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PROFILING GENDER DIFFERENTIALS IN ASSET AND DEBT PORTFOLIOS IN AUSTRALIA

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Abstract
This paper investigates gender differentials in asset and debt portfolios in Australia using the 2006 Household, Income and Labour Dynamics in Australia (HILDA) Survey. The explorations described in this paper indicate that there are gendered dimensions to both the value and composition of asset and debt holdings in Australia. If we compare couple households with single men and women households then we find that women have both lower asset holdings and portfolios that are relatively overweighted in the primary home. In some respects single men households have portfolios that more closely resemble those of couple households than single women's portfolios. This is particularly the case with the lower proportion of single men's portfolios held in their primary home and their holding of accumulated superannuation wealth. To the extent that data reveal insights into gendered patterns of intrahousehold asset holdings, women's holdings of solely owned assets are lower then men's in all age groups and across all types of assets for which data are available. This pattern is particularly evident in de facto opposite sex couple households.

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1. Introduction

This paper investigates gender differentials in asset and debt portfolios in Australia. Analysis of wealth holdings provides insights into specific aspects of economic well being and access to resources. In general terms, assets may be converted into cash to increase current consumption, generate current services, such as accommodation from home ownership, generate financial or rental income, act as collateral when credit needs to be secured, serve as a buffer during life emergencies, and satisfy bequest motives (Carmen Diana Deere and Cheryl Doss 2006). An investigation into gender differentials in asset and debt portfolios provides an understanding how gendered patterns of work and

pay affect gendered patterns of wealth over the life course, thus giving different insights than those provided by analyses of gender patterns of income (Melvin Oliver, Thomas Shapiro and Julie Press 1993; Deere and Doss 2006). This is a particularly important issue among older Australian women who have experienced relatively lower earnings, broken employment patterns during the life times and now face later life with relatively low accumulated wealth holdings.

In contrast with non-gendered assessments of asset and debit portfolios, this paper contributes insights into both inter- and intra-household gendered differentials of asset and debt portfolios. This is a largely neglected but important aspect for gendered economic research in Australia. Existing literature on intrahousehold decision-making suggests that access to both income and assets are important aspects of intrahousehold negotiations. Such negotations can be important in determining a range of important outcomes for household members, including: access to education; paid workforce participation; unpaid household work responsibilities; decision-making autonomy; and resource allocations. In this context, gendered patterns of asset and debt holdings are likely to be a key factor influencing economic and social well-being among Australian women of all ages.

2. Background: Assets, debt and Australian women's wealth accumulations

To date, gender analysis of asset and/or debt holdings in Australia has focused on the nation's compulsory pension contribution scheme, which is gendered in both its structure and outcomes (Therese Jefferson 2005; 2009). A smaller number of studies have focussed on the accumulation of housing assets (Diana Olsberg and Mark Winters 2005, Patric Hendershott, Rachel Ong, Gavin Wood and Paul Flatau 2009) and even fewer focus on wealth accumulation more broadly defined (Bruce Headey, Gary Marks and Mark Wooden 2005) with the latter analysis lacking a specific gender focus. The extent of the knowledge gap in gender asset gaps in Australia is vividly illustrated by the fact that a recent 50-page literature review by Deere and Doss (2006) examining the available international literature on the distribution of wealth by gender uncovered only one Australian paper.[1]

Women comprise two-thirds of those aged over 85 years in Australia and are disproportionately reliant on the publicly funded Australian age pension (Rhonda Sharp and Siobhan Austen 2007). In the context of population ageing and the government's increasing move towards a policy of self-provision,[2] there will be a growing need to be in possession of sufficient assets to act as a buffer in financial emergencies in old age. In addition, those carrying high debt burdens relative to their asset levels into old age will be particularly vulnerable to financial shocks. A key example is that of housing wealth. While the majority of elderly Australians tend to be concentrated in the lower end of the

[1] The paper in question is Shaver (2001) which highlighted the lack of superannuation coverage among women, who tend to spend a considerably higher proportion of their lives in unpaid work or care roles compared to men.

[2] Examples include the welfare-to-work measures for working age persons announced in November 2005, and the lifting of the minimum Age Pension eligibility age to 67 years by 2023 announced in the May 2009 budget (Swan, 2009).

income distribution, most are home owners who have paid off all or most of their mortgage. It is particularly important to examine women's access to resources such as housing equity during their life course, due to lower lifetime incomes and superannuation accumulations, and longer life expectancy than men (Therese Jefferson and Alison Preston 2005).

The focus on regulatory changes to retirement income provision has lead to a relative neglect of gendered patterns of intrahousehold asset and debt portfolios. However, households are dynamic institutions, with changing membership over time. Australian women's individual options to join or leave particular household arrangements, as well bargaining positions within households are likely to be influenced in some measure by their asset and debt portfolios. An understanding of gendered patterns of wealth is therefore an important aspect of understanding Australian women's economic and social well being.

