

HERS AND HIS: Opening up the household budget



He said



She said



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HERS AND HIS:

Opening up the household budget

Lucie Parker

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Foreword

As a woman who has spent her entire career working in the male-dominated world of banking, I know first-hand how gendered finance can be.

So when I decided to build a new kind of bank from scratch, I knew it had to be an agent of change. We were determined that Starling would offer up a whole new model of gender equality in our industry, championing women throughout their careers and representing them in senior leadership. Since then, I'm happy to say we've walked the walk: women currently make up 50% of Starling's executive team.

But our mission goes beyond just banking. We're passionate about spotlighting the broader strokes of gendered financial inequality too (you might have caught our campaign #makemoneyequal, which examined how the media speaks to men and women about money). This time, we wanted to uncover some hard truths about the division of labour between the UK's couples; whether traditional gender boundaries still exist, and if so, whether they affect women's sense of financial independence.

Despite some great progress, I've long suspected that there are still forces at work preventing women from experiencing the full spectrum of financial autonomy – and that many of them begin at home. So with the Fawcett Society's help, we dug a little deeper to find out whether our predictions were, well, on the money.

As it turns out, they were. The report reveals some stark and perhaps unsurprising truths: that despite mostly wanting to share the burden, the majority of women take on the lion's share of unpaid care work such as household budgeting and childcare arrangements, ultimately leading to a greater sense of domestic burden in a relationship, and less financial autonomy if they leave it.

It's worth bearing in mind that we conducted this research in August and October 2019, postponing its publication in light of the pandemic. Given the way in which the crisis has seen British households make drastic changes to their lifestyles, we could soon see many couples re-evaluating their financial position and sharing more household responsibilities. Time will tell.

Either way, research like this is important, and hopefully change-making. Talking about these issues brings them into the light – and the light is where real change happens. So let's talk.

Anne Boden,

Founder & CEO of Starling Bank

Acknowledgements

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From Fawcett, I would like to thank Andrew Bazeley and Sam Smethers, both of whom provided an invaluable contribution to this work. I am particularly grateful to Gemma Rosenblatt for her unrelenting hard work and support.

Finally, I am hugely thankful to the women and men who so generously gave their time and efforts to share their experiences with us in a candid and considerate way during the focus groups.

Any mistakes or omissions are the author's own.

Lucie Parker
June 2020

Executive Summary

Within the household, many women and men still occupy distinct roles. Overall, women are more likely than men to be caregivers, while men are more likely than women to be working outside the home in a full-time job. But this pattern is gradually changing: more women are in work than ever before, and we know that many men want to take a greater role in caring responsibilities, which requires extending their rights to parental leave.

This report considers these changing roles, behaviours and attitudes in the context of financial decision-making within the home. Drawing from survey data, focus group findings and existing evidence, the report sets out how couples living together make decisions about their finances. Spanning day-to-day expenses to significant financial commitments, we show how, in couples where women live with a male partner, men and women are dividing up these household roles and responsibilities and the impact of this on their time and wellbeing.

While this research provides key insights into the finances of women living with a male partner, this is only part of the picture. This report should sit alongside other research that looks at the financial challenges experienced by other women, including those living alone or with friends, single mothers and LGBTQ women, so that we can truly understand the experiences of all women when it comes to money.

Key findings

- ▶ **Women are more likely to budget and manage spending.** Women of all ages are more likely to be spending their time doing the household budgeting than men. A higher proportion of women report being mainly responsible for household budgeting (37% vs 22% of men) and taking charge of spending decisions for the house (38% vs 28% of men).
- ▶ **Women now have more influence over big purchasing decisions than before.** There appears to be a gradual move away from the tradition of men exercising control over large and more significant spending decisions. For a majority of respondents, decisions on large expenditures are made equally with their partner (67% for both); and three quarters of individuals share the decision on mortgages and rent (74% of men and 76% of women).
- ▶ **Women continue to make most of the daily decisions on household purchases.** Women appear to be committing more time than men to financial decision-making: they are more likely to be the unpaid household bookkeeper. As well as becoming more involved in high cost purchasing decisions, they are still mainly responsible for many of the smaller, day to day decisions: for example, more than half of women make the decisions on household products all or most of the time (56% vs 15% of men).

This is also reflected in childcare – which for some families will be very high cost but for others may be less expensive: half of women with children say they primarily choose the childcare (50% vs 14% of men with children).

- ▶ **While half of couples share costs on household items, others split payment along gendered lines.** In many households, men contribute more money to paying for traditionally 'male' purchases, such as tools for the house, whereas women contribute more money to paying for items that are stereotypically the responsibility of the woman, such as childcare and cleaning products. For example, nearly a third of women with children say they primarily pay for childcare (30% vs 21% of men), whereas almost four in ten men say they primarily buy insurance for the household (38% vs 13% of women).

- ▶ **Most women and men still perform stereotypically gendered household tasks.** Women are still carrying the burden of responsibility across all daily household tasks, while men are largely responsible for performing stereotypically 'male' tasks. For example, 71% of women report always or usually doing the laundry (compared to 11% of men), while 73% of men said they carry out repairs around the house (73%), compared to one in ten women (11%). This trend is not because some women are at home while their partners are out at work, as responses are consistent across income brackets. For example, 68% of women earning £20,000 or more say they do the laundry (compared to 11% of men).

This division of household tasks occurs in the context of many still holding traditional views on the role of men and women. A third of men believe that men should be the breadwinner and women should be the homemaker (32%), with a fifth of women believing that it is the woman's job to look after the home and family (21%).

- ▶ **Young and high earning women are prioritising financial autonomy over sharing money with their partner.** There is a growing trend for women to want financial independence from their partner, which is influencing how couples are deciding to manage their money. This means fewer younger couples have a joint account.

Four in ten women and men aged 18-34 believe in financial independence (40% each), compared to 28% and 18% of women and men over 35. A third of people earning £40,000 or more believe being financially autonomous is more important than sharing money with their partner (32%), compared to 23% of people earning under £20,000.

- ▶ **There is little difference between women and men when it comes to financial knowledge and confidence.** Men and women have similar levels of confidence and knowledge when it comes to managing their money, as well as understanding financial products and ways to save for the future. Seven in ten women scored 7 or higher in feeling confident they can manage their money (71% vs 67% of men), and more than half of women scored 7 or higher in confidence on their knowledge of financial matters (53% vs 64% of men).

- ▶ **Women are more likely to feel guilty buying something for themselves than men.** Financial decision-making is having a greater impact on the everyday wellbeing of women than it is for men. Women are more likely to feel guilty over a spending decision – for example, half of women under 55 feel guilty when they buy something for themselves (46%), nearly double the amount of men in the same age category (27%).

