

The Levels of First Mortgage and Second Mortgage Debt among Near-retirees

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Using data from the 2000 Health and Retirement Study (HRS), the main objectives of this study was to examine how do the levels of 1st mortgage and second mortgage debt differ among near-retiree households at different age levels (51-54, 55-59, and 60-64)?; to explore who is likely to hold second mortgage debt among households in near-retirement life cycle stage? In the multivariate logistic regression model, the dependent variable was the likelihood of holding 2nd mortgage debt; a binary variable (1 if having debt; 0 if otherwise) was created. As explanatory variables, net worth, income, family size, age, education, gender, race, marital status, employment status, and self-reported health were included in the models. Descriptive statistics for the total sample (i.e., near-retirees ages 51-64, N=6,346) indicated that the mean value of the 1st mortgage debt was \$31,535, whereas that of the 2nd mortgage debt was \$2,477. The results of F-tests indicated that the differences in the amount of the 1st mortgage debt were statistically significant across the three age groups: baby boomers (ages 51-54), young-old near-retirees (ages 55-59), and old-old near-retirees (ages 60-64). While the baby boomers indicated the highest mortgage debt level (\$44,724), the old-old near-retirees had the lowest mortgage debt level (\$25,177). However, the differences in the mean levels of the second mortgage debt were not statistically significant across the three age groups. The results of the logistic regression analysis indicated that net worth, income, education, marital status, and employment status were statistically significant predictors of the likelihood of holding second mortgage debt among households in near retirement life-cycle stage. The findings of this study suggested that near-retirees (ages 51-64) who hold 2nd mortgage were more likely to have higher income and wealth, married, healthy, and employed.

Endnotes

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