In order to contribute to our understanding of links between gender and wealth, this paper addresses three key research questions:

1. What asset and debt portfolio differences exist across couples, single men and single women in Australia?
2. To what extent do intra-household gender differentials in asset and debt exist within couple households?
3. Are gender differences particularly acute within certain age groups?
4. Do household members perceive gendered patterns of decision making within opposite sex couple households?

Our approach to answering these questions is to explore secondary data available through a large national survey, described below. The data allow sufficient insight to suggest that gender differences in asset and wealth portfolios are measurable and have potentially important policy implications.

3. Data: Household, Income and Labour Dynamics in Australia

The data used in the following investigation is taken from the Household, Income and Labour Dynamics in Australia (HILDA) survey. The HILDA Survey is nationally representative and allows the generation of findings that are generalisable to the population. Although the survey is designed to be longitudinal, we analyse cross sectional data from just wave 6 (2006) of the survey because this particular year of the survey contained a special wealth module relevant to the assets and debt held by survey participants. Wealth categories include wealth stored in the primary home, other property, superannuation, business, equity and cash investments, bank accounts, trust funds, cash redeemable life insurance, vehicles and collectibles. Debt categories include debt secured against the primary home, other property, business, credit card and the Higher Education Contribution Scheme (HECS).

A key feature of the wealth and debt data in the HILDA Survey is that most are collected on a household basis, as are wealth data from other countries' surveys such as the United States' Panel Study of Income Dynamics (PSID). However, some data were collected on

asset holdings by individuals within couple households and this provides an opportunity to gain insights into intrahousehold asset and debt allocations.

4. Method: Inter-and intra- household analysis

We begin by following the standard methodology used in the existing overseas literature to profile gender differentials in wealth holdings, where couples are assumed to jointly own their assets (see, for example, Lucie Schmidt and Purvi Sevak 2006; Alexis Yamokoski and Lisa A. Keister 2006). We focus on single income unit households where all adults are responding interviewees and the oldest member of the household is aged 25 years or over. Members within an income unit are assumed to share economic resources. We exclude from analysis: multi-income unit households who might be considered to belong to different income units do not necessarily share wealth; and households where there is insufficient information on the disaggregation of wealth to permit robust assumptions regarding the distribution of wealth across unrelated household members. Approximately 85% of households are single-income units and have been included in the analysis. Our final sample comprises 5,236 income units, of which 3,050 are couples, 885 are single men and 1,301 are single women. Using this sample, we investigate whether differences in asset and debt portfolios exist across these three household types to address our first research question.

We then explore the existence and extent of intra-household gender differentials in asset and debt within opposite-sex couple households. Our sample for this section of the analysis comprises 3,010 opposite sex couple households. As mentioned previously, wealth and debt data are mostly collected at the household level in the HILDA Survey. The analysis here is restricted to assets and debt types for which we can identify asset and debt ownership by individual members of the couple. For example, we are able to observe which member of a couple is the legal owner of the primary home and other properties, or whether the property is jointly owned. Similarly, we are able to tell which member of a couple owns the business assets within the household. Data on superannuation is collected on an individual basis so we are able to observe superannuation wealth accumulated separately by each partner in a couple relationship. However, investment wealth data are collected on a household basis, so we are unable to uncover whether this form of wealth is held jointly or individually. Table 1 below actually indicates that most asset ownership and debt liability by Australian couples is comprised of the primary home, other property, business and superannuation. Hence, while we unable to investigate intra-household gender inequalities across the entire range of asset and debt categories in the HILDA Survey, we are able to canvass the key asset and debt categories that comprise couples' portfolios.

Our final research question considers the issue of perceptions relevant to household decision making within opposite sex couple households. Our sample for exploring this question is based on the same sample used in the intrahousehold analysis described above.

5. Differences in interhousehold asset and debt portfolios: couples, single men and single women

In this analysis couples are assumed to jointly own their assets and we profile the typical asset and debt portfolios of Australians by gender and household type, that is, for couples, single men and single women. Table 1 is divided into three broad sections. The left columns report the mean Australian dollar value (in thousands) of each asset and debt type for the three household types. In the centre columns, the mean dollar value of each asset (debt) type is expressed as a proportion of total wealth (total debt). Here, the typical composition of Australians' asset and debt portfolios is listed and shows the assets or debts categories that dominate Australians' portfolio, together with the extent of diversification across different asset and debt types. The three right columns report the proportion of couples, single men and single women who own each asset type. It provides an indication of where most Australians store their wealth and incur debt.

