



# Holiday debt: 42% of Americans say it will only take a month to pay off

40% of U.S. consumers earning \$75K or less annually were put into debt by their holiday spending.

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'Tis the season to think about budgets and how far your holiday spending can go this year. While the economy has remained relatively stable and the job market is strong, inflation is cutting into consumer spending. A new survey from Purchasing Power shows that 40% of U.S. consumers earning \$75K or less annually were put into debt by their holiday spending, and 50% expect it to take them between 2 to 9 months to pay off these debts.

As ongoing financial challenges continue to overshadow day-to-day expenses, the fast-approaching holiday season can be adding a new layer of stress to the workforce.

"While the holiday season should be a time of joy and rest for families, many may be doing so at the expense of their financial wellness," says **Trey Loughran, CEO of Purchasing Power**. "The survey findings highlight the importance of planning and access to financial wellness resources, considering the prevalence of unexpected financial emergencies."

This year, only about 13% of people strongly agree that they are in a better financial position than they were 12 months ago and about 27% agree with that statement. On the negative side, a total of approximately 59% of people either have no opinion, disagree or strongly disagree with the statement – showing that some financial belt tightening may be occurring this year.

"Although some consumers save to cover unplanned expenses, the reality is that many people live pay check-to-pay check or lack access to affordable credit – which may have long-lasting and real life-impacting consequences," added Loughran. "The prevalence of credit card usage also suggests that some consumers may benefit from immediate resources to help manage their holiday spending more effectively and reduce the risk of accumulating high-interest debt."

Despite the hardships, the survey shows that nearly 70% of people interviewed will spend between \$501 and \$2,000 this year and much of that will be done after Thanksgiving, with 41% of people saying some of it will be done, and 37% say most of it will be done post-Thanksgiving. About 36% of people will spend about the same as they did last year.

Interestingly, more than 28% of people say an unexpected financial emergency will alter their approach to holiday shopping. However, a majority (54%) of people say they save money throughout the year to minimize the financial impact of holiday shopping.

Unfortunately the holidays are not all jolly for many Americans. While 24% of people had no opinion on whether holiday shopping put them in debt, 26% said they agree with that statement and another nearly 14% strongly agreed with it. The good news is that 42% of people say it will only take a month to pay off debt, and another 16% say it will take 2 to 3 months to do so. Only about 8% say it takes a full year to pay off holiday spending debt.

Do employers play a role in employee holiday shopping stresses? Loughran thinks so. And part of that role is through financial wellness and awareness of what employees are going through.

“With the high and increasing cost of everyday living expenses, many consumers are looking to their employers for support,” he notes.

“In today’s benefits marketplace, there are numerous resources available for employers to implement into their benefits programs to help support their employees’ financial wellness journeys, many at no cost to the employer. These resources include financial planning support, student loan repayment plans or reimbursement, earned wage access (EWA), employee purchasing programs, and more.

“Deploying a robust, inclusive benefits program to support both the immediate needs and long-term financial goals of employees should be at the top of employers’ to-do lists in the new year.”

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## About Purchasing Power, LLC

Purchasing Power, LLC, is an Atlanta-based voluntary benefit company providing financial wellness solutions to employers, including the leading employee purchase program for consumer products and services using payroll deduction. Helping employees achieve financial flexibility, Purchasing Power is available to millions of people through large companies including Fortune 500s, associations and government agencies. Purchasing Power is a Flexpoint Ford, LLC company.

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