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Gender equality within the household: earnings, benefits and income sharing among couples with children

Susan Harkness, University of Bristol

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Motivation

- Traditional models of household production assume fathers specialise in work and mothers in home production and that resources are shared within households.
- The increased labour market participation of women, particularly mothers, has affected the composition of family income
  - As women have become increasingly economically independent the ways in which families manage their money may have changed (Kan & Laurie, 2014; Hu, 2021).
- Policy has responded with the introduction of independent taxation (in 1990)
  - but those on lower incomes (in receipt of tax / universal credit) are increasingly means tested with their individual income dependent on the household (Timmins, 2022 forthcoming)
- Does the source of income affect sharing?

Research questions

- Have the ways couples with children manage their household finances changed over recent decades in the United Kingdom and how is money management related to the source of household income?
- What are the implications of how couples share resources for individuals' perceptions of financial stress and psychological well-being?

Prior research (i)

- While there has been considerable interest in gender / motherhood pay gaps there has been less attention paid to financial inequalities within families.
- Financial (in)equality within couples matters:
  - the distribution of resources within the household does not benefit all equally (Pahl 1983, 1990; Vogler & Pahl, 1993, 1994; Vogler et al 2008)
  - considerable differences in material deprivation within households in Europe - “co-residence does not protect against deprivation” (Karagiannaki & Burchardt, 2020)
  - financial inequality is been linked to poorer relationships (Addo et al, 2010; Vogler & Pahl, 2008) and divorce (Eads et al, 2022)
  - for children’s well-being (Lundberg, 1997; Case et al, 1999).

Prior research (ii)

- Financial inequality varies with household income (Pahl & Vogler, ibid; Lyngstad et al, 2011).
- While greater access to an independent income may be expected to improve equality within household this has not always been the case (Pahl & Vogler, 1993).
  - Gains in own earnings do not automatically lead to greater financial equality
- Rise in cohabitation and step-parent families who may be less likely to share (Eickmeyer et al, 2020).
  - Cohabitation and step-parenting is more common among lower income families (Harkness, 2019)
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Methods

- Multinomial logit models to assess how the composition of family income influences the organisation of family finances and how arrangements vary between high and low-income groups, conditioning on personal and family characteristics and relationship status (duration, marital status)
- We then analyse how financial arrangements affect individuals' perceptions of financial stress and psychological well-being.

Data

Understanding Society (UKHLS)

- Data for couples with children
- Sample of men and women in couples with dependent children, age 22-55.
- Information on sharing is available in 2012 and 2016
- Separate models for women and men
- Sample size ca. 7,500 for women (similar for men)

Measures

Two indicators of couples' financial arrangements:

1. **How money is managed** (1990-1994, 2006; 2012; 2016)
   - "Independent" - completely separate or partly pooled (personal spending money separate)
   - "Male control" - partner manage, partner spending money;
   - "Female control" - manage, partner spending money;
   - "Joint" - Complete pooling

2. **Savings and debt** (1994, 1999, 2004, 2012, 2016)
   - whether savings and debts are held in joint or sole names
   - Savings and debt held (note changes in availability of information on individual holdings)

Variables

Explanatory variables

- Net family income; share of income from own earnings and benefits (all logged)
- Cohabitation and stepparents

