

USING DEBT FINANCING TO INCREASE ONE'S WEALTH

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ABSTRACT

The purpose of this research paper is to explore how Americans currently use and could more efficiently use debt financing to supplement available equity financing to increase their wealth, to achieve financial success, consistent with the American dream. The research method uses the principles of finance and economics to explain, evaluate, and recommend efficiency improvements in personal uses of debt financing. The research findings show that Americans have reduced their use of debt financing during the 2008-2012 period, as the credit markets have contracted and credit standards have increased. Americans have become more debt averse and more risk averse in recent years, in response to a recession and financial crisis partly created by previous abuses of debt financing by both households and financial institutions. The U.S. credit markets have over-corrected. Americans now have an economic opportunity to more efficiently use debt financing to increase their wealth, at a manageable level of risk.

Keywords: *personal financial planning, debt financing, investment planning, principles of finance and economics, debt management, risk management, the American dream*