



NATIONAL CENTER FOR POLICY ANALYSIS NEWS ADVISORY

FOR IMMEDIATE RELEASE

Contact: Catherine Daniell at 972-308-6479 or catherine.daniell@ncpa.org

BABY BOOMERS WILL RETIRE WITH TOO MUCH DEBT **Mortgage Interest, Longer Mortgages Hurt Savings Habits**

Dallas, TX (September 11, 2012) – Baby Boomers are not saving enough for retirement because they are spending too much on mortgage debt and carrying this and other debts into their near-retirement years, according to a [new study](#) from the National Center for Policy Analysis (NCPA).

“Unfortunately, a greater percentage of pre-retirees will be dragging mortgage debt into their retirement years,” said National Center for Policy Analysis (NCPA) Senior Fellow [Pam Villarreal](#). “This is a time when major debts should be pared down. Instead, many are taking out longer mortgages and home equity loans, spending more on interest payments and are, overall, buying too much house.”

In [How Are Baby Boomers Spending Their Money?](#), Villarreal found that for 55 to 64 year olds in particular, mortgage interest comprises a larger share of their expenditures than for the same age group 20 years ago, despite the fact that interest rates have fallen over time.

Additionally, education expenditures have increased significantly for 45 to 64 year olds, some of this resulting from loans of their adult children.

“Baby boomers need to recognize their limitations when it comes to spending on their adult children,” said Villarreal. “Fifty-nine percent of these parents are providing financial support to adult children who are no longer in school. Nearly one-third have paid off student loans for their children.”

Villarreal said while individuals must adapt a mindset of saving, a key part of the solution is changing government tax policies that encourage consumption and punish saving.

[How Are Baby Boomers Spending Their Money?](http://www.ncpa.org/pdfs/st341.pdf) <http://www.ncpa.org/pdfs/st341.pdf>

Pam’s blog: <http://retirementblog.ncpa.org/>

###

The National Center for Policy Analysis (NCPA) is a nonprofit, nonpartisan public policy research organization, established in 1983. We bring together the best and brightest minds to tackle the country's most difficult public policy problems — in health care, taxes, retirement, small business, and the environment. [Visit our website today](#) for more information.