

## What Is Debt?

A debt is something that you owe to someone else. Typically, that something is money, but you can have a debt made up of moral obligations as well.

In today's credit economy, the word *debt* usually refers to individual sums of money that are owed or the total amount of money that an individual has borrowed. It is usually made up of credit cards charges, mortgages and home equity loans or lines of credit, auto loans and student loans. But it also encompasses personal loans, such as a sum you might have borrowed from a friend or relative.

Your traditional credit report will include a list of the debts you owe. But this list is dependent on the creditor reporting your debts to the credit reporting bureaus. If the debts are reported, creditors will also likely include information on how timely you've paid your debts. This is one way to help build your credit history.

But if you borrow money and that debt isn't reported to the credit reporting bureaus, your traditional credit history will not be affected.

Being deeply in debt isn't any fun. If you have too much debt, it can weigh you down emotionally. Many Americans are striving to pay down their debts and become debt free.