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AARP Bulletin Survey
on
Consumer Saving and Debt

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AARP Bulletin Survey on Consumer Saving and Debt

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Research & Strategic Analysis

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The AARP Bulletin conducted a survey to understand consumer habits surrounding saving and debt. Given the weak economy and increased pressure on individuals to save for their own retirement, it is important to have insight about these behaviors. The survey was fielded among a nationally representative sample of 1,018 adults at least 18 years old from August 25 to 28, 2011. The margin of sampling error for total respondents is $\pm 3.07\%$. The key findings are presented below, followed by more detailed analysis.

Key Findings

- **Over the last year, many adults report saving more or spending less.** Three quarters (76%) of adults and/or their spouse have started saving more of their money and/or started to cut back on their spending in the past 12 months.
- **Nearly nine in ten of the adults who changed their spending and/or saving behavior have done so to have more money available for emergencies.** Among adults who have started to save more and/or to cut back on their spending (n=734), the most popular reason among those probed in this survey is to have more money available for emergencies (87%). This is followed by wanting to have more money saved for retirement (70%), having a decline in household income in the past 12 months (51%), thinking they or their spouse may lose a job in the next 12 months (36%), and having lost a job in the past 12 months or their spouse having done so (29%).
- **About half (53%) of adults and/or their spouse are currently saving for retirement.**
- **Roughly a third or more of adults have a mortgage payment, vehicle loan, or credit card balance that is not paid in full each month.** Among the types of loans or obligations probed in this survey, the most common is a mortgage payment (42%), followed by a vehicle loan (36%), credit card balance that is not paid in full each month (32%), student loan (21%), and cash owed to other people (12%).
- **Roughly three quarters of adults who have tried to reduce their debt in the last six months have done so by reducing the amount they dine out, their consumer good purchases and their vacations as well as by paying with cash or a debit card instead of a credit card.** Among adults who have tried to reduce their debt over the last six months (n=586), the most common way among those probed in this survey is cutting down on expenses such as eating out, consumer good purchases and vacations (75%). This is followed by putting purchases on a debit card or paying cash rather than using a credit card (73%), paying more than the minimum balance on their credit card each month (57%), and negotiating better terms with lenders or people to whom money is owed (23%).

Detailed Analysis

Saving more and/or spending less

In the past 12 months, 76% of adults report they and/or their spouse/partner started saving more of their money and/or started to cut back on their spending. In fact, 28% started saving more and 64% started to cut back on spending. Among those age 50+ (n=617), 73% started saving more (20%) and/or starting cutting back on spending (65%). Women (79%) are more likely than men (72%) to report they and/or their spouse/partner have started saving more or started cutting back on spending. Among adults at least 25 years old (n=937), 76% report saving more and/or starting to cut back on spending. This is slightly lower than Spring 2009, when 79% of this age group (n=1035) reported doing so.

Reasons for saving more and/or spending less

More money available for emergencies. Among adults age 18+ who have started saving more or started cutting back on spending in the last 12 months (n=734), nearly nine in ten (87%) say wanting to have more money available for emergencies is a reason for doing so (65% say it is a major reason and 22% say it is a minor reason for doing so). Among the 50+ (n=431), 83% say this is a reason (59% say it is a major reason and 24% say it is a minor reason). Among those age 25+ (n=680), 86% say this is a reason (64% say it is a major reason and 21% say it is a minor reason). This is consistent with spring 2009 (n=797) data among adults age 25+ when 86% said it was a reason.

More money saved for retirement. Among adults who have started saving more or started cutting back on spending (n=734), seven in ten (70%) say wanting to have more money saved for retirement is a reason for doing so (46% say it is a major reason and 24% say it is a minor reason). Similarly, among the 50+, 70% say this is a reason. For those age 25+, the number has changed little since spring 2009: It was 73% then and it is 72% now.

Decline in household income. Among adults who have started saving more or started cutting back on spending (n=734), about half (51%) say a decline in their household income in the past 12 months is a reason for doing so (38% say it is a major reason and 13% say it is a minor reason). Among the 50+, the same proportion (51%) say it is a reason. Among those 25+, it is very similar to 2009. Then, 54% said this was a reason compared with 52% who now say it is a reason.

Potential job loss. Among adults who have started saving more or started cutting back on spending (n=734), about a third (36%) say thinking their spouse/partner may lose a job in the next 12 months is a reason (18% say a major reason and 18% say it is a minor reason). Among the 50+, fewer (26%) cite this as a reason. Among the 25+, fewer fell this way than in spring 2009. In 2009, 48% cited this as a reason while only 36% cite this as a reason today.

