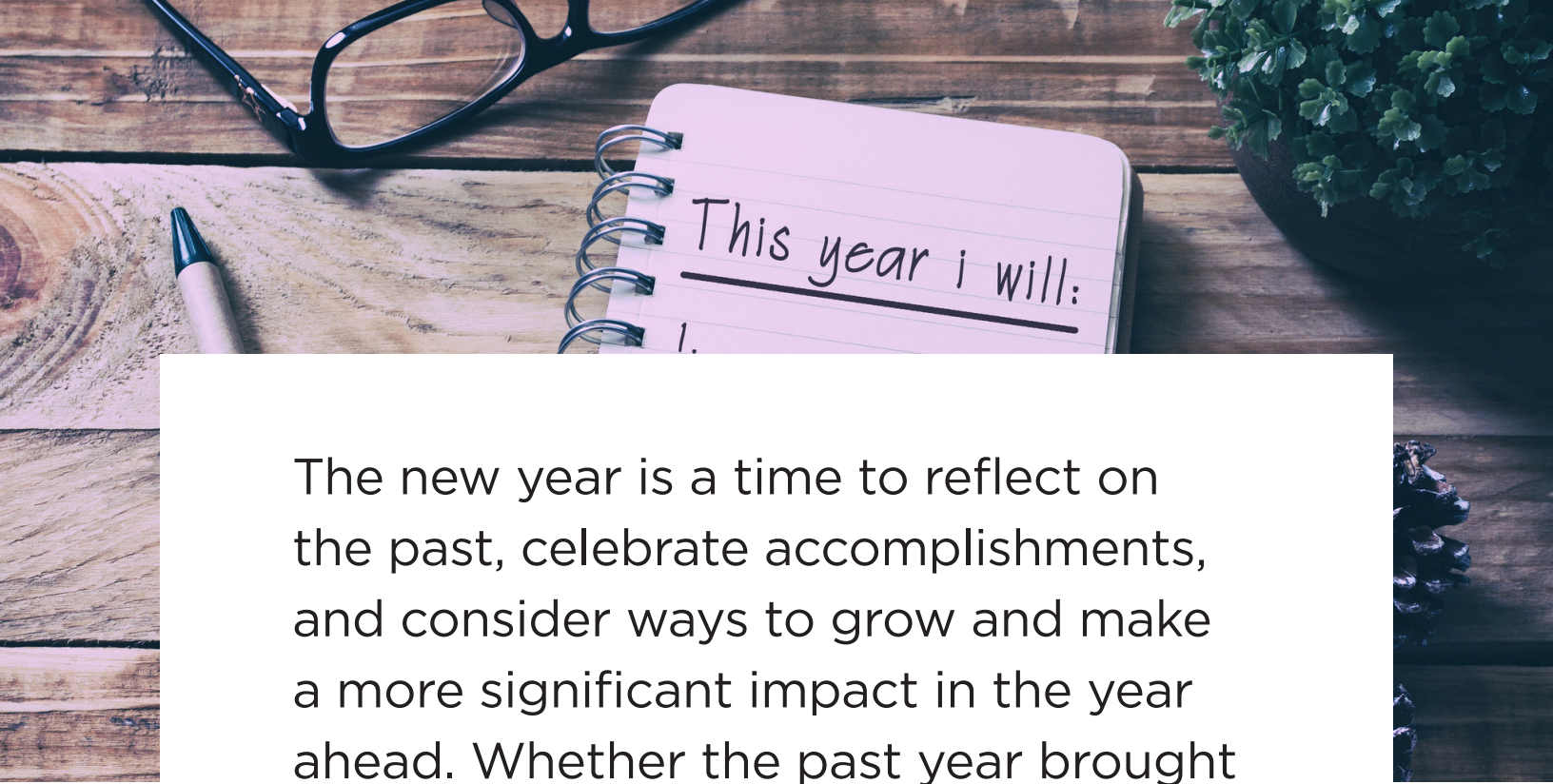


DEBT AND NEW YEAR'S RESOLUTIONS REPORT



2025



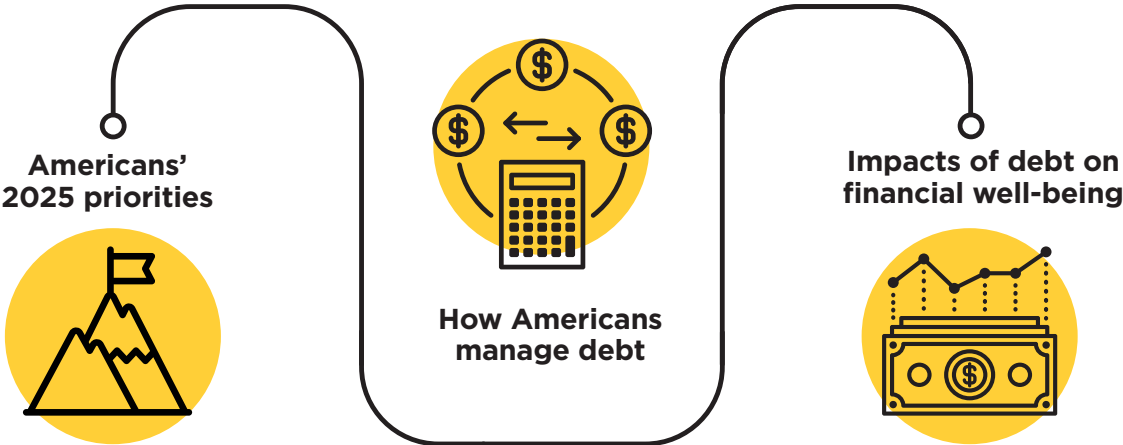
The new year is a time to reflect on the past, celebrate accomplishments, and consider ways to grow and make a more significant impact in the year ahead. Whether the past year brought joy, hardship or both, many people take January 1 as a time to set new goals or start fresh by making New Year’s resolutions. These resolutions may focus on health (e.g., eating better, exercising more, prioritizing mental health), learning new skills or reconnecting with loved ones.

Personal finance is also a common focus for New Year’s resolutions, with goals like saving more, cutting discretionary spending and seeking higher-paying jobs. Many Americans also aim to better manage debt in 2025. According to the Federal Reserve, U.S.

consumer credit balances exceed \$5 trillion, not including mortgages and other real estate-backed debt. Americans struggling with debt can find it difficult, if not impossible, to achieve financial well-being in the new year.

To better understand Americans' priorities as they look ahead at 2025 and how their finances might impact their ability to achieve those objectives, CFP Board's Research team surveyed Americans. The 18-question survey examined how Americans manage debt and how it affects their financial well-being. The survey, conducted in mid-October 2024, generated responses from 806 Americans. The survey data serves as the basis of this report.

SURVEY HIGHLIGHTS



1. Federal Reserve, Consumer Credit - G.19., <https://www.federalreserve.gov/releases/g19/current/default.htm>

Half of debt-holding Americans

difficulty managing at least one category of debt:



Medical



Credit cards



College/
Student loans

Half of Americans

are concerned about the impact debt will have on their:



