

Record High Debt Levels Are Impacting Your Workforce

According to a [report released by the American Psychological Association](#), work and money are cited as top sources of significant stress along with health-related concerns. Their 2018 survey listed additional options for adults to consider when reporting stress. One newly mentioned source that emerged out of the survey was personal debt (e.g., student loans, credit card debt) as a significant stressor for more than two in five adults.

In 2018, outstanding student loan debt hit a record high of \$1.5 trillion nearly doubling from ten years ago. In a [Forbes.com article on student loan debt statistics](#), student loan debt is now the second highest consumer debt category. While it falls behind mortgage debt, it remains higher than outstanding credit card debt and auto loans. However, what remains even more shocking is that of the 44 million borrowers in the U.S., women represented the majority of borrowers because 56 percent of college students are now women. The American Association of University Women (AAUW) released a report, [Women's Student Debt Crisis in the United States](#), revealing that not only do women take on more student



loan debt than men, but are [often paid less after college](#), 26 percent less on average, than their male counterparts. This is likely contributing to women making slower progress on their student loan repayments.

Repayment of loans continues to be an issue for everyone however. Currently, [student loan new delinquent balances](#), meaning newly delinquent at 30+ days accounts for \$32.6 billion in outstanding loan debt. Seriously delinquent accounts, those delinquent for 90+ days, contributed to another roughly \$31 billion of outstanding student loans. It's no wonder why student loan debt is showing as a significant source of personal stress for so many.

Credit card debt was also identified under the personal debt stress revealed by the [American Psychological Association's report](#). Like student loan debt, the average credit card debt in America has also risen over the last decade. Newly graduated college students need a credit card to help them establish a credit history to do things

like rent an apartment in a new city where they have obtained a post-college job. Because certain industries may pull a credit report as a part of the employee-vetting process, a personal credit history may even contribute to newly graduated students getting a job. But credit card debt cannot necessarily be tied to this age or gender group.

ValuePenguin's Average Credit Card Debt

Statistics find that the mean credit card debt held by men averages roughly 20 percent higher than women's credit card debt. Further findings

Individuals in the highest annual income percentile held four times more credit card debt than households in the lowest annual income percentiles.

revealed that millennials held the least credit card debt and were among the least likely to hold a credit card. But,

here's the big reveal. Value Penguin found that the greater the household income, the higher the credit card debt. Surprisingly, individuals in the highest annual income percentile held nearly four times more credit card debt than households in the lowest annual income percentiles.

So, the take-away here is that personal debt is a wide-spread problem and it's likely impacting your workforce at all employee levels. It's also why employers need to add financial wellness services beyond retirement programs to their suite of employee benefits and work perks. A well-rounded financial wellness program helps

employees develop positive financial behaviors such as budget and debt management, wealth protection, estate planning, and more. Ultimately, it empowers employees to develop positive financial behaviors that result in better financial security.

For another view on financial wellness, check out our article [Bridge the Employee Generation Gap](#) which addresses common financial issues by generation. Or, talk to your Alliant representative about new approaches that may better target your employees based on your unique culture, demographics, and much more.

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