Table 1 shows that the average Australian household has a wealth level of over $A727,200. The dominant asset owned by Australian households is the primary home, regardless of gender or household type. Over two-thirds of Australian household own a primary home. On average, the primary home makes up 42% of Australians' wealth. Overall, housing wealth, that is, the sum of wealth stored in the primary home and other properties, make up almost 60% of Australians' wealth. Around three-quarters of Australians own wealth in the form of accumulation pension contributions known under a statutory and colloquial label as "superannuation". On average superannuation wealth has a much lower value than housing wealth, making up only around 16% of Australians' total wealth compared to the 60% share attributed to housing. The same observation can be made for bank accounts and motor vehicles; while most Australians own these assets, their values are extremely low compared to the value of housing wealth, particularly the primary home. All other forms of wealth, including investment wealth, are lower in value than wealth stored in the primary home, other properties and superannuation.

Average total asset holdings are highest among couple households and is estimated at $A953,500. This represents 2.2 (2.5) times the average total asset levels of single men (women). In dollar terms, the average couple has a higher level of wealth stored in each specific asset class than single men and women. This is consistent with the argument that couples are able to accumulate wealth at a faster rate than singles because they reap economies of scale in consumption and specialisation gains (Grossbard-Shechtman 1993).

While the primary home is the dominant asset in Australians' wealth portfolios regardless of gender or household type, the importance of the primary home is particularly pronounced for single women. The primary home represents a greater proportion of single women's assets compared with other household types. In dollar terms, the average single woman has a lower level of wealth stored in each of the 11 asset types compared to the average single man, except for wealth stored in the three categories of primary home, other property and collectibles. The average single woman has a primary home value of $A210,900 compared to under $A163,600 for a typical single man, a difference of $A

47,300.[3] This suggests that a typical single woman holds 55% of her wealth in the form of a primary home, compared to around 40% for single men and couples.

Single women's reliance on their primary home as a source of wealth partly arises from their relatively lower holdings of other assets. Only about half of single women have superannuation wealth, compared to over 70% and 86% for single men and couples respectively. Only 11% of single women' wealth is stored in superannuation while for both couples and single men, over 16% of their wealth is stored in superannuation. A similar observation can be made of business, where less than 4% of single women own businesses, compared to almost 8% (17%) among single men (couples). Hence, only 3% of wealth is stored in business assets for single women; couples and single men have around three times that proportion stored in business assets.

Clearly, the asset portfolios of couples and single men are relatively more diversified compared with single women's marked reliance on the primary home. The Herfindahl index, calculated as the sum of the squared values of each asset's share in the total wealth portfolio, provides an indication as to the extent of diversification in asset portfolios. It ranges from 0 to 1, and the higher the Herfindahl index, the less diversified an asset portfolio is. The Herfindahl index confirms the lack of diversity in single women' asset portfolios compared to other household types. It is 0.53 for couples, rising to 0.62 for single men and up to 0.70 for single women.

While total wealth is highest among couples, total debt is also peaks among couples, being 2.7 (4.1) times the debt burden of single men (women). As couples accumulate wealth at a faster rate than singles, it is not surprising that they use their higher wealth levels as collateral as well. Moreover, patterns across debt types reflect asset ownership patterns. Almost 80% of couples own a primary home. Hence, it is not surprising that a significantly higher proportion of couples (46%) have debt secured against their primary home than singles.[4] Primary home debt comprises almost two-thirds of the debt portfolios of single women; markedly higher than the dominance of primary home debt in couples and single men' portfolios. However, the dominance of debt secured against the primary home affects a relatively small proportion of single women. One-fifth of single women and men have debt owed against their primary home, as compared to 46% of couples. Singles tend to be older than couples and are therefore more likely to have paid off their mortgage. The median age of single female and male home owners is 62 and 56 years respectively, compared to 49 years for couples.

[3] Among singles, the gender differences in the average values of other property and collectibles are unremarkable in comparison. The average value of other properties (collectibles) of single females is $2,200 ($960) higher than for single males.

[4] The same observation can be made for other properties; couples are much more likely to own other properties and therefore much more likely to have debt secured against these properties.

Table 1: Asset and debt profile of Australian households, by gender and household type, 2006

