



# E-Summit

1pm Wed Oct 29, 2014





- **Introduction-** Kerri McLaughlin, RTN Credit Union
- **Macro trends in credit and debt** – Margaret Miley, the Midas Collaborative
- **Myths and Misunderstandings About Personal Credit & Debt-** Kerri McLaughlin
- **Updates from the MassSaves Coalition-** Doreen Treacy (how to represent?).
- **Local MassSaves Campaign-** Janet Warren, Monson Bank.



# Macro Trends in Debt & Credit

Personal debt is climbing. **Why?**

- **Income/Wages have been dropping since 1973**

As labor's share of income has declined, private household debt has increased.

The rise of America's debt-dependent economy has coincided with greater income and wealth inequality.



# Macro Trends in Debt & Credit

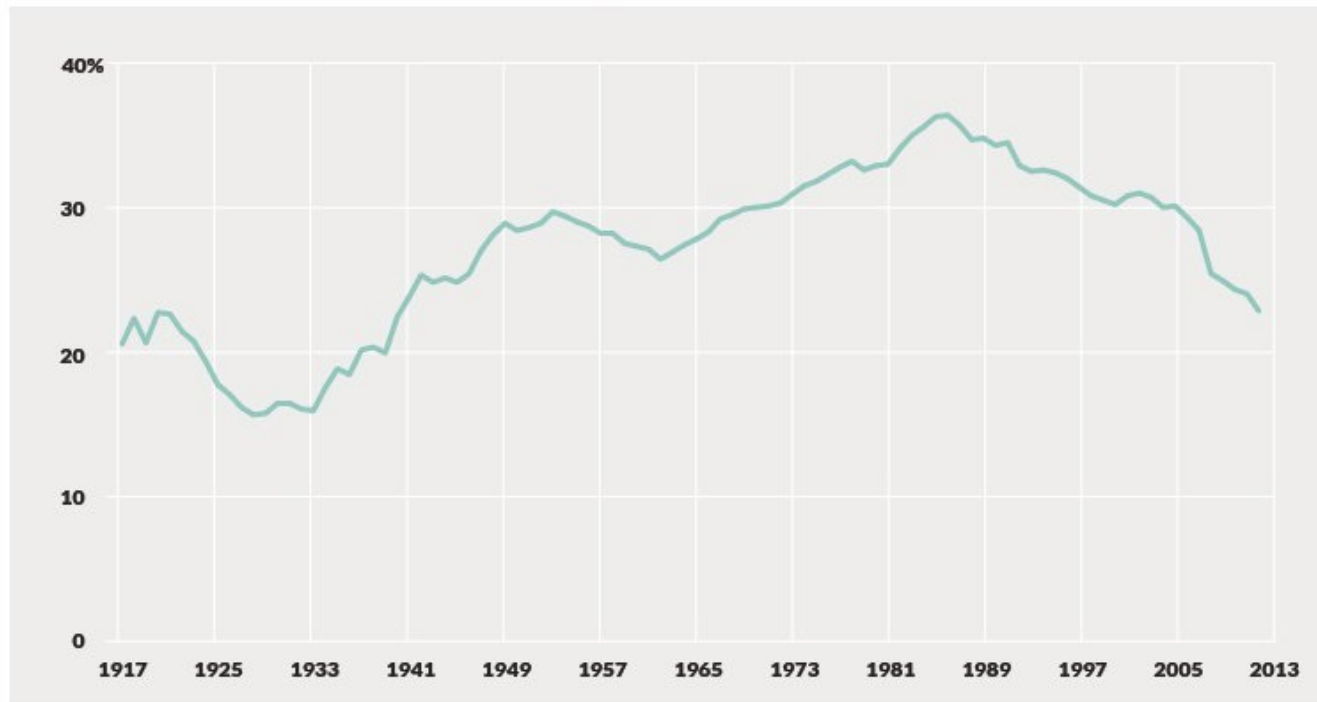
- o **Increased access to/use of credit:**

The increase in private debt is not only a reflection of changes in the distribution of income but also a cause of those changes as indebted households transfer income to wealthier creditors.



## The Rise and Fall of Middle-Class Wealth

The share of total U.S. wealth owned by the bottom 90 percent of families, 1917-2012



Notes: Wealth is total assets (including real estate and funded pension wealth) net of all debts. Wealth excludes the present value of future government transfers (such as Social Security or Medicare benefits).

Source: Saez, Emmanuel and Gabriel Zucman "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data", NBER Working Paper, October 2014, online at <http://gabriel-zucman.eu/uswealth/>

# Macro Trends in Debt & Credit

**47%** of Massachusetts residents have  
subprime credit scores.

**that's ~2.5 million people**

Source: CFED Assets & Opportunity Scorecard for Mass, 2014



# Macro Trends in Debt & Credit

## Recent changes in debt composition:

- Dropping since 2010 - Medical, Credit Card, Home Equity Lines, Mortgages
- Increasing – Higher Education, Auto Loans.



# Macro Trends in Debt & Credit

## Increase use of debt products

- Higher Education Parent Loans
- Home equity for college loans
- Payday loans
- Auto title loans
- Subscriptions and Plans (maintenance, buying clubs, etc)





# Macro Trends in Debt & Credit

## New marketing of debt management “services”

- Debt consolidation/management *“Save Time By Consolidating Your Bills Into One Monthly Payment!”*
- Debt settlement/relief *“We can reduce your principal by 50%!”*
- Tax lien/IRS lien advocacy *“Do you owe money to the IRS? We can help!”*



# Macro Trends in Debt & Credit

## The Ascent of the Debt Buyers

- From 2006 to 2009, the nation's top nine debt buyers purchased almost 90 million consumer accounts with more than \$140 billion in "face value." from creditors.
- Few protections for borrowers.



# Midas's Approach

Financial  
Regulation



Financial  
Education

