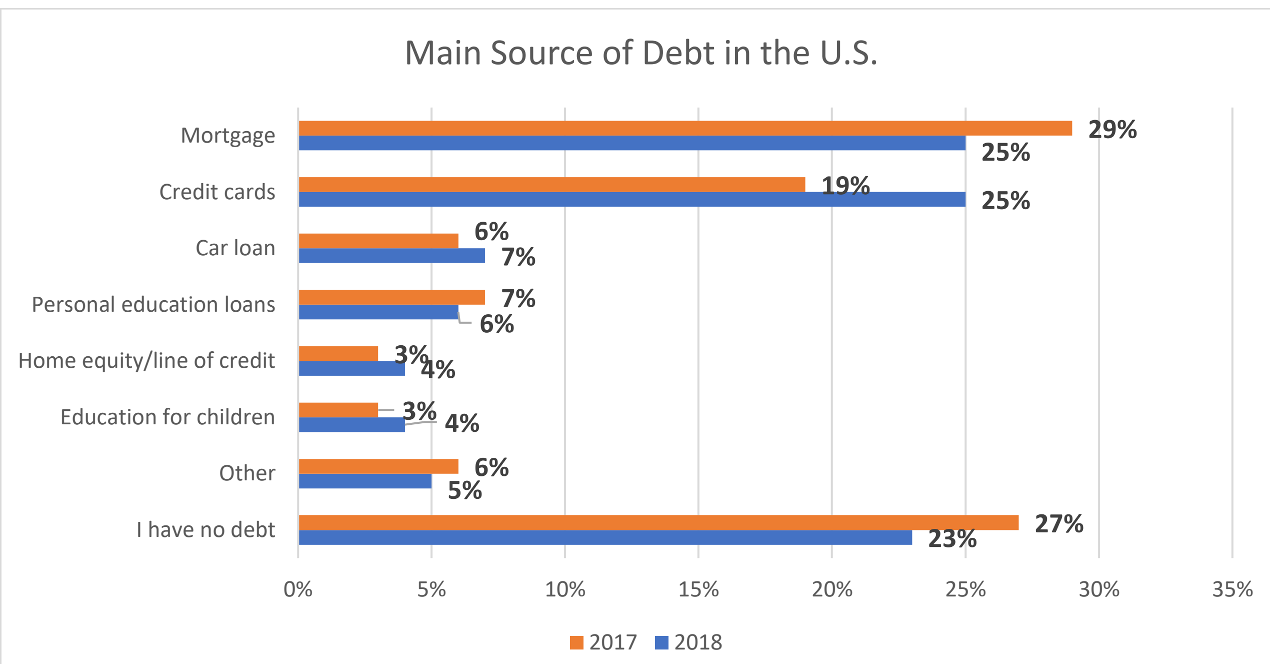
Personal Debt

Personal debt is considered the amount of borrowed money an individual owes others. Debt is based on credit given to an individual from a financial institution or store. By law, the individual is required to repay the lender for the money borrowed plus any interest which is added to the debt.

Sometimes people also borrow money from a friend or relative. That form of debt may or may not include any interest.

As the chart below indicates, personal debt can come in many forms. Over two-thirds of families in the United States have personal debt. The biggest debt for most individuals includes where they live. This type of debt usually involves a **mortgage**, which is a loan that is paid over the course of several years. The most common mortgage loans are for 15 or 30 years. Interest is added on to the original purchase price of the home. The second largest source of debt includes credit cards, followed by car loans.



Look at the changes between 2017 and 2018. What do you notice? Are those changes good or bad?

Source: Statista www.statista.com