

As American as Baseball and Apple Pie and...Debt?

Donna Skeels Cygan takes a surprising look at all the factors that came together to create America's personal debt crisis.

Albuquerque, NM—No doubt about it: We're drowning in debt and struggling to save. Earlier this year, Time.com reported the Federal Reserve Bank of New York's findings that during the last three months of 2013 the debt carried by Americans rose at the fastest rate since 2007. More recently, American Progress.org released a sobering report on the reasons behind the "middle-class squeeze." For most Americans, none of this is news. We're painfully aware we're in dire financial straits—what we can't figure out is how we got here.

Donna Skeels Cygan says there isn't one single culprit. "For decades, a series of seemingly unrelated factors has stacked the deck against the average American," says Cygan, author of *The Joy of Financial Security: The art and science of becoming happier, managing your money wisely, and creating a secure financial future* (Sage Future Press, 2013, ISBN: 978-0-989-77844-2, \$24.95, www.joyoffinancialsecurity.com). "While it's tempting to blame the current personal finance crisis on the 2008 recession, the truth is that there were multiple causes.

"What's ironic is that many of the factors leading up to our money misery were born of good intentions," she adds. "Easier access to home loans was supposed to strengthen society. Technology was supposed to make our lives easier. Our spending on kids was supposed to enrich their lives. Yet, cumulatively, it's all having the opposite effect."

Cygan, who owns a successful financial advisory firm, combines her personal finance expertise with research from the fields of psychology and neuroscience to shine a light on this topic. She says that in order to gain a clear picture of how we can begin to climb out of the hole (both as individuals and as a society), it's helpful to understand how, exactly, we got here. Following are 20 factors that contributed to today's culture of personal debt:

Buying on credit has become the status quo. Cygan points to a "perfect storm" of economic and sociological factors that, over the last several decades, combined to spark the widespread use of credit we're used to today: a decline in personal savings, wage stagnation, new expenses related to technology and gadgets, pressure to "keep up with the Joneses," and an unhealthy focus on materialism. And of course, credit cards came into wide use in the 1980s, allowing people to more easily spend beyond their means.

"Buying on credit used to be considered unwise and irresponsible," says Cygan. "But now the stigma is gone. Instead of just spending on 'big' purchases like homes, people think nothing of financing things like vacations and expensive cars. And when you carry a lot of unnecessary debt, it's easy to get in trouble if your income situation changes—sometimes even if it doesn't."