

Average Parent Would Give \$5,000+ to Child With Debt

Most Parents Have No Sympathy for Gambling Debt

Austin, Texas – November 29, 2018 – The average parent would give their child \$5,705 to help pay debt without the expectation of being reimbursed, according to a new CreditCards.com report, and \$7,936 if they do expect to get their money back. Click here for more information:

<https://www.creditcards.com/credit-card-news/parents-helping-children-with-debt-poll.php>

About 90% of parents would give something in either circumstance – whether they assumed they'd get paid back or not. The most common response in both scenarios was between \$1,001 and \$5,000.

Annual household income isn't a significant differentiator in debt assistance until the highest income bracket (\$75,000+). That is, people with annual household incomes of under \$30,000 are about as likely to help their kids with debt as those in the \$30,000-\$49,999 and \$50,000-\$74,999 ranges. Still, 84% of those who make less than \$75,000 annually would help in some capacity, even without the expectation of being repaid, compared to 94% who make more than that.

Not all types of debt are created equal, however. For instance, 57% of parents would never help pay for a child's gambling debt, while just 5% would have no objection doing so. On the flip side, 68% of parents would have no objection to helping with medical debt, while only 2% would never help.

Type of Debt	Would Never Help Pay	No Objection to Helping Pay
Gambling	57%	5%
Credit Card	16%	13%
Auto Loan	8%	31%
Student Loan	6%	52%
Mortgage/Rent	4%	45%
Utilities	4%	47%
Medical	2%	68%

“Life is expensive – perhaps now more than ever – and the inability to tackle certain types of debt doesn't necessarily mean that someone went on an irresponsible shopping spree,” said CreditCards.com industry analyst Ted Rossman. “Credit card debt, in particular, often results from a medical bill or unexpected car or home repair. Sometimes it's necessary just to keep up with everyday expenses like putting food on the table.”

To this end, the stigma around credit card debt could be changing. A similar survey conducted by CreditCards.com in 2009 found that 28% of parents said they would never help a child with credit card debt, 12 percentage points higher than this year.

Another previous CreditCards.com survey – this one from 2016 – found 38% of co-signers lost money, 28% suffered from a lower credit score and 26% said the experience hurt their relationship. When giving money to a child, Rossman says parents need to be conscious of the potential pitfalls. “If you still want to proceed, set clear expectations at the start about whether or not you expect to be paid back and when,” he adds. “And don't let

your children use you as a crutch forever. They need to establish their own emergency funds and healthy borrowing habits.”

Methodology:

The study was conducted online in Ipsos' Omnibus using the web-enabled “KnowledgePanel,” a probability-based panel designed to be representative of the US general population, not just the online population. The sample consists of 1,000 nationally representative interviews, conducted between October 26-28, 2018 among adults aged 18+. The margin of error for the full sample is +/-3 percentage points.

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