Financial well-being



Life plans

Reducing debt

is Americans' **#1 financial priority** for 2025



1 in 4 Americans

are seeking advice from a financial planner on how to manage debt



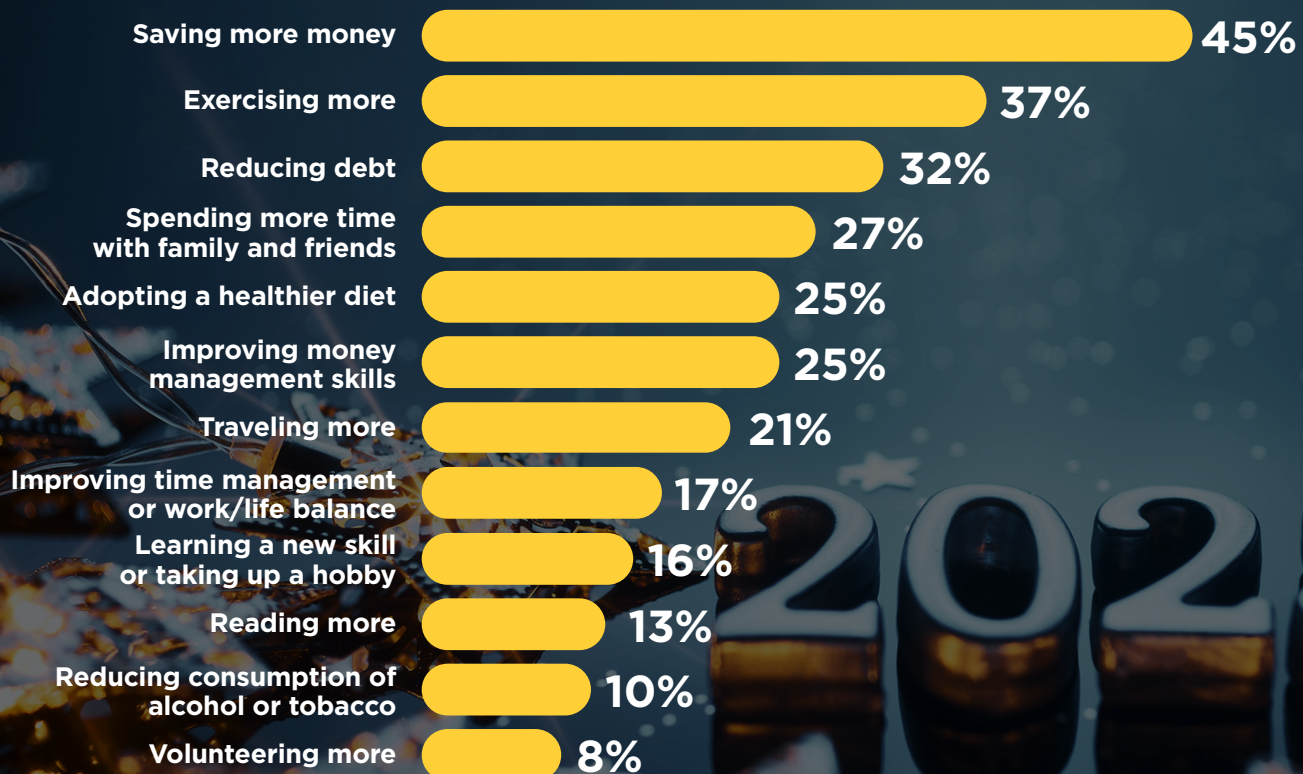
Americans are setting diverse resolutions for 2025, including goals to improve mental and physical health, focus more on family and friends, and build new skills. Two of the top three resolutions focus on personal finance: saving more money (45%) and reducing debt (32%). A quarter of Americans also aim to improve their money-management skills.

Other 2025 New Year's resolutions include:

- Exercising more (37%)
- Spending more time with family and friends (27%)
- Adopting a healthier diet (25%)
- Improving money management skills (25%)
- Traveling more (21%)
- Improving time management or work/life balance (17%)
- Learning a new skill or taking up a hobby (16%)
- Reading more (13%)
- Reducing consumption of alcohol or tobacco (10%)
- Volunteering more (8%)

Saving More Money and Reducing Debt Are Among Americans' Top New Year's Resolutions

(Percent of Respondents)

