Easing the Debt Crisis for Older Americans

*Nonprofit credit, student loan counseling agency Take Charge America breaks down issue, shares advice for seniors in debt*

PHOENIX – (May 16, 2017) – More older Americans than ever before are carrying debt into retirement – and often their debt grows from there. From medical and credit card debt to home mortgages and even student loans, many seniors are living on a fixed income and find it impossible to juggle daily expenses and loans.

“Seniors in debt often are forced to make impossible decisions about how to spend their limited funds,” said Michael Sullivan, a personal finance consultant with Take Charge America, a national nonprofit credit counseling and debt management counseling agency. “For many, this means forgoing needed home repairs, missing doctor’s appointments, cutting pills or skipping meals in order to afford a loan payment.”

According to the Federal Reserve Bank of New York, debt among seniors has grown steadily in recent years. The percentage of total household debt held by people age 60 and older has nearly doubled from 12.6 percent in 2003 to 22.5 percent in 2016, topping out at nearly $3 trillion.

To help seniors deal with increasing debt, Sullivan offers some options:

**Credit counseling:** The AARP has reported that people over 50 with credit card debt now carry higher balances than those under 50. They often use credit cards as backup for basic living expenses, medical care and emergencies, underscoring a worrisome trend. Credit counseling is a free service that can help seniors develop a realistic budget and identify personalized solutions to eliminate debt.

**Student loan counseling:** The Consumer Financial Protection Bureau reports the number of Americans age 60 and over who carry student debt quadrupled from 2005 to 2015, with average debt ballooning to $23,500. Forty percent of debtors over age 65 are in default, often losing access to Social Security to recoup unpaid student debt. Seniors with student debt have reported that loan servicers are not forthcoming about loan repayment options and fail to provide borrowers with access to loan information. Student loan counselors can help match seniors to the best repayment option, interface directly with servicers and help handle all of the legwork.

**Home Equity Line of Credit:** HELOCs typically offer a lower interest rate than most credit cards, and borrowers may qualify to deduct HELOC interest. Like other loans, a HELOC will need to be repaid, but it may be preferable to credit card or other debt.

**Reverse mortgage:** Though not ideal for everyone, a reverse mortgage enables homeowners 62 years and older to convert part of their home equity into tax-free cash to cover living expenses and debt repayment. A reverse mortgage counselor can help determine if this is the right solution.
Bankruptcy: Though always a worst-case scenario, bankruptcy may be the most appropriate solution for older people who are losing the battle with debt. A nonprofit credit counseling agency can help seniors determine if bankruptcy is the right route, or if debt management could work.

Consumers seeking relief from credit cards, student loans or other debt can visit takechargeamerica.org or call (877) 784-2008.

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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