Asset/debt type	Mean ($ '000)				Per cent of asset/debt				Per cent of household type that owns asset/debt			
	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All
Assets												
Primary home	387.5	163.6	210.9	306.4	40.6	37.2	54.6	42.1	79.1	48.8	57.8	68.8
Other property	163.5	57.5	59.7	120.1	17.1	13.1	15.5	16.5	27.4	13.0	11.0	21.0
Superannuation	157.3	73.0	41.1	114.4	16.5	16.6	10.6	15.7	86.0	70.2	51.9	74.9
Business	78.0	41.2	12.0	55.5	8.2	9.4	3.1	7.6	17.3	8.4	3.6	12.4
Equity investments	67.8	54.4	25.6	55.1	7.1	12.4	6.6	7.6	46.7	30.9	27.0	39.2
Cash investments	3.0	1.7	1.1	2.3	0.3	0.4	0.3	0.3	2.8	2.1	2.6	2.6
Bank accounts	33.4	22.3	21.1	28.5	3.5	5.1	5.5	3.9	98.4	93.4	96.2	97.0
Trust funds	18.5	6.1	0.9	12.1	1.9	1.4	0.2	1.7	4.9	2.0	1.5	3.5
Life insurance	11.0	3.5	2.3	7.6	1.2	0.8	0.6	1.0	10.1	5.3	3.2	7.6
Vehicles	29.5	14.3	8.1	21.7	3.1	3.2	2.1	3.0	97.2	84.4	73.4	89.2
Collectibles	4.0	2.4	3.3	3.5	0.4	0.5	0.9	0.5	15.6	12.1	14.3	14.7
Total assets	953.5	439.8	386.2	727.2	100.0	100.0	100.0	100.0	99.9	99.3	99.2	99.7
Debt												
Primary home	89.0	27.1	24.5	62.7	56.6	46.0	64.1	56.3	46.2	20.4	21.0	35.7
Other property	36.5	16.5	8.1	26.1	23.2	28.0	21.3	23.4	13.2	7.5	5.3	10.3
Business	12.1	4.2	1.0	8.0	7.7	7.1	2.6	7.2	6.4	3.1	1.1	4.5
Credit	1.6	0.9	0.8	1.3	1.0	1.5	2.0	1.1	29.7	20.2	22.9	26.4
HECS	1.4	0.9	0.7	1.1	0.9	1.6	1.8	1.0	11.9	6.5	7.0	9.8
Other[a]	16.8	9.3	3.1	12.2	10.7	15.8	8.2	10.9	34.2	26.6	19.5	29.3
Total debt	157.4	58.9	38.3	111.4	100.0	100.0	100.0	100.0	72.1	55.0	49.0	63.5
Net worth	796.1	380.9	347.9	615.8								
Sample (households)	3050	885	1301	5236								

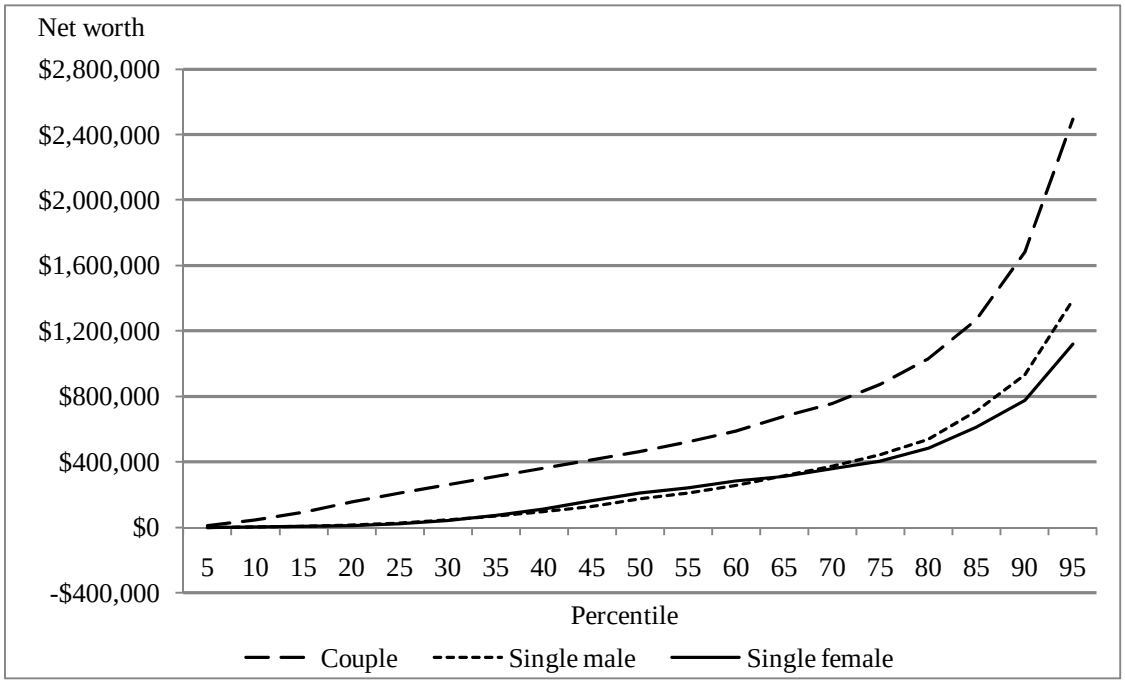
Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey

Note:

a. The sum of car loans, hire purchase agreements, investment loans, personal loans from a bank/financial institution, loans from other lenders, loans from friends/relatives and overdue personal bills are all reported in the HILDA Survey under the 'other debt' category.