Actual job loss. Among adults who have started saving more or started cutting back on spending (n=734), almost three in ten (29%) say the loss of a job in the past 12 months by themselves or a spouse/partner is a reason (22% say it is a major reason and 7% say it is a minor reason). Among the 50+, only 18% cite this as a reason. Among the 25+, the proportion remains unchanged from 2009: Both then and now, 29% cite this as a reason.

Saving for retirement

Just over half (53%) of adults aged 18+ say they are currently saving for retirement. Among those age 25+, this figure increases to 57% -- slightly higher than it was for this age group in 2009 at 51%.

Loans and obligations

Mortgage payment. The most common type of loan or obligation among those probed is a mortgage payment, reported by 42% of adults age 18+. This figure is similar to May 2009 when 38% of adults age 18+ (n=1005) had a mortgage payment. However, among the 50+ population, more report having a mortgage payment now (44%) than in May 2009 (36%).

Vehicle loans. About a third (36%) of adults age 18+ report having a vehicle loan. Adults under age 50 are more likely than adults aged 50+ to have one: 41% vs. 29%. While figures have not changed among the 50+ since 2009 (29% had a vehicle loan then and 29% say they have one now), the numbers have gone up for adults under age 50. In 2009, 36% had a vehicle loan compared with 41% who do now.

Credit card balance. Almost a third (32%) of adults 18+ report having a credit card balance that is not paid in full every month. This is more common among women (35%) than men (28%). Figures are similar for those under age 50 (32%) and those age 50+ (31%). Again, numbers have changed little since May 2009 when 30% of the 18+ reported a credit card balance that is not paid in full each month, as did 31% of adults under age 50 and 29% of those age 50+.

Student loans. About a fifth (21%) of adults age 18+ say they have a student loan. Not surprisingly, those under age 50 (31%) are more likely than those age 50+ (7%) to have one. These numbers are all slightly higher than they were in May 2009 when 16% of adults reported a student loan, including 25% of those under age 50 and 5% of those age 50+.

Cash owed to others. Just over one in ten (12%) of adults age 18+ report owing cash to other people. Twice as many adults under age 50 (16%) report this than adults age 50+ (8%). These numbers are similar to 2009 when 14% of those 18+ owed cash to others, including 17% of those under age 50 and 11% of those age 50+.

Debt Reduction

Over four in ten adults age 18+ (43%) have tried to reduce debt in the last six months while 55% have not. This is similar to May 2009 when 46% had tried to reduce debt.

Reduce expenses. Among those who tried to reduce debt (n=586), three quarters (75%) did so by cutting down on expenses such as eating out, consumer goods purchases and vacations. Women (80%) are more likely than men (68%) to say they have done this. The proportion of adults age 18+ who reported this in May 2009 was 70%.

Paying cash or using a debt card. Among those who tried to reduce debt (n=586), almost three quarters (73%) did so by putting purchases on a debit card or paying cash rather than using a credit card. Adults under age 50 are more likely than those age 50+ to report having done this: 78% vs. 66%. While figures are similar to May 2009 for the total 18+ population (70%), the figure in 2009 was lower for those under age 50 (72%) and higher for those age 50+ (69%).

Pay more than minimum balance. Among those who tried to reduce debt (n=586), over half (57%) report paying more than the minimum balance on their credit card each month. This is similar to the 55% of those 18+ who reported doing so in May 2009. Responses did not vary significantly by age either in 2009 or now.

Negotiating better terms. Among those who tried to reduce debt (n=586), less than a quarter (23%) report negotiating better terms with lenders or people to whom they owe money. Women (27%) are more likely than men (18%) to report doing so. Similarly, adults under age 50 (28%) are more likely than adults age 50+ (16%) to report this. In 2009, 21% of those age 18+ reported negotiating better terms with lenders or people to whom they owe money, including 21% of adults under age 50 and 21% of those age 50+.

Survey methodology

The survey was conducted for AARP by Social Science Research Solutions (SSRS), an independent research firm. Interviews were conducted August 25-28, 2011, among a nationally representative sample of 1,018 adults age 18 and older. The margin of error for total respondents is $\pm 3.07\%$ at the 95% confidence level.

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Annotated Questionnaire

The study was conducted for AARP via telephone by SSRS, an independent research company. Interviews were conducted from August 25 to August 28, 2011 among a nationally representative sample of 1,018 respondents age 18 and older. Of those, a total of 396 are age 18-49, a total of 320 are age 25-50 and a total of 617 are age 50+. The margin of error for total respondents is +/-3.07% at the 95% confidence level. All n's shown are unweighted. Age-breaks are provided to facilitate comparison with 2009 data reports in the AARP Bulletin Survey on Retirement Savings (April 2009) and the AARP Bulletin Survey on Consumer Debt and Loans.

1. In the past 12 months, have you or your spouse/partner started saving more of your money or started to cut back on your spending?

