

## Household Debt Climbs as Americans Brace for Lavish Holiday Spending

December 16, 2024 - American households are navigating record-breaking debt levels while simultaneously gearing up for a potentially expensive holiday shopping season. The Federal Reserve Bank of New York is reporting that American credit card debt has risen to \$1.166 Trillion; an all time high. And at the same time, American families appear to be poised to add to those credit card bills with holiday spending. The growing balances, particularly in credit card debt, signal potential financial strain for many families.

Adding fuel to this economic fire, consumers are preparing for a holiday spending spree that threatens to push debt levels even higher. The Conference Board, a nonprofit engaged in consume research, reports that the average American plans to spend over \$1,000 this holiday season—a 7.9% increase from last year's expectations.

Most concerning is the psychological impact of holiday spending. Nearly two-thirds of consumers admit to overspending during the festive season, with inflation casting a long shadow over purchasing decisions. While only 23% of shoppers plan to spend more on gifts, the cumulative effect of holiday expenses could exacerbate the already precarious debt situation.

Financial experts warn that without careful planning, consumers could find themselves trapped in a cycle of high-interest debt. The combination of existing household debt and holiday spending creates a perfect storm of potential financial hardship.

As families prepare to celebrate, the most prudent gift may be financial restraint. Budgeting, strategic spending, and a clear-eyed view of one's financial health could be the key to navigating this challenging economic landscape.

by Jim Malmberg

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