

Give Millennials Some Credit

But don't expect them to pay it all back soon

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Retailers count on customers to spend money they don't really have, with credit cards enabling this financial sleight of hand. Millennials fully participate in the practice, even as they start earning serious money. Millennials carry lots of credit card debt, but they are wary of carrying even more.

March 2019 polling by Morning Consult asked US adults about their credit card debt. Among millennials (ages 22 to 37 in the survey), 34% said they have none. One in four said they have more than \$5,000 in such debt, including 12% who said it amounts to more than \$10,000. Another 35% of millennials said their credit card debt is under \$5,000.

How Much Credit Card Debt Do US Adults Have?

% of respondents, by generation, March 2019

	Gen Z (18-21)	Millennials (22-37)	Gen X (38-53)	Baby boomers (54-72)	Total
<\$5,000	24%	35%	35%	34%	34%
\$5,000-\$9,999	7%	13%	14%	11%	12%
\$10,000-\$19,999	2%	7%	8%	9%	8%
\$20,000-\$29,999	2%	3%	4%	3%	3%
\$30,000-\$39,999	1%	1%	2%	1%	1%
\$40,000-\$49,999	1%	-	1%	-	1%
\$50,000+	2%	1%	2%	1%	1%
No credit card debt	50%	34%	30%	36%	35%

Note: among adult internet users; numbers may not add up to 100% due to rounding or nonresponses

Source: Morning Consult, "National Tracking Poll #190331," April 8, 2019

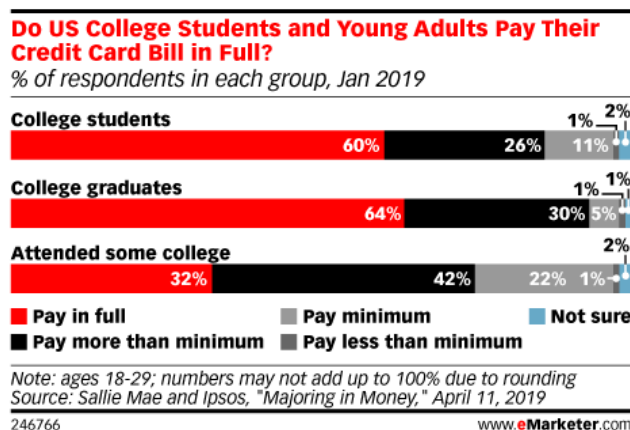
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January 2019 polling by Ipsos and Sallie Mae looked at credit card usage among three subsets of 18- to 29-year-olds: those who are students (ages 18 to 24), those who have some college, and those who are college graduates (ages 21 to 29). Among students, credit card balances over the past 12 months averaged \$1,183. The figure was about twice as high for college graduates (\$2,351). Alarming, it was far higher among young adults who attended some college (\$3,281). This cohort includes many people who have some student debt but don't get the boost in income that often comes with a college degree. As such, their ability to handle heavy credit card debt can be shaky.

Notwithstanding their reputation as a bunch of Uber habitués, many millennials own cars—which means many are paying off car loans. Morning Consult found 37% of millennials paying off such a loan, and 32% who used to have a car loan but paid it off. This obviously compounds the difficulty millennials experience in coping with their credit card debt.

Enduring various financial pressures, many millennials struggle to pay off their credit card bills in full every month. The Ipsos/Sallie Mae survey found this especially true of those who attended some college. Of that group, about one in three said they pay their credit card bills in full, while one in four pay the minimum or less than the minimum. While the figures were much better for college graduates, fewer than two-thirds reported paying in full. As millennials increasingly reach a life stage at which they want to become homeowners, a spotty history in paying their credit card bills could come back to haunt them when they apply for mortgages.



Millennials feel stretched by the multiple kinds of debt they carry, and are eager to feel unstretched. That came across in an April 2019 report by the Transamerica Center for Retirement Studies: Asked to cite their current financial priorities, 67% of millennial respondents (ages 18 to 39) spoke of paying off their debt. That included 44% who specified paying off a credit card and 22% citing student loans.

An underlying problem is the Great Recession's lingering effect on millennials. In the Transamerica Center for Retirement Studies poll, nearly one in four millennials said that they either have not yet begun to recover from the recession (16%) or they may never recover (7%). Another 34% said they have somewhat recovered.