- ▶ **A majority of couples are transparent about money and discuss it regularly, but a notable minority are not aware of their partner's savings or income.** Nearly half of men and women discuss money regularly with their partner and a majority trust their partner's spending decisions. But 17% of individuals are not explicitly aware of how much their partner earns and a third are not explicitly aware of how much their partner may have in savings (34%).

- ▶ **More women than men would not be financially independent if they split up with their partner.** Despite women's growing desire for financial autonomy and the fact they make more decisions on spending, more women than men would not be financially independent if they split up with their partner. Only 46% of women said they would be independent, compared to 56% of men. Older and low-earning women are the most vulnerable to this financial insecurity. Just over a third of women earning less than £20,000 agreed they would be financially independent in this scenario (36%), compared to two thirds of women earning £20,000 or more (66%).

What does this mean?

- 1. Gendered divides in financial decision-making are likely to be having a disproportionate effect on women's time and wellbeing.** The findings show many couples sharing household tasks and decision-making responsibilities, and splitting costs for household items. But in those households where this is not the case, women are doing the physical and emotional labour of chores and money management.
- 2. A lack of financial independence outside of relationships and knowledge of their big picture household finances puts many people at risk of financial insecurity in the future, especially older and low-earning women.** A meaningful number of individuals do not know how much their partner has saved up for the future and would not be financially independent if their relationship was to break down. This leaves them at risk of financial insecurity.
- 3. Changing roles in financial decision-making reflect wider patterns in society.** The trends in how men and women are making financial decisions inside the home mirror how gender roles are starting to shift outside of the home. A move towards flexible working patterns could be one reason why a meaningful number of couples are sharing responsibility for money decisions and household tasks. Yet the uneven burden of responsibility that women continue to shoulder in the home means we have a very long way to go - highlighting the importance of accelerating social and policy changes.

What needs to change?

In response to the Covid-19 outbreak, Government and businesses should look more long-term to prioritise and invest in more flexible and equal employment practices – in order to balance the time and wellbeing of every individual in the household. These include:

- Ensure default flexible working to make all jobs flexible unless there is a business reason for them not to be;
- Transform the parental leave system to give dads a longer, better paid period of leave;
- A carers' credit towards workplace pensions to ensure that women's pension contributions do not end during periods of maternity leave.

Government and the financial sector should invest in better financial education for women and men throughout their lives, to build their financial resilience and safeguard against financial insecurity in the future.

Introduction

Money can sometimes be an uncomfortable subject of conversation in the context of relationships. Yet confronting it helps us to understand the real pattern of men and women's lives when they are living with a partner. Mainstream economics and policymakers treat the individuals living in a household as a whole, with one income and a shared standard of living. However, in reality, we all know from experience that men and women can often have different roles and responsibilities in the house, especially when it comes to money.

In this report, we lift the lid off the household to take a closer look at how couples are making decisions about money. This includes finding out who decides what items the house can afford and who takes responsibility for the day-to-day budgeting and tracking of money. We also show how men and women are dividing up household roles and responsibilities, and what impact this is having on their time and wellbeing.

We look at whether men and women actually want to share money with their partner, and how much they really know about their partner's income and savings. Finally, we look at the impact that being in a relationship has on men and women's financial independence and security, and whether they would potentially lose out financially if the relationship breaks down.

The report concludes by outlining what part policymakers and the financial industry can play in tackling gender inequality when it comes to money. Knowing how much money is managed and spent by individuals – rather than only reporting at the household level – is crucial for ensuring that policies are designed for everyone, not just the household they belong to. Similarly, these insights allow the financial sector to better connect with women of all ages and ensure they cater their services to the lives that women and men actually lead.

Our Approach

This report is based on three strands of research. First, we looked at the existing body of research on household financial decision-making. We then ran focus groups with couples in Basingstoke and Birmingham. Finally, we commissioned a survey of 512 couples living together across the UK, to provide an in-depth understanding of who in the household makes spending decisions and what impact this has on individuals. The total sample for the survey was 1,022.

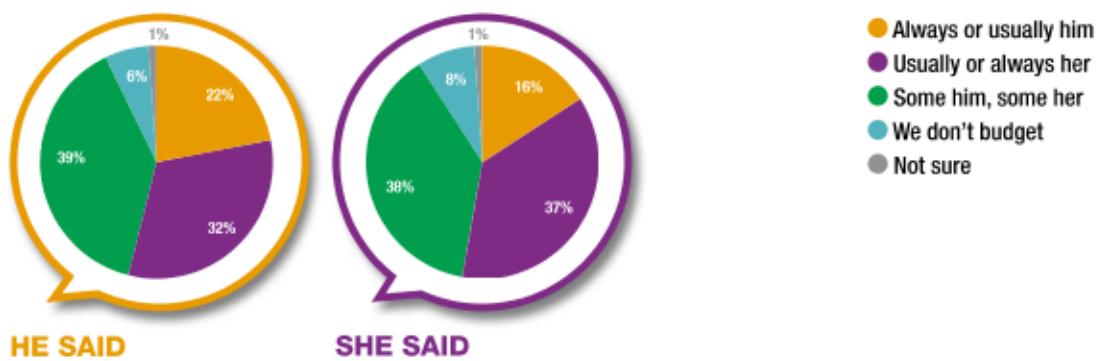
While this research provides key insights into the finances of women living with a male partner, this is only part of the picture. This report should sit alongside other research that looks at the financial challenges experienced by other women, including those living alone or with friends, single mothers and LGBTQ women, so that we can truly understand the experiences of all women when it comes to money.

Finding 1: Women are more likely to budget and manage spending

Women of all ages are more likely to be spending their time doing the household budgeting than men. Women are more likely than men to manage what couples are spending and to take charge of spending decisions for the home. Older women are the most likely to be responsible for day-to-day money management for the home.

Figure 1: Who is responsible for the household budgeting?

Who is responsible for budgeting your spending as a household, to decide how much you spend on the household items listed above?

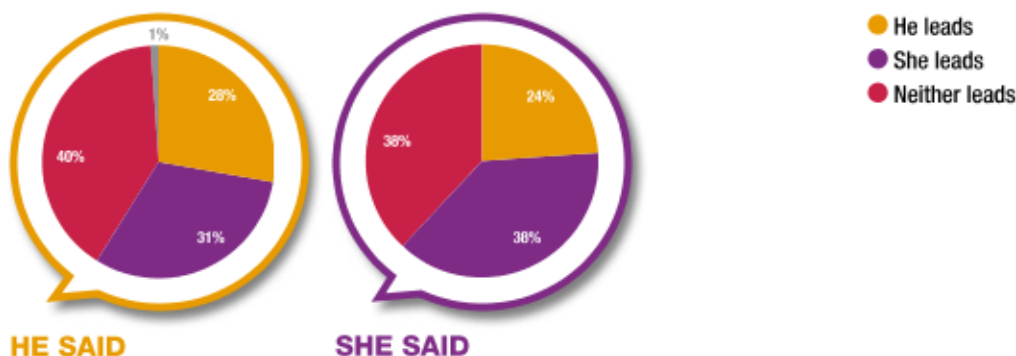


Women are more likely than men to say they are responsible for budgeting household spending (Figure 1). Women are also more likely to report being responsible for leading on spending decisions (Figure 2).

