

# Debt and Financial Vulnerability on the Verge of Retirement

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## Abstract

We analyze older individuals’ debt and financial vulnerability using data from the Health and Retirement Study (HRS) and the National Financial Capability Study (NFCS). In the HRS, we compare three groups of people age 56–61 in 1992, 2004, and 2010, to assess cross-cohort changes in debt over time. Two waves of the NFCS (2012 and 2015) provide additional insights into debt management and older individuals’ capacity to shield themselves against shocks. We conclude that recent cohorts hold more debt and face more financial insecurity than in the past. This will render them particularly vulnerable to forecasted interest rate increases.

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