | |
| Less than $10,000 | 10.5 | 38.3 | 11.1 | 4.6 | 31.9 | 13.5 | 5.3 | 30.3 | 8.7 | 8.9 | 40.2 | 9.1 | 8.3 | 33.6 | 44.5 | 10.4 | 38.1 | 28.5 |
| $10,000–$24,999 | 6.9 | 43.2 | 8.8 | 8.6 | 37.6 | 10.0 | 7.3 | 41.7 | 15.3 | 7.8 | 44.1 | 15.0 | 12.6 | 46.4 | 28.9 | 10.1 | 48.8 | 29.4 |
| $25,000–$49,999 | 6.5 | 56.4 | 8.8 | 7.4 | 51.1 | 13.4 | 7.2 | 55.4 | 13.6 | 8.0 | 61.1 | 16.4 | 10.8 | 62.2 | 23.5 | 14.5 | 66.4 | 22.7 |
| $50,000–$99,999 | 6.5 | 58.8 | 8.6 | 9.8 | 63.5 | 17.1 | 6.2 | 65.7 | 12.0 | 11.8 | 76.3 | 21.4 | 13.1 | 74.6 | 21.0 | 12.9 | 78.5 | 19.7 |
| $100,000 or more | 7.5 | 74.5 | 12.5 | 6.4 | 74.1 | 11.7 | 5.4 | 73.5 | 10.3 | 6.3 | 78.8 | 14.2 | 6.5 | 77.1 | 13.2 | 5.9 | 76.0 | 12.4 |
| Family Status | | | | | | | | | | | | | | | | | | |
| Married | 7.4 | 62.8 | 10.5 | 7.2 | 62.6 | 12.5 | 5.5 | 63.7 | 10.8 | 7.5 | 72.4 | 15.9 | 8.2 | 71.3 | 17.7 | 7.5 | 73.8 | 17.8 |
| Single male | 7.8 | 43.6 | 12.9 | 8.2 | 46.8 | 17.5 | 6.8 | 54.9 | 17.5 | 6.8 | 54.6 | 15.4 | 7.4 | 52.9 | 19.8 | 9.7 | 57.4 | 21.2 |
| Single female | 5.5 | 45.1 | 7.5 | 6.6 | 42.0 | 13.1 | 6.4 | 42.4 | 11.1 | 7.7 | 53.1 | 16.7 | 11.1 | 55.7 | 26.4 | 10.5 | 57.0 | 24.4 |
| Education of Family Head | | | | | | | | | | | | | | | | | | |
| Below HS diploma | 8.0 | 45.0 | 10.9 | 7.2 | 41.0 | 12.0 | 6.8 | 46.1 | 14.4 | 8.4 | 44.8 | 22.9 | 12.4 | 52.4 | 27.6 | 13.9 | 51.0 | 30.2 |
| HS diploma | 6.5 | 55.8 | 7.4 | 6.8 | 47.6 | 13.5 | 5.9 | 53.6 | 13.9 | 9.6 | 63.6 | 14.6 | 11.1 | 59.5 | 21.8 | 12.2 | 62.0 | 24.2 |
| Some college | 6.5 | 49.3 | 12.4 | 7.0 | 62.1 | 15.7 | 6.5 | 60.0 | 10.2 | 9.8 | 67.9 | 22.1 | 11.7 | 68.7 | 27.4 | 9.9 | 71.9 | 22.6 |
| College degree | 7.4 | 67.2 | 11.2 | 7.4 | 66.1 | 12.2 | 5.5 | 64.9 | 11.4 | 6.5 | 69.6 | 14.9 | 7.2 | 69.0 | 15.7 | 6.9 | 71.1 | 14.7 |
| Net Worth Percentile[b] | | | | | | | | | | | | | | | | | | |
| Lowest 25% | 32.2 | 48.3 | 24.0 | 45.2 | 48.6 | 40.6 | 45.3 | 56.0 | 42.7 | 57.4 | 57.5 | 59.3 | 85.3 | 59.5 | 76.0 | 93.8 | 64.1 | 80.4 |
| 25%–49% | 12.3 | 53.1 | 9.9 | 21.5 | 59.9 | 19.4 | 14.8 | 56.4 | 13.9 | 25.4 | 66.9 | 22.5 | 32.5 | 71.1 | 32.4 | 30.7 | 69.6 | 27.6 |
| 50%–75% | 9.0 | 56.3 | 9.1 | 8.3 | 45.7 | 10.8 | 9.9 | 54.1 | 11.4 | 13.3 | 64.2 | 11.4 | 11.9 | 60.1 | 12.0 | 15.0 | 64.4 | 12.8 |
| 75%–90% | 7.0 | 54.4 | 7.3 | 6.5 | 52.1 | 7.0 | 5.8 | 54.8 | 4.8 | 8.2 | 60.2 | 9.1 | 10.3 | 62.3 | 10.6 | 9.3 | 66.6 | 9.2 |
| Top 10% | 5.8 | 62.5 | 3.4 | 5.1 | 66.5 | 4.1 | 3.7 | 61.3 | 4.8 | 3.9 | 68.6 | 5.2 | 4.1 | 63.8 | 5.9 | 3.5 | 59.0 | 5.7 |
| Working Status of Family Head | | | | | | | | | | | | | | | | | | |
| Works for someone else | 10.1 | 78.5 | 13.0 | 13.5 | 80.5 | 17.9 | 10.9 | 79.2 | 15.8 | 12.9 | 80.9 | 22.6 | 12.6 | 81.9 | 24.6 | 13.6 | 80.9 | 22.8 |
| Self-employed | 8.8 | 71.1 | 11.3 | 6.6 | 74.2 | 10.8 | 6.2 | 73.5 | 10.4 | 5.6 | 79.5 | 9.2 | 6.9 | 77.7 | 12.9 | 5.3 | 78.9 | 12.8 |
| Retired | 4.7 | 44.9 | 8.2 | 4.5 | 38.7 | 9.0 | 3.2 | 42.8 | 8.6 | 4.8 | 49.6 | 11.7 | 6.4 | 49.2 | 18.1 | 6.4 | 53.8 | 18.3 |
| Other nonwork | 5.0 | 35.4 | 5.3 | 9.9 | 37.7 | 16.5 | 4.0 | 22.7 | 4.0 | 13.0 | 84.1 | 26.0 | 22.8 | 78.5 | 40.6 | 25.2 | 80.4 | 48.9 |