- More than a third of women report being primarily responsible for household budgeting (37%), compared to just over a fifth of men (22%);
- Overall, women of all ages are more likely than men to be primarily responsible for budgeting– but younger respondents (aged 18-34) are more likely to report that they share budgeting responsibilities with their partner (43%);
- When asked who ultimately leads on spending decisions, nearly four in ten women say they do (38%), compared to nearly three in ten men (28%).

Figure 2: I lead on our household spending decisions: agree or disagree?

To what extent do you agree or disagree with the following statements? I lead on our household spending decision



The research indicates that younger couples may be more likely to manage their finances equally, with older women more likely to take charge of spending decisions:

- Over a third of people aged 18-34 say they lead on spending decisions (35%);
- However, nearly half of women aged 35-54 say they play this role (45%), compared to nearly three in ten men in the same age category (28%).¹

“I track monthly what comes in and what goes out, and my partner doesn’t do that. There’s always a partner within the relationship that probably tracks that and makes sure the money is on the right track.”

Female participant, Basingstoke focus group

While women are more likely to budget, manage and lead on spending decisions, the picture differs when it comes to who has the ‘final say’ when there is a disagreement about spending. The research found in the majority of couples, no partner has the final say. Over two thirds of women and men say that they compromise (70% and 66%). Just under two in ten women and men say they personally have the final say (17% for both).

This differs from previous research, which found that while women carry the responsibility of everyday spending decisions, men are more likely to have the final say and therefore overall control of money.

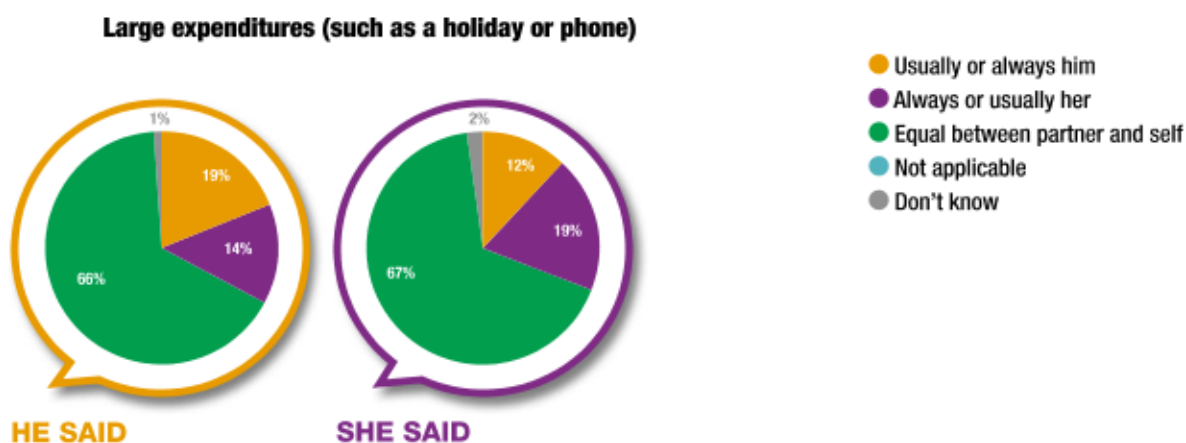
Collaboration over final spending decisions may be starting to replace male control over big picture household finances as the norm. However, women are still carrying more responsibility for money management.

Finding 2: Women now have more influence over big purchasing decisions than before

Women are putting more time into deciding what large items to buy for the house, such as holidays, than has previously been the case.

Figure 3: Who normally decides which of the following to buy for the household

Thinking about your home, who normally decides what to buy for the following types of expenditure?



Our research indicates a move away from the tradition of men exercising control over large and more significant spending decisions (Figure 3). Women are becoming more involved in bigger spending decisions than previously found.

“I’ll sort out and book the holidays, but then I have to justify that it was worth it and that we can afford it.” Female participant, Basingstoke focus group

“We’ll chat about what holiday we want and then I tend to research and give him options.” Female participant, Birmingham focus group

When asked who makes the decisions on bigger, more expensive items, individuals were most likely to report that couples made these decisions together. Over two thirds of respondents stated that for large expenditures, such as a holiday or a phone, they decide what to buy equally with their partner (67% for both).

Similarly, when asked who is responsible for making the decisions on mortgages or rent, around three quarters of respondents who the question applied to noted it was an equal decision with their partner (74% of men and 76% of women). A similar proportion of men and women reported they individually made the decision (16% and 15%).

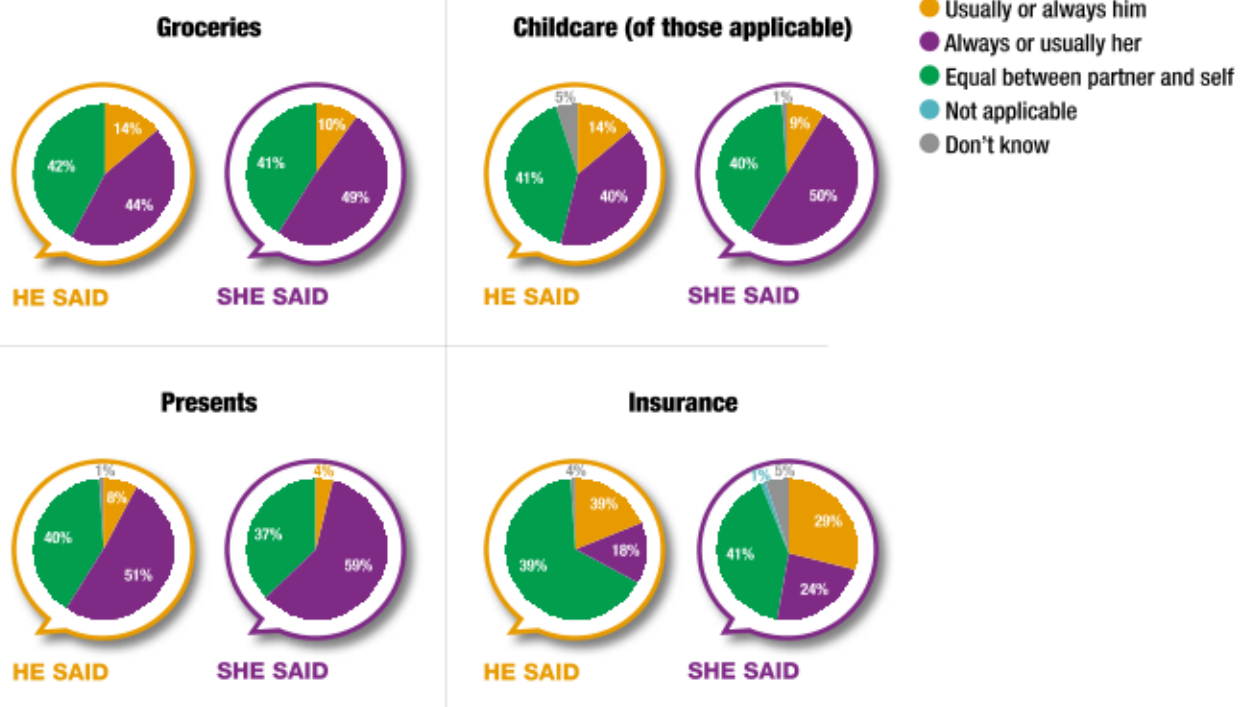
Previous research has highlighted that men have tended to have financial control and the final say for the most important and biggest spending decisions.² However, our findings point to a potential shift towards women being more involved in decision-making in relation to big purchasing decisions.

