

Exploratory Study of Senior Citizens' Credit Card Attitudes and Usage

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"When my elderly aunt died and we went through her estate, we discovered that she owed a total of \$66,000 on her credit cards. None of us knew she had been spending this money and now it would have to come out of her estate. It was a shock to everyone in the family."

(Anonymous, personal interview 2005)

Abstract

Americans are charging more on their credit cards than ever before. In 1970, Americans used \$13.9 billion dollars of installment credit (Manning 2000, p. 38). Senior citizens, particularly those aged 70 and over, are traditionally viewed as eschewing credit in any form, perhaps due to their growing up during the Great Depression years. Recent statistics, however, show that of those households headed by an individual aged 65 or over, 59% currently carry outstanding debt (Vincentini and Jacques 2004). Senior citizens aged 65 and over are reported to be carrying an average credit card debt of \$4,041, an amount almost double that which was reported just ten years earlier (Alexander 2005; Powell 2004).

While the majority of senior citizens who use credit cards do so wisely, some are using debt as a daily way of life, either by choice or by necessity. The impact of this change in credit card usage may be a contributor to the increase in bankruptcies among this age group. Bankruptcy filings among those in the 65-and-over age bracket still represent only about 4.6% of the total petitions; however they also represent the age segment with the fastest-growing percentage (Powell 2004). Between the years of 1991 and 2001, the number of bankruptcy filings increased 213% among those 65 years of age and older; the next highest percentage of growth was found in the 25 to 34 age group, representing 60% during the same ten-year period (Powell 2004).

This study investigated the current attitudes senior citizens hold toward credit, their knowledge about credit cards, and the reasons behind their credit card usage. The study employed two methods of data collection: self-reported paper surveys and focus groups.

Our results from this study indicate that seniors experience anxiety about using their credit cards, and that one of the primary purchases with credit cards was prescription drugs. If this finding holds true with a larger sample of this population, then this could have an impact on public policy with regard to prescription drug costs as well. The findings of this exploratory study provide a basis for further investigation into the credit card attitudes and purchasing habits of the senior citizen population.

References

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Endnotes

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