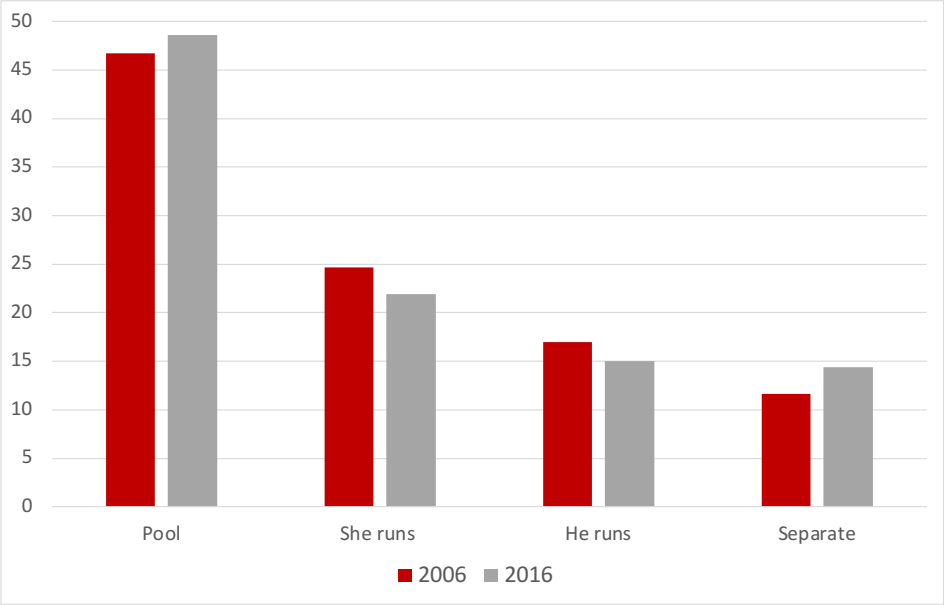
Moderators

- Head and spouse age and education; child <5 and <11; number of children; homeowner; relationship duration and satisfaction. wave

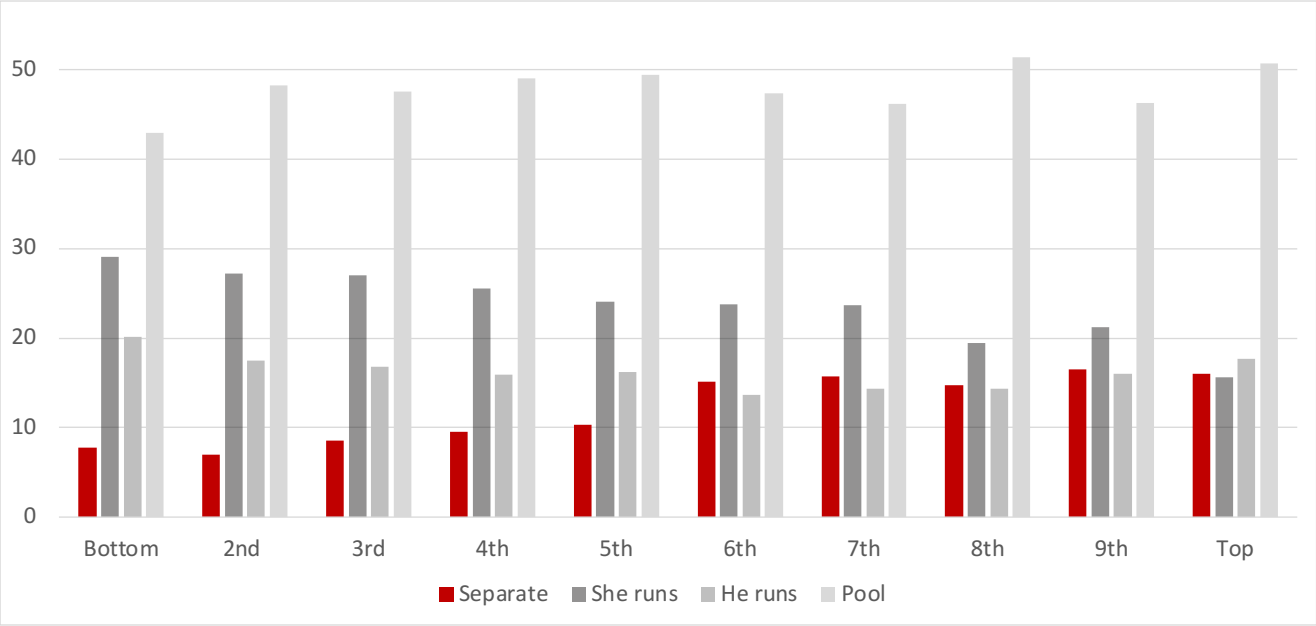
Outcomes

- Financial strain:
  - Living comfortably; Doing alright; Just about getting by; Finding it quite difficult; Finding it very difficult
- Mental health
  - Indicator for risk of depression (based on GHQ12 score)