Overall, the debt to asset ratio or gearing ratio is quite low for the typical Australian, being 17% only, leaving a comfortable net worth that is 83% of their asset level. Hence, while couples have significantly higher debt levels than single men and women, the former's net worth is markedly higher, being $A796,100, which is 2.1 (2.3) times the net worth of single men (women). This observation persists throughout the net worth distribution, as illustrated in Figure 1.

Figure 1: Net worth distribution, by gender and household type, 2006



Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey

Single women are, on average, older than single men or couples. Hence, the differences observed by gender and the dominance of home ownership among single women may be due to an age effect rather than a gender effect. This raises the question of whether controlling for age will exhibit similar reliance on wealth stored in the family home across all three populations. We control for a potential age effect by dividing our sample into four broad age bands designed to represent different phases of the life cycle and re-examining primary home wealth and debt. The age bands are 25-39 years representing the prime working age years, 40-54 years representing pre-retirement years; 55-69 years representing years surrounding retirement and transitions, and 70 years or over representing years in retirement. Among couples, the age of the older partner is used.

The results are shown in Table 2 and demonstrate that the gender effects observed for the whole sample are similar within each age band. First, single women' average primary home wealth is higher than single men, but lower than couples, as observed earlier when we had not controlled for age. A minor exception occurs within the oldest age group where single women's average primary home wealth almost equals that of single men's. Also consistent with the previous findings, the home ownership rate among single women is substantially lower than couples. Importantly, however, we again observe that single women's primary home wealth makes up over 50% of their total wealth, which is substantially higher than other household types, reinforcing the interpretation that reliance on housing wealth is gendered. The previous observation that single women are more likely to be home owners than single men can now be observed to be due to gender differences among those aged under

55 years. Debt secured against the primary home dominates the debt portfolio of single women more than other household types among those aged 40 years or over. This accounts for almost the total debt held by single women aged 70 years or over. It should be noted however, that debt in old age is minimal compared to average debt in younger age groups and for single women, average total debt is only $A 1200.

Table 2: Asset and debt profile of Australian households (selected key assets and debt), by age band, gender and household type, 2006[a]

(a) Asset[b]

Asset type	Mean ($ '000)				Per cent of asset				Per cent of household type that owns asset			
	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All
Primary home												
25-39 years	256.2	84.3	88.0	194.3	45.5	31.0	51.8	44.3	61.5	26.2	29.2	49.3
40-54 years	444.7	159.5	228.1	351.3	42.2	39.0	52.9	43.1	85.6	45.9	58.4	73.2
55-69 years	461.6	218.5	262.4	372.5	33.3	34.0	50.8	35.5	90.2	69.5	68.1	81.3
70 years or over	426.2	250.4	245.4	325.0	48.2	45.5	60.4	51.1	85.1	70.4	69.9	76.6
Other property												
25-39 years	99.0	37.0	29.4	75.0	17.6	13.6	17.3	17.1	22.4	10.3	10.5	18.0
40-54 years	178.7	45.6	88.2	137.3	16.9	11.1	20.5	16.8	32.4	15.3	15.6	26.0
55-69 years	255.2	110.0	69.2	185.3	18.4	17.1	13.4	17.6	33.6	17.6	12.6	25.8
70 years or over	123.0	49.7	50.1	81.8	13.9	9.0	12.3	12.9	16.8	7.4	6.3	11.1
Superannuation												
25-39 years	70.8	40.1	22.1	56.3	12.6	14.8	13.0	12.8	97.4	93.2	77.3	92.9
40-54 years	168.4	90.1	67.0	134.2	16.0	22.0	15.5	16.4	97.4	85.1	82.0	92.2
55-69 years	294.7	124.2	76.0	212.5	21.2	19.3	14.7	20.2	82.8	52.9	54.0	70.8
70 years or over	102.4	30.6	7.3	52.1	11.6	5.6	1.8	8.2	37.1	18.5	7.1	21.8
Business												
25-39 years	47.8	53.9	4.6	40.8	8.5	19.8	2.7	9.3	15.1	8.0	5.8	12.1
40-54 years	117.6	22.8	6.2	78.5	11.2	5.6	1.4	9.6	24.6	10.7	5.4	18.3
55-69 years	87.3	56.5	24.1	66.6	6.3	8.8	4.7	6.3	17.2	10.7	3.2	12.6
70 years or over	34.1	33.5	13.3	25.3	3.9	6.1	3.3	4.0	4.4	1.5	1.0	2.6
Investments and bank accounts												
25-39 years	35.0	34.7	9.3	30.2	6.2	12.8	5.4	6.9	99.0	96.6	96.4	98.1
40-54 years	75.0	56.1	26.5	61.8	7.1	13.7	6.2	7.6	98.7	91.8	96.7	97.1
55-69 years	208.2	109.9	67.5	157.2	15.0	17.1	13.1	15.0	99.1	95.2	95.8	97.6
70 years or over	164.6	165.8	78.8	128.7	18.6	30.1	19.4	20.3	99.3	97.8	98.5	98.7

