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Many households have negative net worth

by Susan Tompor
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Feeling like you're drowning in credit card debt, student loans and medical bills?

If you are, you're likely not alone — and that could explain why everywhere you turn you hear ads offering some quick-fix deal to cope with debt.

About one in five U.S. households owe more on credit cards, medical bills, student loans and other debts that aren't backed by collateral than they have in savings, checking accounts and other liquid assets, a University of Michigan report said.

"Some families have not been able to make substantial headway," said Frank Stafford,

an economist at the U-M Institute for Social Research and co-author of the report.

Average savings levels have gone up since 2008. But the U-M research showed that there had been no improvement in financial liquidity between 2009 and 2011 — except among families with more than \$50,000 in savings and other liquid assets.

In other words, families who could afford to save more money often did so because they feared the worst.

Mark Zandi, chief economist for Moody's Analytics, said higher-middle income and high-income households have much stronger balance sheets, and aren't having difficulty paying their bills.