Finding 3: Women continue to make most of the daily decisions on household purchases

Women are shouldering the responsibility when it comes to making day-to-day decisions on what to buy for the house – but these gender splits are less fixed for younger couples.

Figure 4: Who normally decides which of the following to buy for the household

Thinking about your home, who normally decides what to buy for the following types of expenditure?



Individuals were asked who in the couple was responsible for deciding what to buy across a range of household products, from smaller expenditures such as groceries, to larger expenditures, including holidays (Figure 4). We asked individuals separately, and then compared their answers to see if couples gave the same answer.

For most of the questions, around 40% of respondents that the question applied to stated that they share equal responsibility for deciding what to buy. However, from the remaining 60% of the sample, we found that women were more likely to be making the decisions for the majority of household products.

- Approximately half of women reported they primarily make the decisions on groceries (49%), compared to just 14% of men who say they are responsible for this;
- Over half of women (56%) reported making the decisions on household products such as toilet paper and bin bags, all or most of the time, compared with just 15% of men;
- Half of women with children say they primarily choose the childcare (50%), compared to 14% of men with children;³
- Nearly six in ten women primarily make the decisions on presents (59%), compared to only 8% of men.

The two products that men were more likely to report being responsible for making the decisions for were insurance and transport, in line with traditional gender norms. This reflects the findings from previous research, which emphasised that often men specialise in financial decisions for the house that require specific financial knowledge, such as investments or insurance.⁴

These 'financial' decisions are traditionally seen as masculine domains that are separate from the household decisions that women are responsible for. They also tend to be less frequent or annual purchases, such as insurance.

- Of those households who purchase insurance, men were more likely to decide which insurance package to buy (40% vs 26% of women);⁵
- Similarly, of those who have transport costs, men were more likely to report making the decisions on these costs for the household – such as a car or train season ticket (37% vs 17% for women).⁶

“I buy most things for the house, and even though I wouldn’t make a decision without talking to [my partner] first, I find it quite hard when we buy something together because I have to explain it to him. Often he doesn’t understand it, but he needs to know and I want him to be involved.” Female participant, Birmingham focus group

For the products that men are more likely to decide on, the gendered split is less pronounced – with women now being more involved in those decisions. While the shift towards a more equal dynamic regarding these purchases is positive, this trend is not mirrored for those decisions women have traditionally taken – with men still appearing to be less involved in such decisions.

Overall then, women appear to be committing more time than men to financial decision-making: they are becoming more involved in high cost purchasing decisions whilst also still responsible for many of the smaller, day-to-day decisions. They are also far more likely to be solely responsible for deciding on childcare and other purchases for children.

Finding 4: While half of couples share costs on household items, others split payment along gendered lines

Half of individuals split costs on household items evenly with their partner. For those who do not, men contribute more money to paying for traditionally 'male' purchases, such as tools for the house, whereas women contribute more money to paying for items that are stereotypically the responsibility of the woman, such as childcare. Notably, younger households are more likely to split or share the costs of items.

After being asked who is responsible for deciding what to buy across a range of household products, individuals were then asked to report whose money is used to pay for these various items.

For each expenditure question, around half of individuals that the question applied to reported that the spending is equal between their partner and themselves. This figure is higher than the number of individuals who say they make equal decisions on shared items. This therefore demonstrates greater equality in who pays for household items, compared to who makes the decisions on items.

An important consideration for future research would be to look at whether individuals who are earning less are still paying for half of household costs, potentially leaving them with less disposable income compared to their partner. What seems like an equal and fair way to manage costs on the face of it may actually be having an unequal impact on one partner.

In the remaining sample, men were more likely to pay for more traditionally 'male' purchases', such as tools for the house, whereas women were more likely to pay for items that are historically and stereotypically the responsibility of the woman, such as childcare.

- Over a third of men stated they pay for utilities (37%), compared to 15% of women;
- Four in ten men said they buy insurance for the household (40% of those applicable), compared to one in ten women (13% of those applicable);⁷
- Nearly a third of men buy household equipment and maintenance items (32%), compared with one in ten women (12%);
- Nearly four in ten men are paying for transport costs, such as a car or train season ticket (38% of those applicable), compared to 13% of women (of those applicable);⁸
- Nearly three in ten men say they pay for large expenditures, such as holidays (28%), compared to 13% of women.

On the other hand, women were more likely to pay for childcare, with three in ten women saying they pay for it (30% of those applicable), compared to a fifth of men (21% of those applicable).⁹

Similarly, women were more likely to pay for household products, such as cleaning products and toilet paper, with nearly three in ten women saying they pay for these items (29%), compared to just under two in ten men (19%). This stereotypical trend extends to other items, with a third of women saying they pay for presents for friends and family (32%), compared to one in ten men (12%).

“I would probably pay the mortgage, [my wife] would pay the shopping. She’s always done most of the shopping. Maybe it’s a male and female thing.”

Male participant, Basingstoke focus group

As with the findings on who makes financial decisions and manages spending, younger households are more likely to split or share the costs of items, compared to older couples.

Individuals who are 18-34 years old are more likely to split the costs of household products, such as cleaning products, with 61% of people in this age group saying they split the costs, compared to 45% of those aged 35-54.