Money management among couples with children, 2006 and 2016

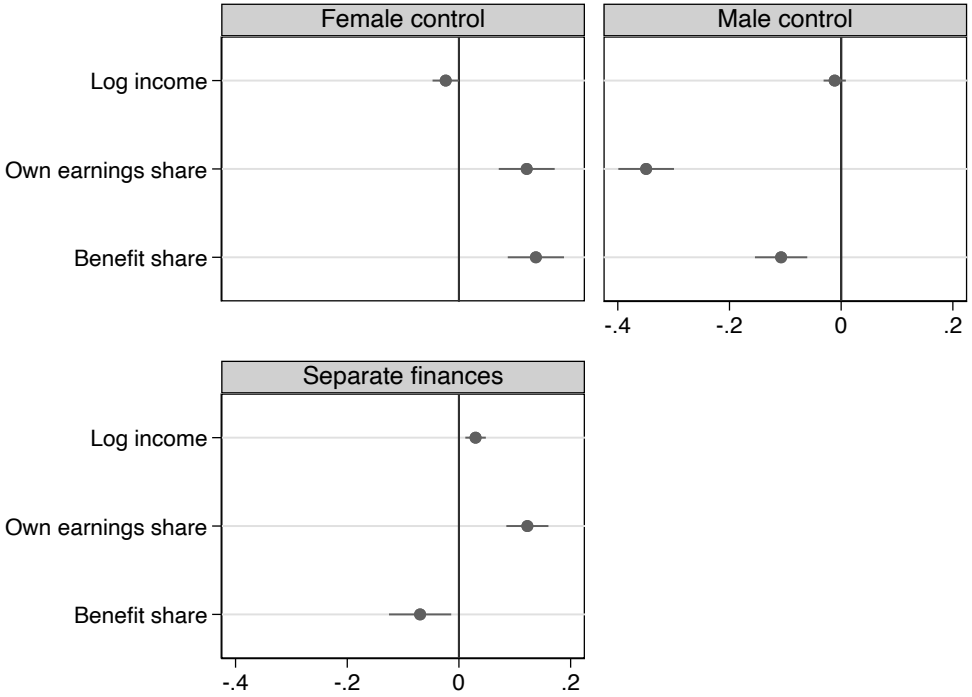


Money management by decile



Predicting money management

Marginal effects (v pooled) from multinomial logit



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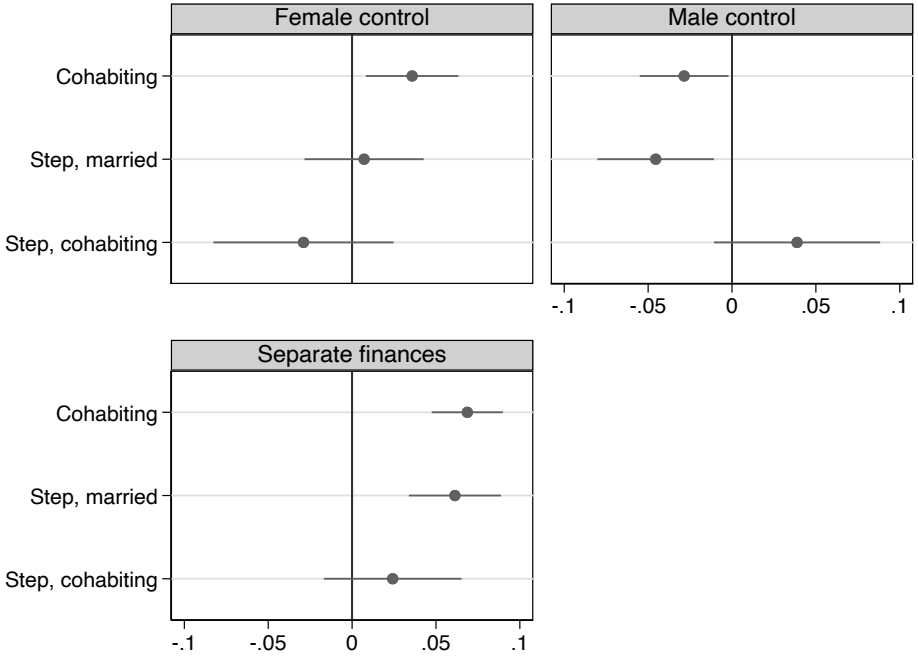
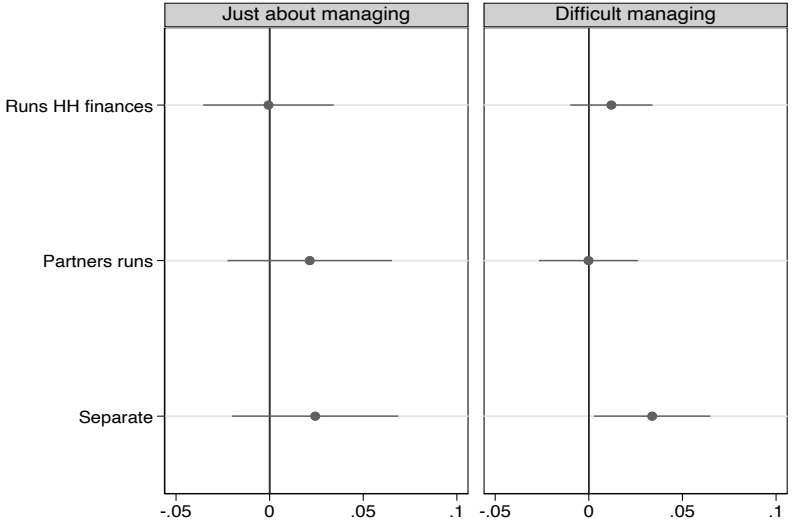