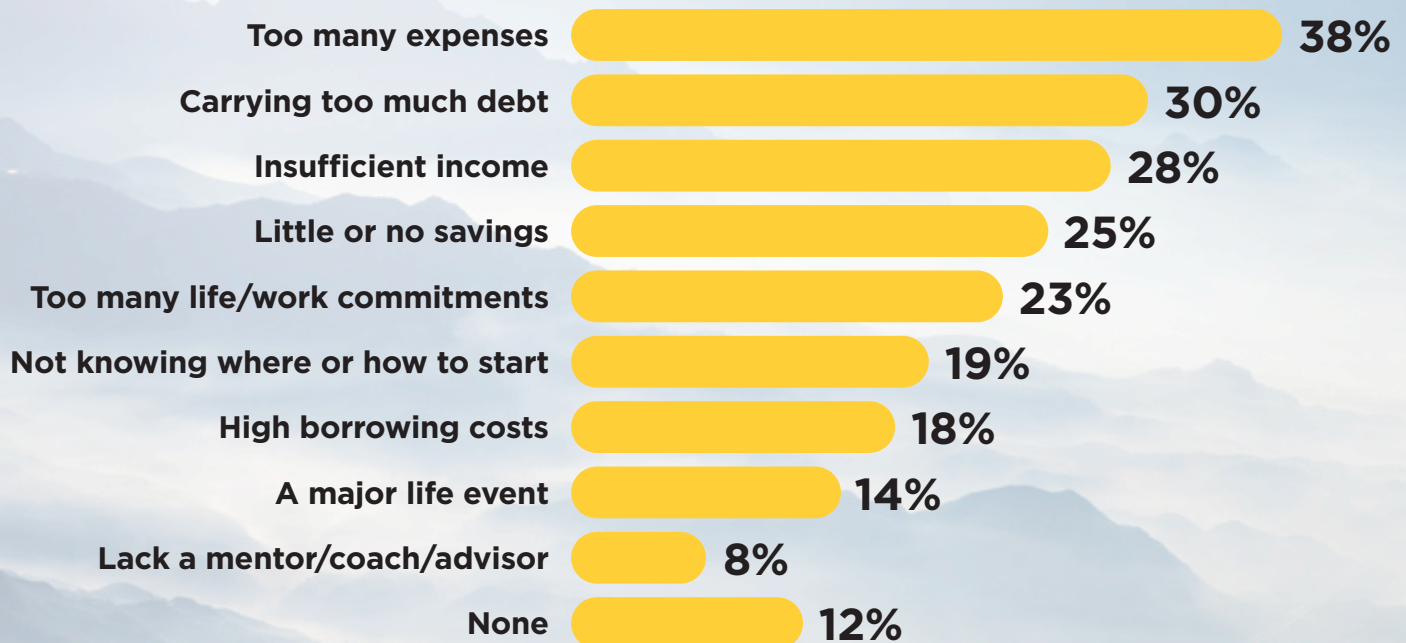


Nearly 9 in 10 Americans cite at least one financial obstacle that may hinder their 2025 resolutions. Almost 2 in 5 Americans report that having too many expenses (38%) could keep them from achieving their resolutions, while 30% identify having too much debt as a challenge. Moreover, about a quarter of Americans indicate that they lack sufficient income (28%) or hold little to no savings (25%), both of which could impede their goals.

Other challenges hindering Americans from achieving their New Year's resolutions include:

- Too many life/work commitments (23%)
- Not knowing where or how to start (19%)
- High borrowing costs (18%)
- A significant life event, such as having a child (14%)
- Lack a mentor/coach/advisor (8%)

Americans Say Expenses and Debt Are Keeping Them From Achieving Their New Year's Resolutions (Percent of Respondents)



Ninety-seven percent of survey respondents have at least one financial priority for 2025. Consistent with the aforementioned obstacles, many Americans aim to reduce debt (42%) or save for a major purchase such as a car, home or vacation (21%).

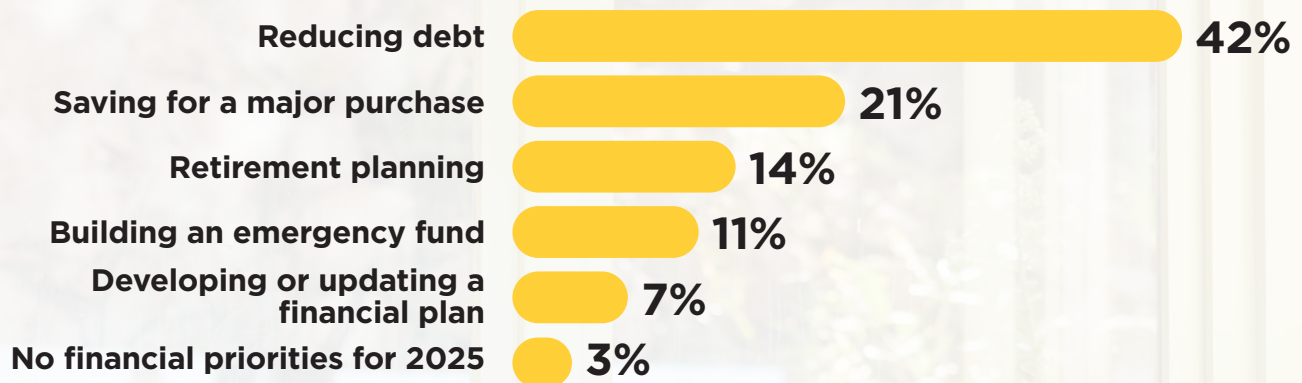
Other financial priorities include long-term goals such as:

- Retirement planning (14%)
- Building an emergency fund (11%)
- Developing or updating a financial plan (7%)

Reducing Debt

Is Americans' Most Common Financial Priority for 2025

(Percentage Distribution of Respondents' Top Financial Priority)



5 in 6 American households report holding at least some debt. These debt types vary greatly, from home or auto loans to credit cards and medical debt. The most commonly held debt types are credit cards (60%) and mortgages (57%). Debt covering college expenses, auto purchases and medical services is less common.

Half of Americans who hold some debt report having particular difficulty managing at least one category of debt. Americans holding a significant amount of medical debt are likely struggling to manage that debt — 7 in 10 Americans with substantial medical debt express difficulty managing that debt (70%). Similarly, 60% of Americans with high levels of credit card debt report straining under that debt. Americans also are struggling with managing debt from:

- College/student loans (47%)
- Auto loans (45%)
- Mortgage/housing debt (39%)

Majority of Americans With High Levels of Debt

Express Difficulty Managing Their Personal Medical Debt or College/Student Debt

(Percentage of Respondents Holding “Much” or “A Great Deal” of Type of Debt)



70%
Medical debt



60%
Credit card debt



47%
College/
student loans



45%
Auto loans



39%
Mortgage/
housing debt

With many Americans concerned about debt and actively seeking financial advice or taking steps to manage it, the type of debt they struggle with — such as college/student loans, mortgages/housing, credit cards or medical debt — affects their financial decisions in practical ways. An individual's struggle with a particular type of debt might directly impact their ability to prioritize their financial well-being in the new year.

Nearly half of those with difficulty managing college/student loans find it difficult to take out new loans for significant purchases, like cars or homes (47%). A similar percentage have sought deferment or forbearance on their college loans (44%). In contrast, a smaller percentage of people facing difficulties managing their college loans have missed payments (31%) or deferred further education (25%).

3 in 10 Americans struggling with mortgage/housing debt plan to refinance in 2025 (30%), hoping for lower interest rates.

Half of those stressed due to excessive credit card debt regularly make only minimum payments and 46% find it hard to limit their card usage, two actions that compound already difficult-to-manage credit card balances.

Nearly half of Americans straining from too much medical debt (47%) have set up repayment plans with healthcare providers to manage their debt better. For many, medical debt affects their willingness to seek necessary care, with nearly a third of this same group delaying treatments or procedures due to medical debt (31%).



Overall, 9 in 10 Americans are taking steps to manage their debt better, often focusing on reducing their financial outflow:

- Reducing discretionary expenses, such as eating out and streaming services (44%)
- Developing and sticking to a budget (41%)
- Reducing spending on necessary expenses, such as shifting to store-brand groceries (39%)