Source: Employee Benefit Research Institute estimates from the 1992, 1998, 2001, 2007, 2010, and 2013 Survey of Consumer Finances.

[a] This includes only those who have debt.

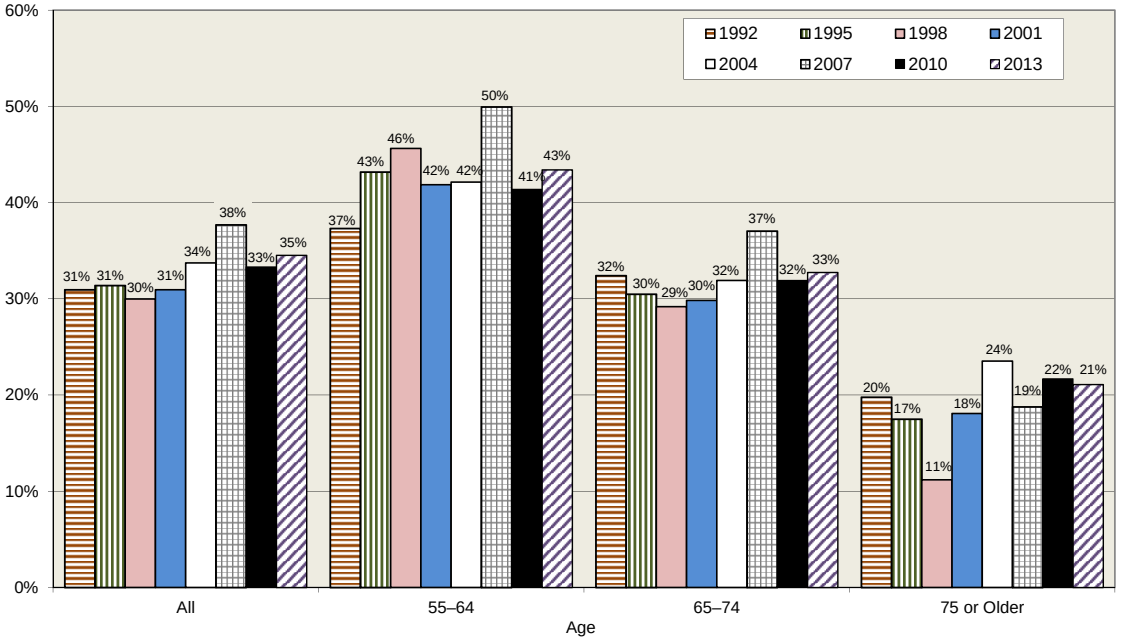
[b] Net worth percentiles are for the families with a head age 55 or older, not for all families.