Base: married, no stepchildren

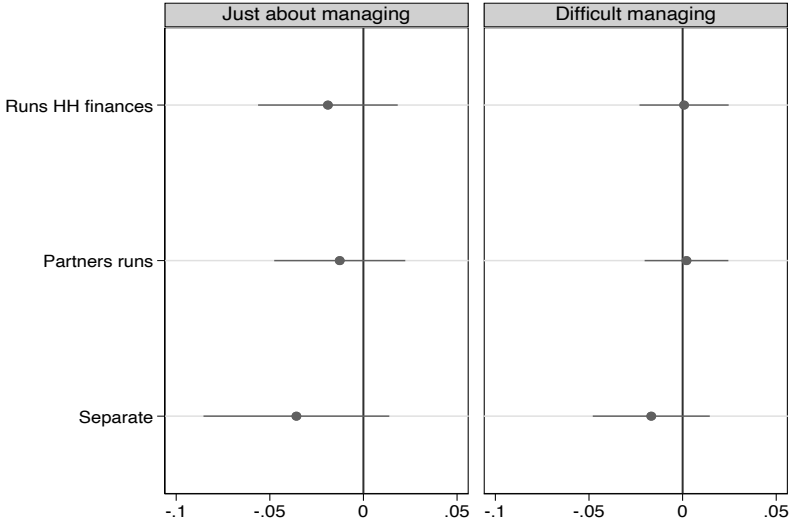
Financial stress & money management

(base: living comfortably/doing alright)

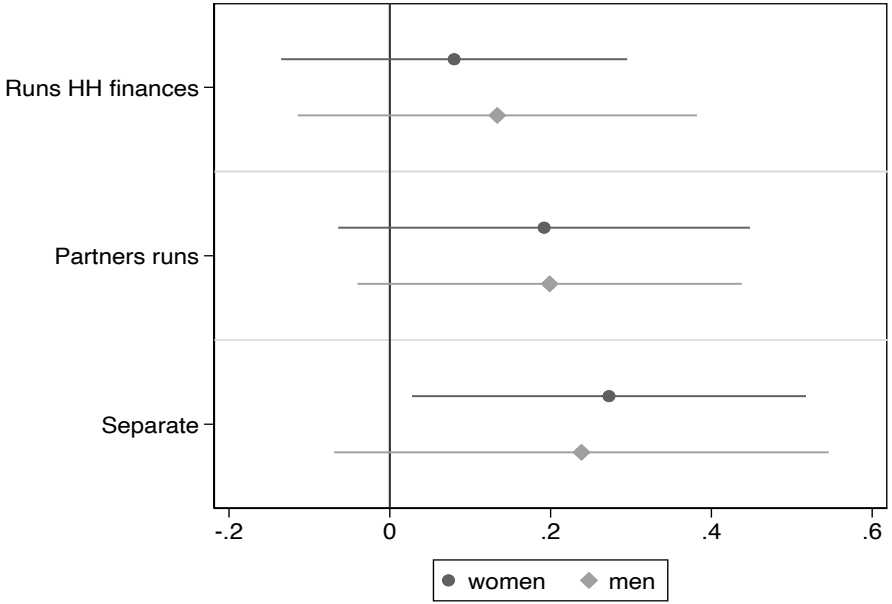
Women



Men



Risk of depression & money management



Conclusion

- As more women have entered the labour market the ways in which money is managed is changing
  - Women's increased earnings are associated with greater separation of family finances among those with children
  - Women in low-income families remain more likely to manage the family finances, with female management greater the higher the share of income from benefits
  - Those who cohabit or with stepchildren are more likely to keep their finances separate.
- Separate family finances are linked to higher financial stress for mothers and lower financial stress for fathers
- Even after accounting for a range of factors (including relationship happiness) keeping family finances separate iassociated with a higher risk of depression.