(a) Debt[c]

Debt type	Mean ($ '000)				Per cent of debt				Per cent of household type that owns debt			
	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All
Primary home												
25-39 years	123.6	36.7	36.5	91.9	61.3	53.6	63.9	60.9	56.3	21.7	24.9	44.3
40-54 years	120.1	41.4	50.6	92.3	56.3	55.3	65.0	57.0	64.3	31.7	43.4	54.4
55-69 years	46.4	11.4	14.6	32.8	46.4	27.5	60.0	45.8	30.1	14.4	16.8	24.2
70 years or over	2.9	0.3	1.2	1.8	25.5	1.0	73.9	17.8	4.6	3.0	2.3	3.4
Other property												
25-39 years	42.8	14.3	13.2	32.2	21.2	20.9	23.1	21.3	14.1	8.4	7.9	11.9

Debt type	Mean ($ '000)				Per cent of debt				Per cent of household type that owns debt			
	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All	Couple	Single man	Single woman	All
40-54 years	46.0	14.7	15.3	34.4	21.6	19.6	19.7	21.2	17.0	9.3	9.6	14.2
55-69 years	32.2	17.9	6.1	23.4	32.3	43.3	25.3	32.7	13.3	7.5	5.3	10.4
70 years or over	5.2	22.3	0.0	5.5	45.8	71.4	0.0	54.1	1.5	2.2	0.0	1.0
Business												
25-39 years	11.7	5.7	0.6	8.5	5.8	8.3	1.1	5.7	6.7	4.6	1.1	5.3
40-54 years	19.8	2.7	2.4	13.3	9.3	3.6	3.1	8.2	9.8	3.2	1.8	7.0
55-69 years	7.1	7.4	0.8	5.6	7.1	18.0	3.5	7.8	4.3	3.2	1.1	3.3
70 years or over	2.2	0.0	0.2	1.0	19.4	0.0	10.5	10.2	0.5	0.0	0.5	0.4

Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey

Notes:

a. The household sample numbers by age band are:

- 1484 25-39 year olds comprising 944 couples, 263 single men and 277 single women;
- 1632 40-54 year olds comprising 1017 couples, 281 single men and 334 single women;
- 1147 55-69 year olds comprising 675 couples, 187 single men and 285 single women;
- 940 70 plus year olds comprising 410 couples, 135 single men and 395 single women.

b. Asset types that are excluded from this table are trust funds, life insurance, vehicles and collectibles. The value of each of these asset types comprises only around 0.5-3% of the average Australian's wealth.

c. Debt types that are excluded from this table includes HECS, credit and other debt.The value of HECS and credit card debt each comprises only around 1-2% of the average Australian's debt. While other debt comprises over 10% of the average Australian's debt, this variable in the HILDA Survey captures hire purchase agreements, overdue bills and various types of loans (such as car, investment or personal loans from various parties). The value of each of these cannot be observed as they are all reported under a single 'other debt' category and will therefore not offer much additional insight into Australians' debt profile.

Single women have the highest mean Herfindahl index within each age band. Overall the oldest age group have the least diversified asset portfolios peaking at 0.76 among single women aged 70 years or over.

Table 3: Mean Herfindahl index, by age band, gender and household type, 2006

Age band	Couple	Single man	Single woman
25-39 years	.56	.60	.68
40-54 years	.50	.60	.66
55-69 years	.49	.62	.67
70 years or over	.60	.66	.76

Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey

6. Intra-Household Gender Differentials in Asset and Debt Portfolios

Traditionally, economic theory assumes that consumption and savings decisions are made by individuals or an individual decision-making unit. However, it appears likely that important decisions related to saving are not only the outcome of individual decisions but result from joint decision-making processes, particularly within households. The approach of assuming that couples jointly own their assets and debt is typically based on two key issues. Firstly there is an assumption underlying much economic theory and research that a household can be considered a single decision-making unit. Secondly, there is the practical issue that much of the available data on wealth and debt are reported on a household basis.

Feminist economists have comprehensively addressed the highly gendered assumptions and policy outcomes that are associated with modelling households as though they are a single economic unit. Barbara Bergmann's (1995) argument provides a comprehensive critic of unitary models of the family, while both detailed social research and relatively conventional economic modelling demonstrate the complexities and potential inequities of intrahousehold decision-making and allocations of resources (Sandra Dema-Moreno 2009; Anu Rammohan and Meliyanni Johar 2009; Martin Browning 1995, 2000; Shelley Lundberg, Robert A Pollack, and Terence J Wales 1997; Shelley Lundberg and Robert A Pollack 1994; Shelley Lundberg 1999; Saba Waseem 2004). Neither theory nor existing data provide a compelling rationale for assuming households are a single decision-making unit.