Figure 11
**Percentage of American Families With Heads Ages 55 or Older With Housing Debt, by Age of Family Head, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

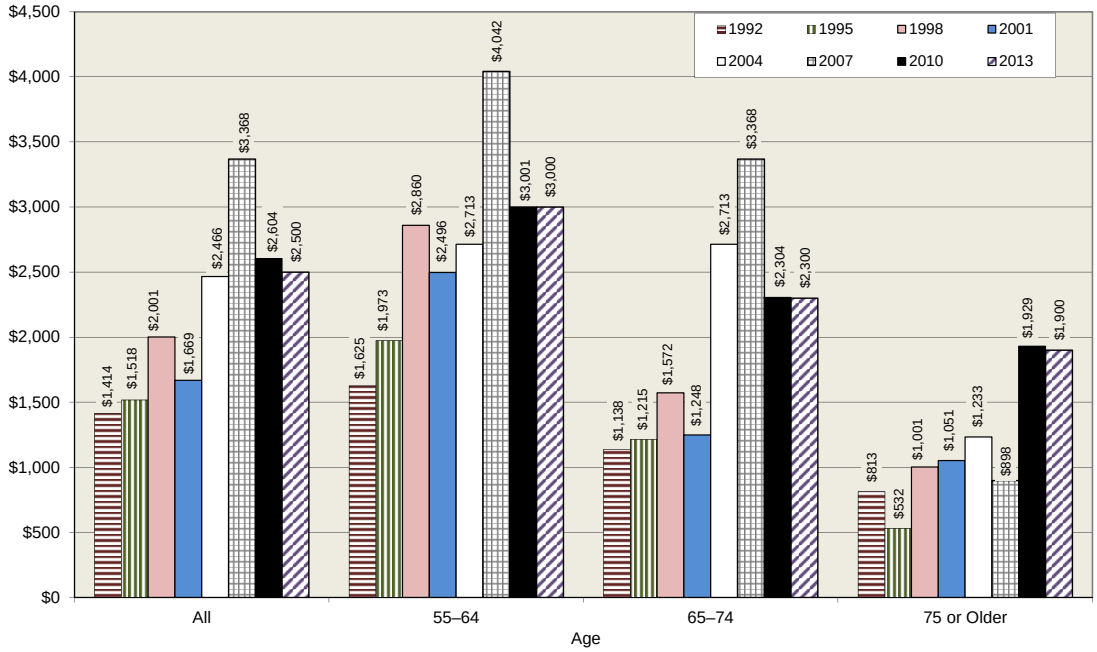
Figure 12
**Percentage of American Families With Heads Ages 55 or Older With Credit Card Debt, by Age of Family Head, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.

Figure 13

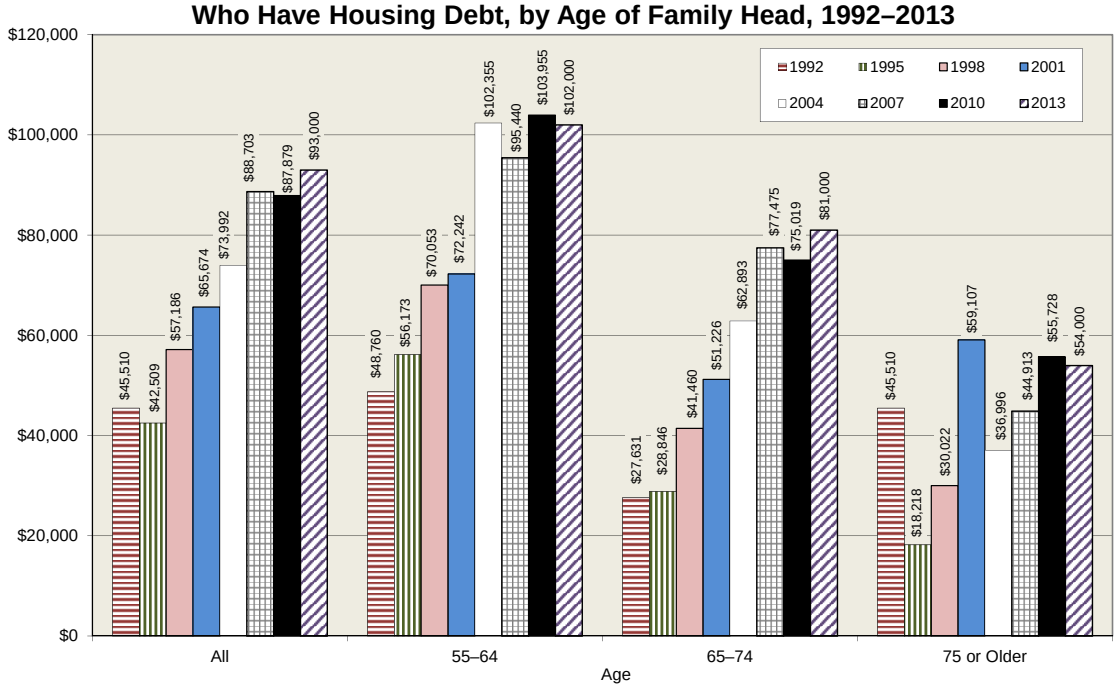
**Median Credit Card Debt for Those Families With Heads Ages 55 or Older With Credit Card Debt, by Age of Family Head, 1992–2013**