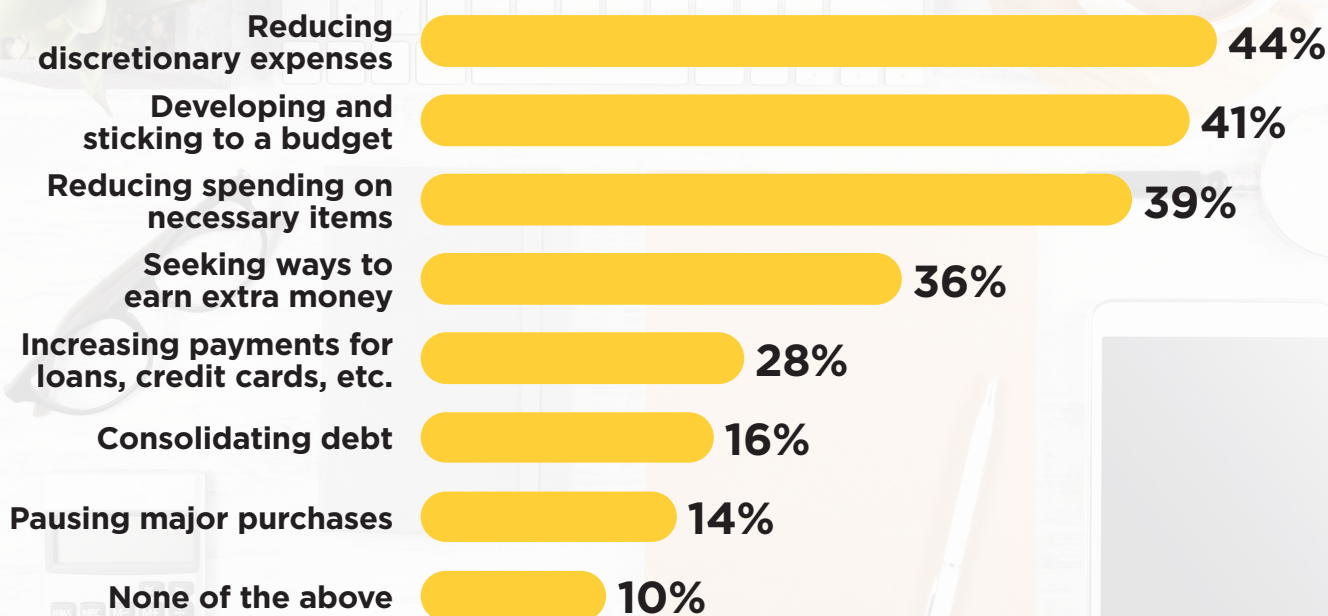
Another strategy for managing debt is increasing income. More than a third of Americans are seeking ways to earn more in the new year (36%), either by pursuing a higher-paying job, asking for a raise or taking on a second job.

Other steps Americans are taking to manage or reduce debt include:

- Increasing payments for loans, credit cards, etc. (28%)
- Consolidating debt (16%)
- Pausing major purchases (14%)

Americans Are Managing Debt

by Reducing Expenses,
Adhering to a Budget and Earning Extra Money
(Percent of Respondents)

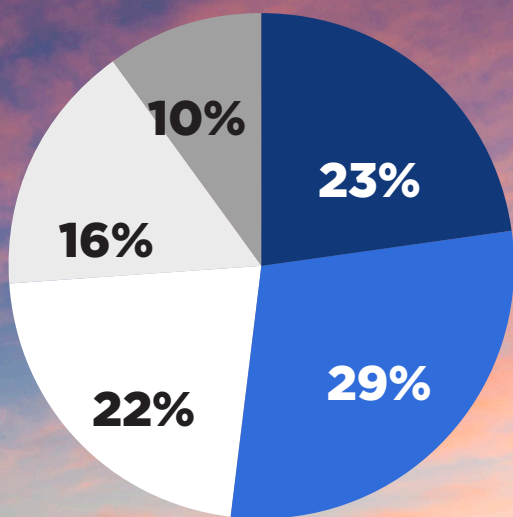


Americans are concerned about debt's long-term effects on their finances and broader life plans. Just over half worry about the long-term impact of debt on their financial well-being (52%), while just under half fear it will affect their life plans (48%). In contrast, just over a quarter of Americans are not concerned about their debt impacting their financial well-being, and 29% feel the same about the impact on their life plans.

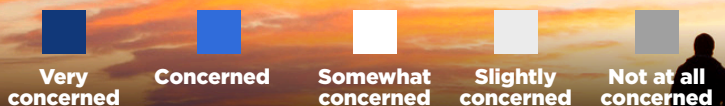
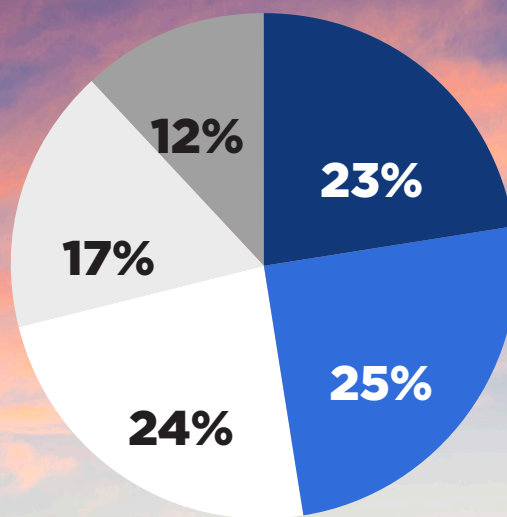
Half of Americans Are Concerned About the Long-Term Impacts Financial Debt

Will Have on Both Their Personal Financial Well-Being and Life Plans
(Percentage Distribution)

Financial Well-Being



Life Plans



Two-thirds of Americans turn to a variety of financial resources for advice on how best to manage debt. The most common are their employer or 401(k) provider (32%), financial websites or apps (29%), and banks or credit unions (29%).