Similarly, 64% of those aged 18-34 say they split the costs of groceries, compared to 48% of those aged 35-54.

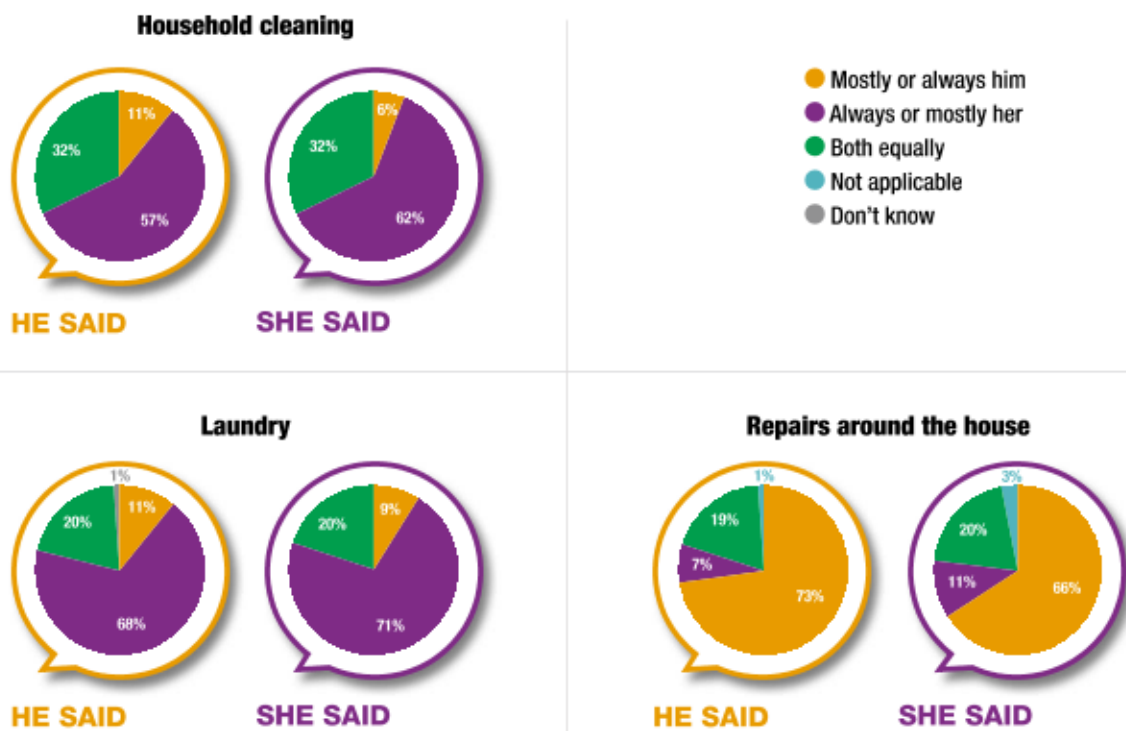
While this points to a higher prevalence of stereotypical gender roles in older households, these gender roles remain very common even in younger households.

Finding 5: Most women and men still perform stereotypically gendered household tasks

Women are still carrying the burden of responsibility across all daily household tasks, while men are largely responsible for performing stereotypically 'male' tasks. This division of household tasks occurs in the context of many still holding traditional views on the role of men and women.

Figure 5: Who in the household performs the following tasks:

Please indicate who in the household performs each of the tasks listed below



Individuals were asked to indicate which partner was responsible for performing a range of daily and less frequent household tasks, from preparing the meals to doing the gardening (Figure 5). The activities that women are more likely to carry out are all daily tasks, whereas the tasks that men are responsible for are less frequent ones. This means that women are expending more time and energy every day on household responsibilities than men are.

- Women are still more likely to prepare meals, with over half of women indicating they always or usually do this (56%), compared to only two in ten men (19%).
- Six in ten women always or usually do the cleaning (62%), compared to just one in ten men (11%).
- Just under half of women say they always or usually shop for groceries (49%), compared to only 15% of men.

- For those couples who have children, nearly half of women always or usually look after the children (47%), compared to less than one in ten men (9%).¹⁰
- Seven in ten women always or usually do the laundry (71%), compared to one in ten men (11%).
- Nearly half of women always or usually organise social events with friends and family (49%), compared to one in ten men (11%).

When looking at more infrequent tasks, men are more likely to do the gardening, with nearly half of men who have a garden indicating they do this (49%), compared to just a quarter of women who have a garden (25%). Nearly three quarters of men primarily carry out repairs around the home (73%), compared to only one in ten women (11%), and over three quarters of men primarily maintain the car (77% of those applicable), again compared to only one in ten women (11%).

This trend is not because some women are at home while their partners are out at work – as responses are consistent across income brackets. Over half of women earning £20,000 or more say they primarily prepare the meals (55%), compared to just 17% of men earning the same. Similarly, nearly seven in ten women earning £20,000 or more say they primarily do the laundry (68%), compared with one in ten men earning the same (11%).

Given this division of tasks, it was not surprising to find that the view of men as the breadwinner and women as the homemaker is still fairly common (Figures 6 and 7):

- A third of men believe that it is the man's responsibility to earn money for the house (32%), double the proportion of women who believe this (16%);
- Nearly a third of men still think that it is the woman's job to look after the home and family (31%), with a fifth of women also believing this (21%).

There are no significant generational differences, with 31% of men under 55 and 29% of men over 55 believing that men should be the breadwinner. This shows that older men are not more likely than younger men to hold this attitude.

Figure 6: It is the man's responsibility to earn money

Please tell us to what extent you agree or disagree with this statement: *It is the man's responsibility to earn money*

