



# AmericaSaves®

## *You Can Build Wealth*

### WHY SAVE MONEY

Youth today are spending money--a lot of it, \$172 billion in spending, according to a June 2003 online Harris Interactive Youth Pulse survey of 3,432 young people ages eight to 21 years.

The study breaks down spending habits into three categories:

- Pre-teens, ages 8-12, spend \$19.1 billion dollars per year (\$946 per child)
- Teens, ages 13-19, spend \$94.7 billion dollars per year (\$3,309 per child)
- Young adults, ages 20-21, reported spending \$61.3 billion dollars per year (\$7,389 per person)

Students are leaving college with more debt than ever, student loan amounts are increasing, tuition keeps rising, and credit cards are being pushed on students at many campuses. The median education loan debt is nearly \$20,000 for full-time students at four-year colleges. And that's not including credit cards; more than half of students surveyed this winter by Sallie Mae had piled on more than \$5,000 in debt in school. And one-third added more than \$10,000 in credit-card debt.

Graduate school students surveyed by Nellie Mae in 2003 had racked up an average credit card debt of \$7,831. They also reported holding an average of six credit cards each. This heavy reliance on credit by young people is beginning to have extremely negative consequences. Young Americans aged 25-34 have the second-highest rate of bankruptcy (just after those aged 35-44), according to a report released in 2004 by Demos, a nonpartisan research group.

In 2006, the average total debt among Americans aged 22 to 29 rose to \$16,120 - up \$1,475 from 2001. In those five years, the average number of late payments increased by one-third, according to an analysis of 3 million financial records by credit reporting company Experian Group and USA Today.

#### **America Saves**

George Barany, Director of Financial Education, Consumer Federation of America  
1620 I Street, N.W. Suite 200, Washington, DC 20006  
216 375-3255, [gbarany@consumerfed.org](mailto:gbarany@consumerfed.org)