One in four Americans works with a financial planner, such as a CERTIFIED FINANCIAL PLANNER® professional, for advice on how best to manage debt to create a holistic financial plan.

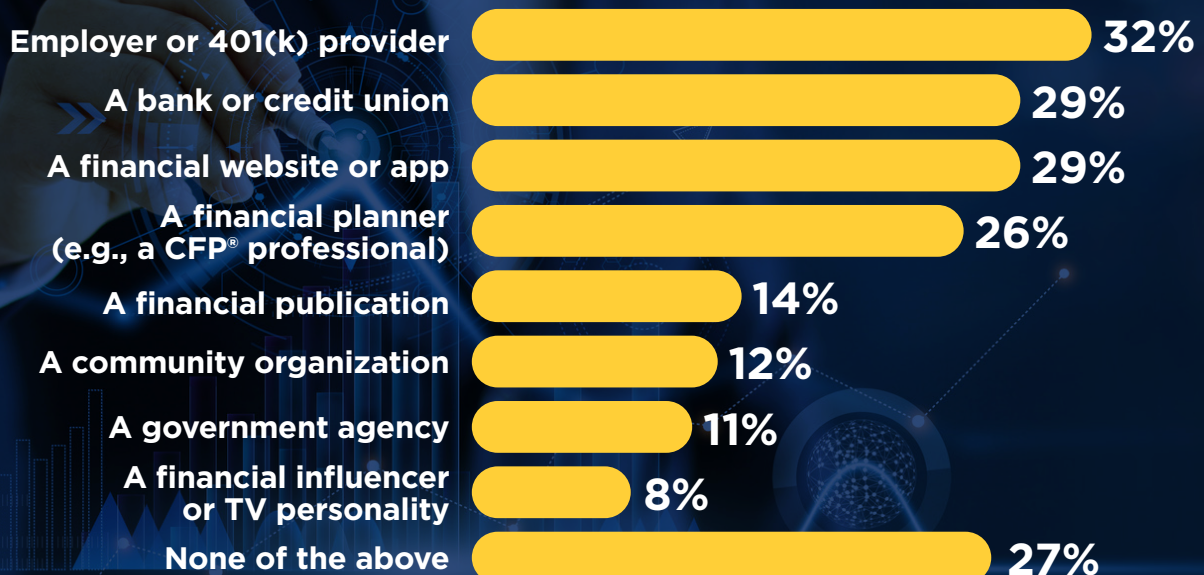
Other resources Americans use for financial advice include:

- A financial publication (14%)
- A community organization (12%)
- A government agency (11%)
- A financial influencer or TV personality (8%)

1 in 4 Americans Seeks Advice

From Financial Planners — Including from CFP® Professionals — to Better Manage Debt

(Percent of Respondents Concerned With the Long-Term Impact of Financial Debt)

