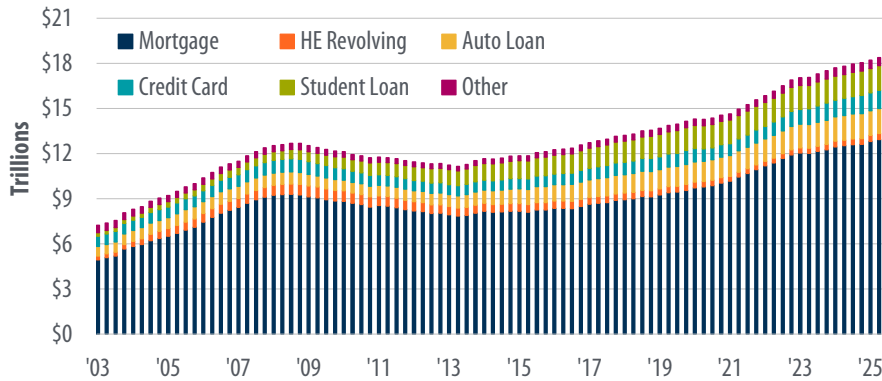


A Q3 Look at Household Debt and Credit

With limited economic data available amid the government shutdown—which fortunately ended yesterday—we’re still receiving valuable updates from the Federal Reserve and its regional banks. Last week, the Federal Reserve Bank of New York released its *Household Debt and Credit Report* for the third quarter, offering a detailed look at consumer borrowing and repayment trends. Drawing from a nationally representative sample of Equifax credit reports, the data provide key insights into total household debt balances, delinquency rates, and the overall financial health of American families. In this week’s “Three on Thursday,” we take a closer look at how U.S. households are managing their financial obligations in Q3 2025. Curious about the latest trends? The three charts below paint a clear picture of where things stood in the third quarter.

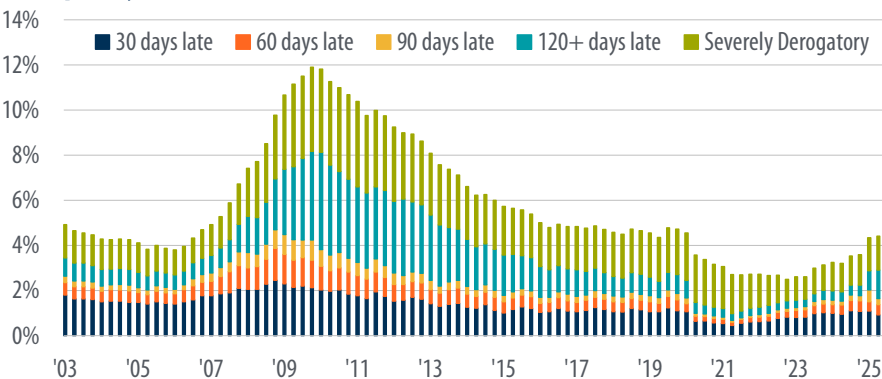
Composition of U.S. Household Debt



Source: New York Fed Consumer Credit Panel/Equifax, First Trust Advisors. Quarterly data Q1 2003 - Q3 2025. HE stands for home equity.

Household debt balances grew by \$197 billion in the third quarter of 2025, marking a 1.1% increase from the previous quarter, bringing the total to \$18.59 trillion. Mortgage balances increased by \$137 billion in Q3 2025, reaching \$13.07 trillion, accounting for 70% of overall household debt. This has provided stability for households despite a higher interest rate environment, as 92.6% of these mortgage loans are fixed-rate, with an average rate of 4.3% as of Q2 2025. Additionally, non-housing debt balances increased by \$49 billion in Q3, led by a \$24 billion increase in credit card balances.

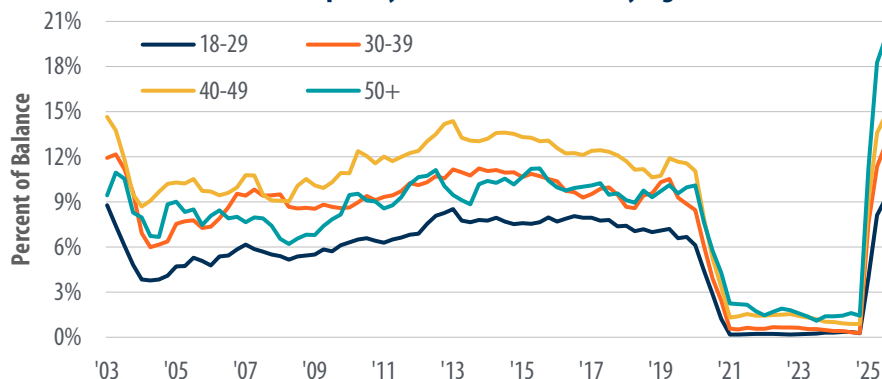
Delinquency Status of U.S. Household Debt



Source: New York Fed Consumer Credit Panel/Equifax, First Trust Advisors. Quarterly data Q1 2003 - Q3 2025.

Aggregate delinquency rates ticked higher in Q3 2025, with 4.5% of total outstanding debt in some stage of delinquency—up slightly from 4.4% in the prior quarter. The increase was driven by newly delinquent accounts (30 days past due), reflecting another sharp rise in student loan delinquencies, which jumped to 14.4% from 13.0% in Q2. Most other delinquency categories remained stable, except for loans 120+ days past due, which edged down to 1.2% from 1.3%. Overall, total delinquency rates have now climbed to their highest level since early 2020.

Transition into Serious Delinquency for Student Loans by Age



Source: New York Fed Consumer Credit Panel/Equifax, First Trust Advisors. Quarterly data Q1 2003 - Q3 2025. “Serious Delinquency” includes payments that are 90 or more days past due.

Student loans transitioning into serious delinquency (90+ days past due) continued to climb sharply in Q3 2025, reaching 14.3%—up from 12.9% in the prior quarter. Breaking it down by age reveals interesting patterns: while every age group has seen delinquencies rise since the end of the CARES Act payment pause, the increase among borrowers aged 50 and older stands out. Their serious delinquency rate has surged to 19.9%, the highest on record going back to at least 2000.