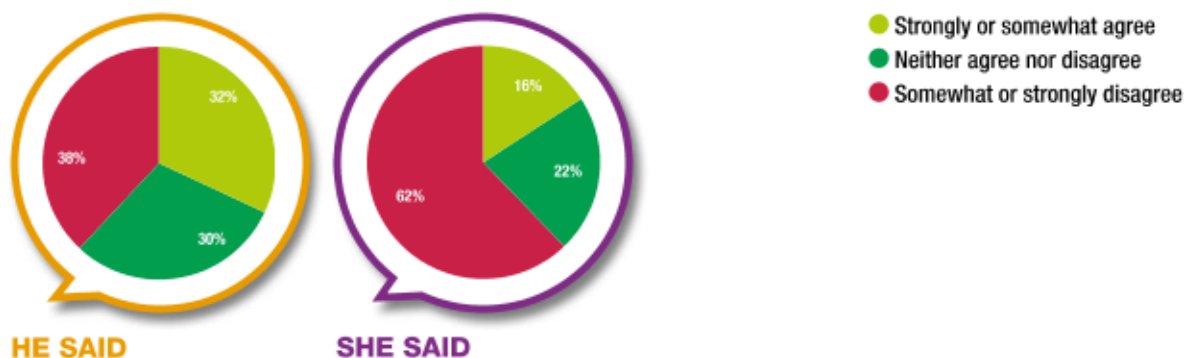
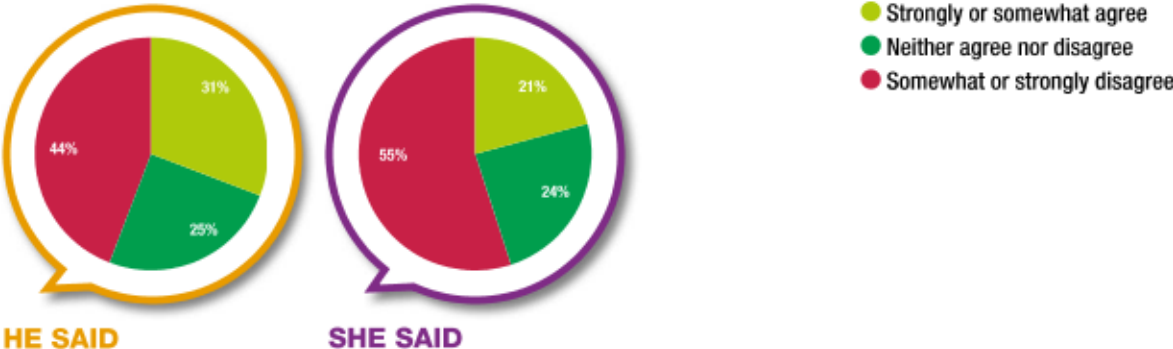


Figure 7: It is the woman's job to look after the home and family

Please tell us to what extent you agree or disagree with this statement: It is the woman's job to look after the home and family



These insights are in line with previous research, which has observed how social norms in most societies have set expectations for men to be the provider and women to be the homemaker within the house.¹¹ These roles then have an impact on the amount of power each individual has over money decisions in the house.

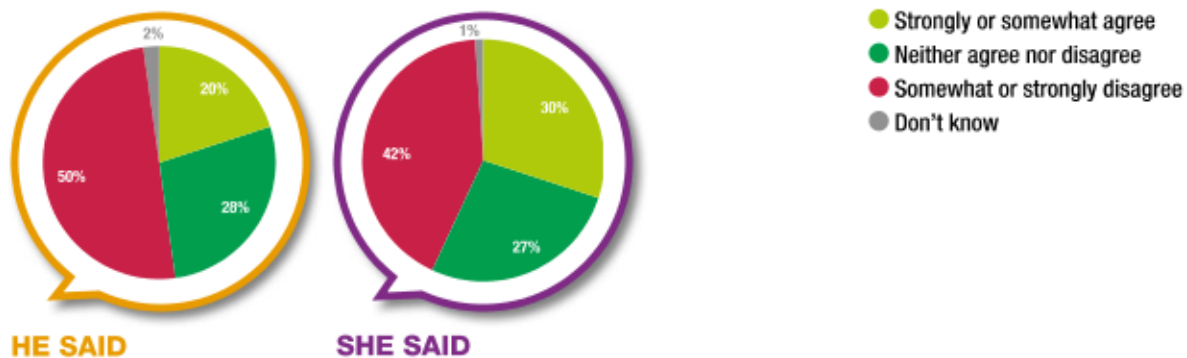
Despite progress towards equality in society, and the lip service paid to this progress, our findings show that male and female household roles still exist for a meaningful proportion of the population. In many relationships, women are shouldering the responsibility for ensuring the smooth running of the household.

Finding 6: Young and high earning women are prioritising financial autonomy over sharing money with their partner

The research revealed a growing trend for women to want financial independence from their partner, which is influencing how couples are deciding to manage their money. Younger couples are less likely to have a joint account than older couples, being more likely to value financial independence. There is a clear generational divide between young women and older women when it comes to money management.

Figure 8: Being financially independent is more important than sharing money with my partner

Please tell us to what extent you agree or disagree with this statement: Being financially independent is more important than sharing money with my partner



Individuals were asked for their opinion on financial independence and their attitudes towards sharing money with a partner (Figure 8). Three in ten women believe that being financially autonomous is more important than sharing money with their partner (30%), with a fifth of men in agreement (20%). The research found differences by:

- Age: four in ten people aged 18-34 years old believe in financial independence (40%), compared to only 28% of women and 18% of men who are over 35;
- Income: those earning more were more likely to prioritise financial independence over sharing money with a partner. A third of people earning £40,000 or more believe being financially autonomous is more important than sharing money with their partner (32%), compared to 23% of people earning under £20,000.

This attitude is shaping how couples are managing their money. We found that just over half of women and men have a joint bank account with their partner (55% and 53%). Older couples are more likely to have a joint account than younger couples. Just under half of respondents aged under 55 share a joint account with their partner (46%), compared to around two thirds of those aged 55 or over (64%).

As previous research has shown, the move towards financial independence for women has meant couples are less likely to join their accounts. A majority of women surveyed in a previous study who did not have a joint account said that they saw this as a way to maintain their independence.¹² This indicates that more women are wanting to keep charge of their money when living with a partner.

“I was smart with my money when I was quite young and invested it in a property with my sister, so I feel hesitant going into a joint account with my partner when I know I’ve made investments and it’s my money.” Female participant, Birmingham focus group

“I like having my own money and knowing I can go and spend what I want without someone questioning it.” Female participant, Basingstoke focus group

“We had a joint account but then ended up not having one, because I felt I was working every month and then having to justify spending. I needed that independence.” Female participant, Birmingham focus group

This sentiment is also reflected in women's increased levels of engagement with financial products. We found that women are just as likely to have certain financial products in their name as their male partner:

- 61% of women and 58% of men reported they have a credit card;
- 49% of women and 43% of men said they have a savings account in their own name;
- 40% of women and 34% of men also stated that they have an ISA in their name;
- 18% of men and 12% of women said they have stocks and shares in their name.

Female engagement with these products is on a par with men. This marks a shift from previous trends, as women have been historically less likely to hold financial products in their name. Previous research also shows that even when men and women of similar incomes are compared there is a significant gap in savings and pensions investment. This includes a persistent gap in investment choices, with men reported as being more than twice as likely to hold stocks and shares.¹³

This section indicates that more women are prioritising financial autonomy and more women are engaging with the financial industry. This presents a real opportunity for the financial industry in terms of ensuring consumer products are aligned with the lives women are actually leading.