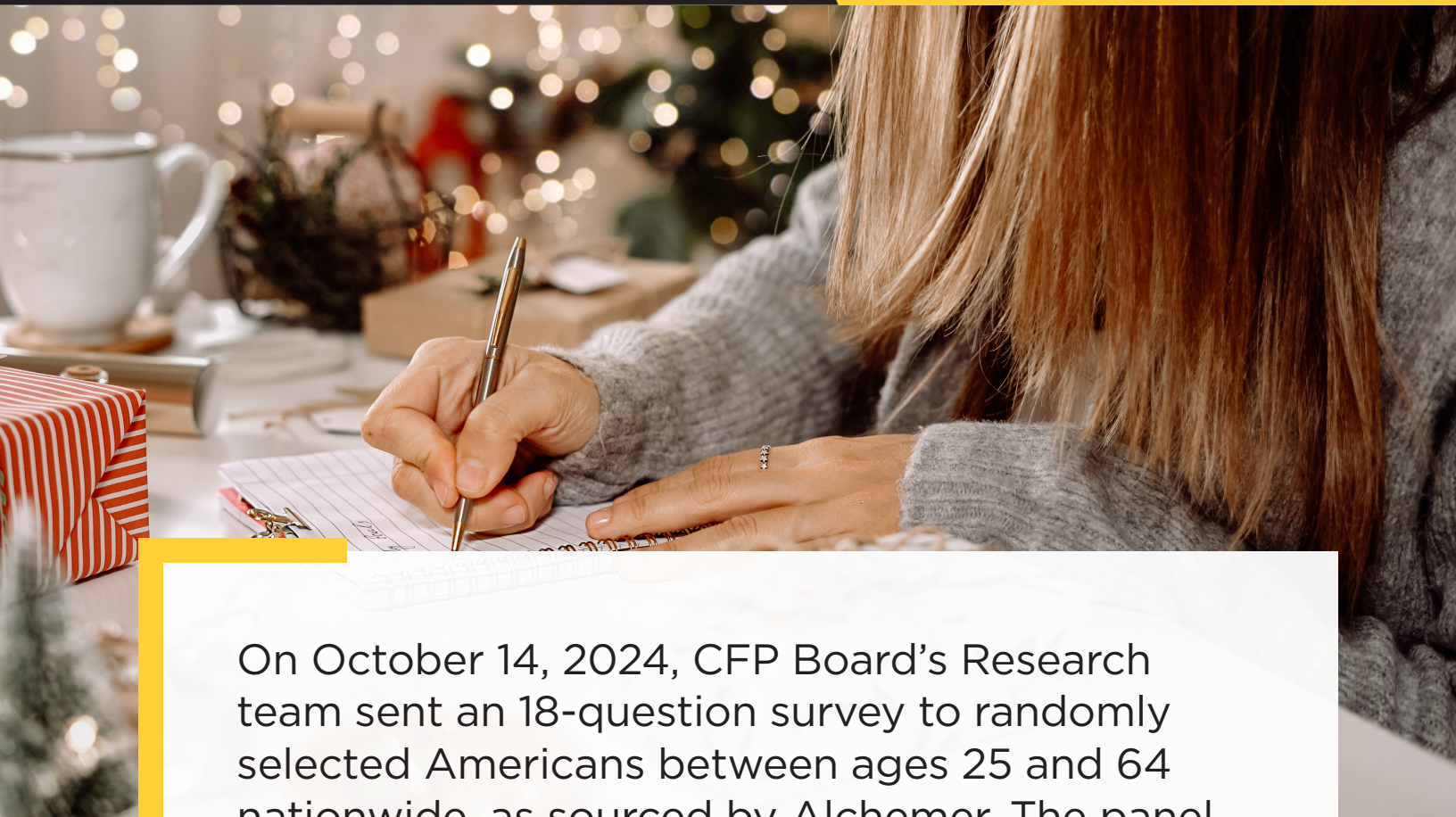




The new year offers Americans an opportunity to take steps toward a stronger financial future. Two of the top three resolutions for 2025 are financially focused, a sign that many are prioritizing their financial well-being.

While most American households carry some debt and can manage payments, many struggle with credit cards, student loans, auto loans, mortgages and medical bills. Financial stress has led many to defer important decisions, and half of Americans worry that their debt will hinder their ability to achieve their financial and life goals.

Reducing debt is the top financial goal in 2025 for many Americans, who seek advice from a variety of resources. Survey respondents note that the qualities they seek from financial advice resources include trust, expertise, reliability and understanding of their life goals. One in four Americans seeks advice from a financial planner — including CERTIFIED FINANCIAL PLANNER® professionals — to help manage debt and create a long-term financial plan to achieve their life goals. CFP® professionals work with their clients to identify and prioritize goals and to develop strategies to give them confidence today and a more secure tomorrow.



On October 14, 2024, CFP Board's Research team sent an 18-question survey to randomly selected Americans between ages 25 and 64 nationwide, as sourced by Alchemer. The panel ensures that the data collected reflects a reliable demographic and geographic representation of the U.S. population. The survey generated 806 responses, the data from which serves as the basis of this report and is subject to a sampling error of +/- 3.1% at the 95% confidence interval.



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