The difficulties remain, however, of determining individual asset ownership within households, particularly among different sex couples in Australia where legal ownership is defined by marital property regimes, individual perceptions of ownership and social norms; each of which may not be entirely consistent. Under Australian legal norms involvement in a marriage or defacto relationship does not automatically translate into joint ownership of property (Belinda Fehlberg and Juliet Behrens, 2008). This creates the potential for gender inequality to exist in the context of Australia's family law and represents a contrast to community property regimes existing in several other countries including civil law countries, Scotland and some American states such as California (Ian Smith, 2003).

Given the dominance of housing wealth in couples' asset portfolios, it is worthwhile exploring further whether intra-household gender differentials exist in the ownership of housing wealth. As shown previously in Table 1, couples are significantly more likely to own a primary home than singles, and they are more than twice as likely to own other properties as singles. While couples have more diversified portfolios than singles, on average wealth stored in the primary home comprises a significant 41% of their wealth portfolios, and other properties comprise another 17%.

Table 4 shows that the majority of couples are joint legal owners of their primary home. Nevertheless, gendered patterns persist where sole ownership exists. In relationships where only one partner holds legal rights over the primary home, the man is more likely to be the legal owner. Almost two-thirds of the 15.8 per cent of primary homes held by a sole owner are held by men. The percentage of couples jointly owning their primary home increases slightly with age, reaching 86.5 per cent among the oldest couples. Couples in defacto relationships are much less likely than legally married couples to jointly own their primary home, although joint ownership still exists in over half of de facto couples.

Couples are much less likely to jointly own other properties. Only 64% of couples who own other properties are joint legal owners, compared to 84% of couples who jointly own their primary home. Here again, where sole ownership exists, males are the more likely to be legal owners, though this gender divergence disappears among the oldest age groups. Again, de facto couples are less likely to jointly own other property than legally married couples.

Table 4: Intra-household gender differentials in legal ownership of housing wealth, opposite-sex couples who are property owners, by age band and marital status, 2006, per cent by row

Characteristic	Joint	Male only	Female only	All	Sample
Primary home					
All	84.1	9.4	6.4	100.0	2390
Age band					
25-39 years	82.2	11.9	5.9	100.0	573
40-54 years	84.3	8.9	6.7	100.0	862
55-69 years	84.3	8.4	7.3	100.0	606
70 years or over	86.5	8.3	5.2	100.0	349
Marital status					
Legally married	87.5	7.1	5.4	100.0	2116
De facto	58.4	27.0	14.6	100.0	274
Other property					
All	63.8	21.8	14.4	100.0	821
Age band					
25-39 years	59.2	27.2	13.6	100.0	206
40-54 years	62.9	23.4	13.7	100.0	321
55-69 years	67.9	16.5	15.6	100.0	224
70 years or over	68.6	15.7	15.7	100.0	70
Marital status					
Legally married	68.5	19.6	11.9	100.0	680
De facto	41.1	32.6	26.2	100.0	141

Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey

Table 5 provides information about gendered patterns of business ownership within opposite sex couple households. Overall, among couples who own businesses, it is more that a male partner is sole owner (46%). Only in 13% of households do we find the female partner being a business owner when their male partner does not own a business.

Table 5: Intra-household gender differentials in business ownership, opposite-sex couples who are business owners, by age band and marital status, 2006, per cent by row

Characteristic	Both partners own business	Only male partner owns business	Only female partner owns business	All	Sample
All	40.7	46.2	13.1	100.0	823
Age band					
25-39 years	33.0	47.4	19.6	100.0	230
40-54 years	41.7	47.2	11.1	100.0	360
55-69 years	48.5	42.0	9.5	100.0	200
70 years or over	36.4	51.5	12.1	100.0	33

Marital status					
Legally married	43.9	43.9	12.2	100.0	686
Defacto	24.8	57.7	17.5	100.0	137

Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey

Table 6 shows that among opposite-sex couples, female partners are noticeably less likely to own superannuation wealth. The differences in the average size of wealth holdings in superannuation are even more stark. On average, partnered females own around $58,100 in superannuation wealth; this is around half the $109,500 owned by partnered males. The differences persist across age bands and marital status.

Table 6: Intra-household gender differentials in superannuation wealth, opposite-sex couples, by age band and marital status, 2006

Characteristic	Mean ($ '000)		Proportion who own superannuation wealth (%)		Sample
	Male partner	Female partner	Male partner	Female partner	
All	109.5	58.1	80.5	74.0	3010
Age band					
25-39 years	45.3	26.5	94.4	88.0	928
40-54 years	122.7	54.6	94.5	87.2	1002
55-69 years	204.7	117.0	71.3	66.4	670
70 years or over	67.3	41.6	29.8	22.2	410
Marital status					
Legally married	118.9	62.3	78.8	72.1	2483
Defacto	65.4	38.2	88.6	82.7	527

Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey

Individual Perceptions and Social Norms

We utilise data on decision-making provided by HILDA Survey participants to make some observations regarding individual perceptions and social norms regarding control of assets and debt within an opposite-sex couple relationship. Estimates from wave 6 of the HILDA Survey show that among opposite-sex couples, 71 per cent consider that they make decisions on savings, investment or borrowing jointly (see table 7). However, 22 per cent report that it is usually the male partner who makes such decisions, more than three times the 6 per cent who report that it is usually the woman who controls such decisions. Similar observations can be made in regard to decision-making on large household purchases, which are likely to affect the asset and debt levels of a household. These statistics are consistent with Waseem's (2004) review of studies on household decision-making and indicate that female partner are less to control the household finances regardless of their contribution to the household income. As shown in Table 7, these patterns do not appear to differ significant by age band, although couples in the oldest age group appear to be more inclined to joint decision-making about savings, investment or borrowing than younger couples. Couples in defacto relationships are less inclined to make decisions jointly in such matters than married couples and this might be linked to their higher tendency to have sole ownership of assets.

Table 7: Intra-household gender differentials in decision-making pertaining to savings, investments and borrowing and large purchases, opposite-sex couples, by age band and marital status, 2006, per cent by row

Characteristic	Joint decision-making	Usually sole male decision-making	Usually sole female decision-making	All	Sample
Savings, investments and borrowing decision-making					
All	71.4%	22.3%	6.3%	100.0%	2602[a]
Age band					
25-39 years	71.4%	22.7%	5.9%	100.0%	783
40-54 years	70.3%	22.0%	7.7%	100.0%	900

55-69 years	70.0%	24.0%	6.1%	100.0%	609
70 years or over	77.1%	19.0%	3.9%	100.0%	310
Marital status					
Legally married	72.2%	21.8%	6.0%	100.0%	2178
Defacto	67.2%	25.0%	7.8%	100.0%	424
Large purchase decision-making					
All	79.3%	16.7%	4.0%	100.0%	2602[a]
Age band					
25-39 years	77.8%	17.2%	5.0%	100.0%	783
40-54 years	81.2%	16.1%	2.7%	100.0%	900
55-69 years	78.9%	16.9%	4.2%	100.0%	609
70 years or over	78.3%	16.9%	4.7%	100.0%	310
Marital status					
Legally married	80.6%	16.0%	3.4%	100.0%	2178
Defacto	72.4%	20.4%	7.2%	100.0%	424

Source: Authors' own calculations from the confidentialised unit record files of the 2006 HILDA Survey
Note: a. There are less than 3010 couples in total due to missing responses to the questions in the HILDA Survey on intra-household decision-making patterns.

7. Conclusion Remarks and Future Research Directions

The explorations described in this paper indicate that there are gendered dimensions to both the value and composition of asset and debt holdings in Australia. If we compare couple households with single men and women households then we find that women have both lower asset holdings and portfolios that are relatively overweighted in the primary home. In some respects single men households have portfolios that more closely resemble those of couple households than single women's portfolios. This is particularly the case with the lower proportion of single men's portfolios held in their primary home and their holding of accumulated superannuation wealth. To the extent that data reveal insights into gendered patterns of intrahousehold asset holdings, women's holdings of solely owned assets are lower then men's in all age groups and across all types of assets for which data are available. This pattern is particularly evident in de facto opposite sex couple households.

At least two key policy implications arise from the findings. Firstly, while it is relatively well known that women's relatively lower incomes lead to lower accumulated superannuation holdings, it is apparent that Australian women have relatively lower holdings of almost all types of asset which can provide a buffer against financial vulnerability in later life. Secondly, women's relatively highly concentrated asset portfolios suggest that their financial options are likely than men's to involve decisions about potential divestment or reverse mortgaging of their primary home. There is little concerted research that has examined the potential outcomes from this particular pattern of asset holding in later life. However, housing represents a as a relatively illiquid asset that has potentially significant geographic and emotional dimensions that may not be as relevant to other forms of asset holdings. Each of these features of housing as a financial asset might be expected to hold important implications for well being in later life.

There are several limitations to this study that warrant further research. Firstly, this paper does not distinguish between age and cohort effects. In order to carry out this analysis we need longitudinal data. A wealth module will form part of wave 10 of the HILDA data collection, providing an opportunity for analysis spanning eight years using wealth modules from waves 2, 6 and 10, and potentially capable of identifying age effects.

Secondly, further empirical modelling is required to explore links between gendered patterns of asset and debt portfolios and other key aspects of women's lives such as labour market history, education and caring responsibilities. It is possible to explore whether social norms apparently reflected in asset and debt portfolios can be eliminated by controlling for such identified gender-related factors.

Finally, analysis of gendered intra-household portfolios only reflects ownership within existing relationships. It does not give reflect ownership in the event of household dissolution through divorce or relationship breakdown. Longitudinal analysis is required to track the outcomes for individuals in these circumstances.

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