	-----YES-----			No	Don't know	Refused
	NET	Started saving more money	Started to cut back on spending			
Total	76	28	64	24	1	*
18-49	77	34	63	22	1	--
25-49	79	33	65	20	1	--
25+	76	27	65	23	1	*
50+	73	20	65	26	*	*

2. (Asked of total who have started saving more or started cutting back on spending; total n = 734, 18-49 n=300, 25-49 n=249, age 50+ n=431) Now I will read you some reasons that people may start saving or start cutting back on spending. For each reason, please tell me if that is a major reason, a minor reason, or not a reason at all that you have started saving more or started cutting back on spending.

a. You want to have more money saved for retirement

	REASON			Not a reason at all	Don't know	Refused
	NET	Major	Minor			
8/28/11 Total	70	46	24	29	*	*
18-49	70	41	28	29	*	1
25-49	74	46	28	25	*	1
25+	72	49	23	27	*	*
50+	70	53	17	30	*	--

b. You want to have more money available for emergencies

	REASON			Not a reason at all	Don't know	Refused
	NET	Major	Minor			
8/28/11 Total	87	65	22	13	*	*
18-49	90	69	21	10	--	--
25-49	88	69	20	12	--	--
25+	86	64	21	14	*	*
50+	83	59	24	17	*	*

c. You think you/your spouse/partner may lose a job in the next 12 months

	REASON			Not a reason at all	Don't know	Refused
	NET	Major	Minor			
8/28/11 Total	36	18	18	64	*	--
18-49	43	21	22	57	*	--
25-49	45	23	22	55	*	--
25+	36	19	17	64	*	--
50+	26	15	12	73	*	--

d. You/your spouse/partner have lost a job in the past 12 months

	REASON			Not a reason at all	Don't know	Refused
	NET	Major	Minor			
8/28/11 Total	29	22	7	71	*	--
18-49	37	27	10	63	--	--
25-49	39	30	9	61	--	--
25+	29	22	7	71	*	--
50+	18	14	4	82	1	--

e. Your household income has declined in the past 12 months

	REASON			Not a reason at all	Don't know	Refused
	NET	Major	Minor			
8/28/11 Total	51	38	13	49	*	--
18-49	51	39	12	49	*	--
25-49	53	40	13	47	*	--
25+	52	38	13	48	1	--
50+	51	36	14	49	1	--

3. Are you or your spouse/partner currently saving for retirement?

	Yes	No	Don't know	Refused
8/28/11 Total	53	46	*	--
18-49	57	43	*	--
25-49	65	35	*	--
25+	57	42	*	--
50+	49	50	1	--

4. Do you currently have any of the following types of loans or obligations?

a. A credit card balance that is not paid in full every month

	Yes	No	Don't know	Refused
8/28/11 Total	32	68	*	*
18-49	32	68	--	--
50+	31	67	1	*

b. A mortgage payment

	Yes	No	Don't know	Refused
8/28/11 Total	42	58	*	*
18-49	41	59	*	--
50+	44	56	--	*

c. A student loan

	Yes	No	Don't know	Refused
8/28/11 Total	21	79	--	--
18-49	31	69	--	--
50+	7	93	--	--

d. A loan that you pay on a vehicle (for example, a car note)

	Yes	No	Don't know	Refused
8/28/11 Total	36	64	--	*
18-49	41	59	--	--
50+	29	70	--	*

e. Cash that you owe to other people

	Yes	No	Don't know	Refused
8/28/11 Total	12	87	--	*
18-49	16	84	--	--
50+	8	92	--	*

5. Which of the following things have you done in the last 6 months to reduce your debt?

a. First would you say you haven't tried to reduce your debt over the last 6 months

	Yes	No	Don't know	Refused
8/28/11 Total	43	55	1	*
18-49	44	54	1	--
50+	41	57	1	*

Of those who have tried to reduced debt over the last 6 months (total n = 586, 18-49 n=225, 50+ n=360)

b. You have put purchases on a debit card, or paid cash, rather than use your credit card

	Yes	No	Don't know	Refused
8/28/11 Total	73	26	*	1
18-49	78	22	--	*
50+	66	32	1	1

c. You have paid more than the minimum balance on your credit card each month

	Yes	No	Don't know	Refused
8/28/11 Total	57	41	1	1
18-49	57	41	1	1
50+	56	41	1	2

d. You have cut down on expenses such as eating out, consumer good purchases and vacations

	Yes	No	Don't know	Refused
8/28/11 Total	75	25	*	*
18-49	77	23	--	--
50+	72	28	*	*

e. You have negotiated better terms with lenders or people you owe money to

	Yes	No	Don't know	Refused
8/28/11 Total	23	77	*	*
18-49	28	72	--	--
50+	16	83	1	1



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