Finding 7: There is little difference between women and men when it comes to financial knowledge and confidence

Men and women have similar levels of confidence and knowledge when it comes to managing their money, as well as understanding financial products and ways to save for the future. This marks a shift from men being traditionally viewed by society as more financially active, in their breadwinner capacity, with women taking a backseat in financial matters.

Figure 9: On a scale of 0-10, how confident do you feel managing your money?

How confident do you feel managing your money? Please answer on a scale of 0 to 10 where 0 is 'not at all confident', and 10 is 'completely confident'

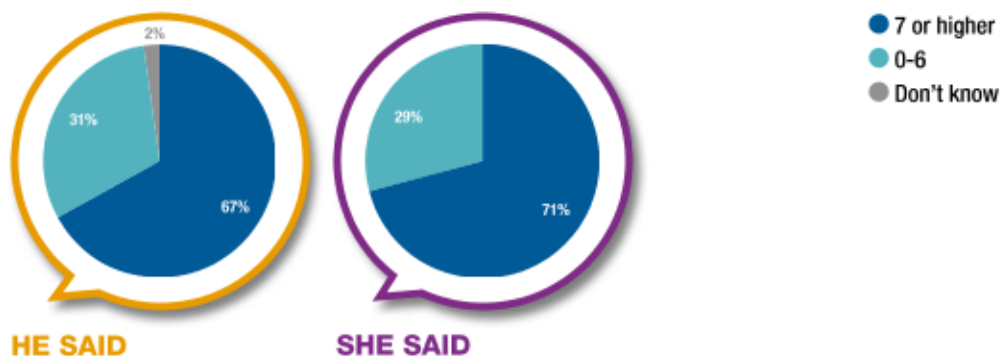
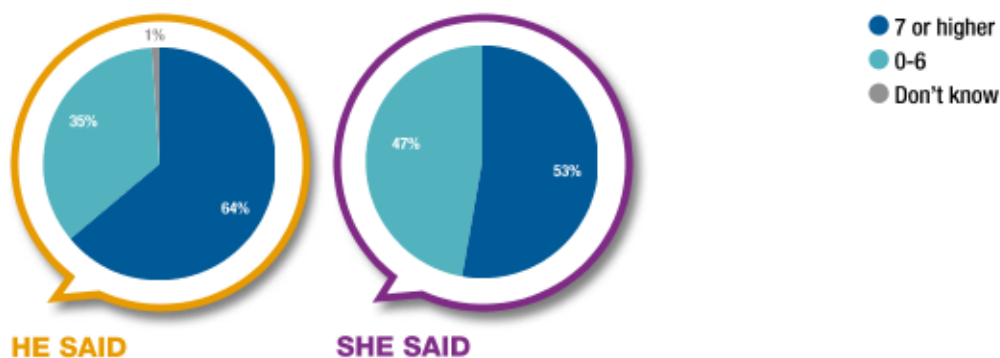


Figure 10: On a scale of 0-10, how knowledgeable would you say you are about financial matters?

How knowledgeable would you say you are about financial matters? Please answer on a scale of 0 to 10, where 0 is 'not at all knowledgeable' and 10 is 'very knowledgeable'



Individuals were asked a series of questions that tested their knowledge of debt, pensions and savings. They were also asked to score their confidence out of ten in terms of feeling able to manage their money and feeling knowledgeable on financial matters (Figures 9 and 10).

“If I think about me and my husband, I’m big picture and focused on long-term goals. So I’m the one who saves for holidays, I’m the one who plans ahead.” Female participant, Birmingham focus group

“I look at the big bills and the mortgage and make sure that’s all covered.”
Female participant, Birmingham focus group

The findings across all questions show that women have similar levels of financial knowledge and confidence as men do, despite women often feeling that they are lacking in confidence on financial issues and being seen this way by others.

- Seven in ten women scored themselves as 7 or higher in being confident they can manage their money (71%), in line with just under seven in ten men who scored the same (67%);
- Over half of women scored themselves as 7 or higher in confidence on their knowledge of financial matters (53%), which compares to 64% of men who scored the same.

Age played a role in confidence. 64% of those aged 18-34 scored 7 or higher in being confident they can manage their money, compared with three quarters of people over 55 (74%).

The research also shows the more men earn, the more confident they feel in managing their money and the more likely they are to report higher knowledge of financial matters. 83% of men earning £40,000 and over scored 7 or over in being confident they could manage their money, compared to 58% of men earning less than £20,000. Similarly, 79% of men earning £40,000 and over scored 7 or over in confidence they had knowledge of financial matters, compared to 56% of men earning under £20,000.

This was not the case for women, who gave consistently high confidence scores regardless of their income. Seven in ten women scored 7 or more in being confident they could manage their money, across all income brackets (71% on average).

For both women and men, the more education they have the more likely they were to report higher levels of confidence in both managing their money and having knowledge of financial matters.

Previous studies have commented on men being more financially literate than women, with the numeracy skills of the man having a key influence over who makes financial decisions for the house.¹⁴ However, this research finds very similar levels of knowledge in relation to key financial concepts:

- Over half of women and nearly half of men knew what an Annual Percentage Rate is (52% and 48%).
- Only four in ten women and men knew when the savings in a pension are taxed for most people (40% and 42%);
- The same proportion of women and men knew what the benefit of having an Individual Savings Account is (69%).

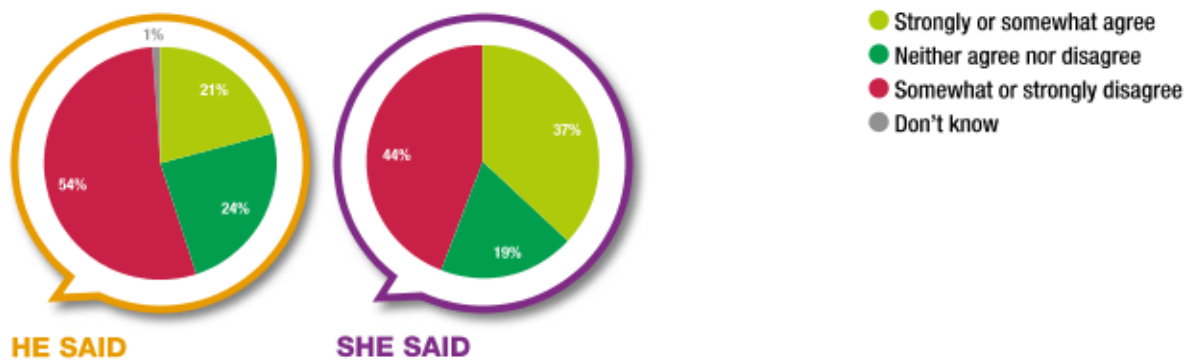
Older participants were more financially literate than younger participants, likely because of their increased exposure to and engagement with financial products and services throughout their life.