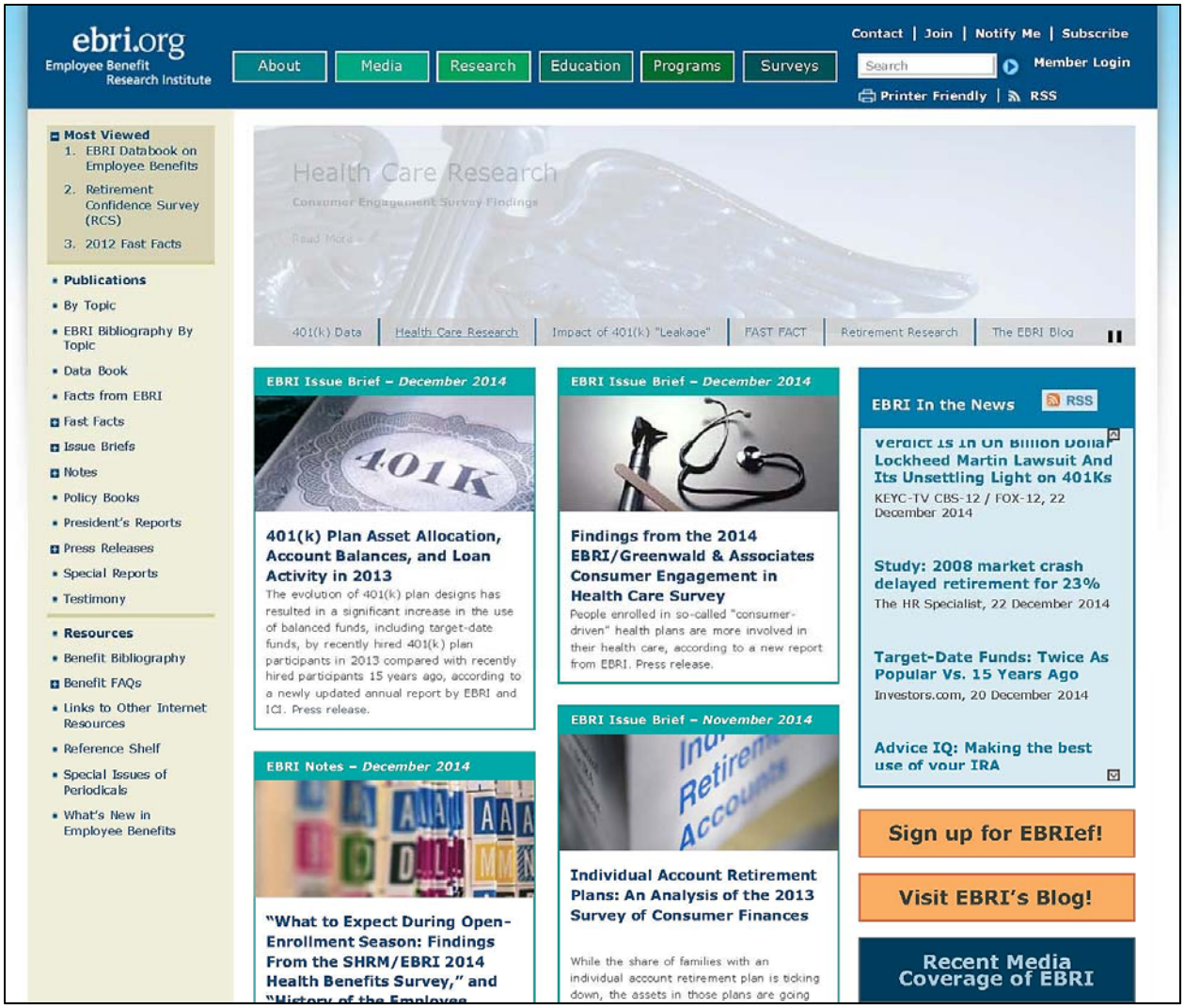

Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.
Note: All dollar figures are in 2013 dollars.

Figure 14

**Median Housing Debt for Families With Heads Ages 55 or Older Who Have Housing Debt, by Age of Family Head, 1992–2013**




Source: Employee Benefit Research Institute estimates from the 1992, 1995, 1998, 2001, 2004, 2007, 2010, and 2013 Survey of Consumer Finances.
Note: All dollar figures are in 2103 dollars.

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