South Floridians paying down debt, faster than rest of country

By Donna Gehrke-White, Sun Sentinel

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Think of it as an upside to the economic downturn. Hard times have turned South Floridians into frugal souls who are paying down their debts more aggressively than the average American, a new credit report has found.

The average South Floridian's personal debt is below the national average of $24,600, according to a new survey by Experian, the global information credit group. Miami-Fort Lauderdale residents are floating $715 less debt than the average American; West Palm Beach residents are $665 below the national average, Experian numbers show.

The debt data exclude mortgages but include all other debt, such as credit card balances, student loans, car payments and personal loans. The information is based on loan information Experian collects from more than 220 million Americans, as one of the nation's top three credit reporting bureaus.

"We've had a more severe recession than most of the nation, and people are more frightened and so are paying down debt at a faster rate," said William B. Stronge, professor emeritus of economics at Florida Atlantic University.

Since the start of the recession in late 2007, South Floridians have had to contend with plummeting home prices, layoffs, home foreclosures, work furloughs and smaller pay raises than the rest of the nation.

The Experian survey doesn't indicate which South Floridians are driving the trends, but some speculate that other generations are learning about good money management from the region's large senior and retiree population – many of whom lived through the Depression.

Experian's figures indicate South Floridians have cut their debt at a faster rate than most Americans over the past four years. People in the Miami-Fort Lauderdale area trimmed nearly 9 percent of their personal debt between July 2007 and July 2011 – compared to the national average of 3 percent. West Palm Beach's average debt has fallen by nearly 7 percent in that time.

That's a dramatic switch from 2007 when South Floridians racked up more credit than the national average.
Reyna Jimenez of Miramar was able to shave $80 from her monthly car payment by refinancing the loan on her 2005 Hummer. Jimenez said she is using that savings to help her pay down $1,500 she owes on credit card balances.

"It's helping me out in these tough times," said Jimenez, a mom of three and store supervisor.

In Hollywood, Stephanie Hobbs said she has paid down $8,000 in credit card debt over the past four years. She still has about $4,000 in credit debt but has changed her lifestyle to spend less and shop the sales at Publix and other stores. She is working two jobs as a counselor.

"I work all the time," she said, adding that she no longer goes shopping to pick up her spirits. "I would do mood shopping in a down mood," she said. "I would try to buy to make things better."

No more.

At age 61 she wants to be debt free when she retires.

Sam Chesser, vice president of marketing for the Sunrise-based BrightStar Credit Union, said it took him 15 years to pay off $40,000 in student loans and credit card debt. Today, he said he avoids the credit cards that got him into trouble.

"I got into a trap," he admits.

He's glad to see, though, that other South Floridians are living within their means. His credit union is seeing delinquencies down and that people "are trying to budget themselves a little better," he said.

"We're seeing some good signs," he said.