Finding 8: Women are more likely to feel guilty over a spending decision than men

Financial decision-making is having a greater impact on the everyday wellbeing of women than it is for men. Women are more likely to feel guilty over a spending decision than men, with nearly half of women under 55 feeling this way when they buy something for themselves. While women have traditionally had less disposable income than men, often as a result of feeling guilty or not wanting to deprive their family or household by spending on themselves, we found that the majority of men and women report having similarly low levels of disposable income left after purchasing household items.

Figure 11: I feel guilty buying an item for myself

To what extent do you agree or disagree with the following statement? *I feel guilty buying an item for myself*



As Figure 11 shows, more than a third of women reported feeling guilty over buying an item for themselves (37%), compared to just a fifth of men (21%). Women under 55 are nearly twice as likely to feel guilty when they buy something for themselves (46%), compared to 27% of men in the same age category.

“Sometimes if I’m fed up or low, I can just impulse buy and feel guilty about it afterwards.” Female participant, Birmingham focus group

“I’m always very stressed about not having enough to eat or spend on what we need. I worry about what would happen if we spent too much.” Female participant, Birmingham focus group

The feelings of guilt experienced by women when spending on themselves has been reported on previously. Existing research has shown that women are more likely than men to deprive themselves when money is tight, feeling guilty if they were to use money for personal use over buying items for the household, or for their children and their partner.¹⁵

This means that men will tend to have more personal spending money than women do. One study found that in 2017 men in the UK had £370 a month to spare after paying for bills and essentials – 28% more than women, who had just £288 left in their accounts once they had settled all their monthly outgoings.¹⁶

One reason given for this trend is that generally women tend to have different spending priorities compared with men, including spending more on children and household items. This will be on top of the impact that the gender pay gap has on how much money men and women have. Previous research with families who receive benefits showed that typically women had no access to their 'own' money and would do without necessities because they prioritised both the needs of their children and their male partner's 'pocket money'.¹⁷

The fact that women are doing more of the chores, budgeting and decision-making, and then feeling guilty about buying something for themselves, paints a powerful picture of women not putting themselves first and suffering under the weight of this responsibility.

Finding 9: A majority of couples are transparent about money and discuss it regularly, but a notable minority are not aware of their partner's savings or income

Whilst many people are open with their partner about their finances, a notable proportion of people do not know how much income or savings their partner has.

Figure 12: I trust my partner's spending decisions

To what extent do you agree or disagree with the following statement? I trust my partner's spending decisions

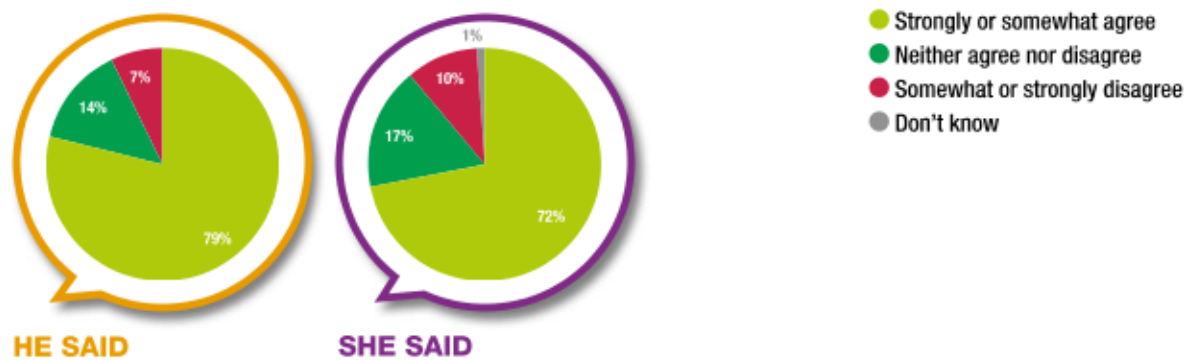
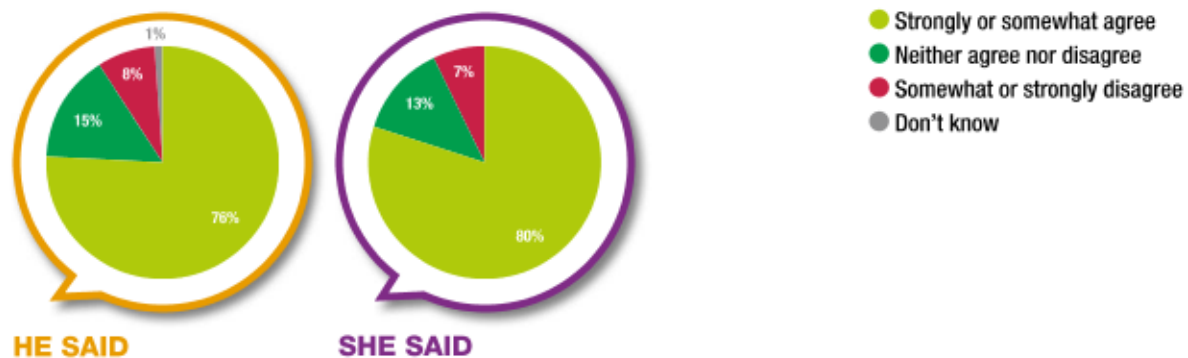


Figure 13: I would tell my partner if I felt worried about money

To what extent do you agree or disagree with the following statement? I would tell my partner if I felt worried about money



Respondents were asked certain questions to understand how couples relate to each other when money is involved and whether relationship dynamics impact money decisions.

- Nearly half of men and women discuss money either daily or weekly with their partner (48% and 45%). In contrast, 8% of men and women say they talk to their partner about money annually or never.
- As Figure 12 shows, seven in ten women and nearly eight in ten men said they trust their partner's spending decisions (72% and 79%). One in ten women say they do not trust their partner's spending decisions (10%), compared with 7% of men.

- 80% of women and 76% of men said they would talk to their partner if they felt worried about money (Figure 13). In contrast, 7% of women and 8% of men said they would not talk to their partner if they felt worried about money.

Taken together with the finding that most couples would reach a compromise if they disagreed on spending (68%), for many – but not all – couples, there is general satisfaction about spending decisions.

“We talk about money a lot, and I think that’s why I worry less. I definitely trust my wife.” Male participant, Basingstoke focus group

“We have an agreement that if we want to spend over £50 on an item we have to discuss it first.” Female participant, Birmingham focus group

We then looked at the knowledge that men and women have of their partner’s money, as well as whether they think their partner is aware of their own financial position. Firstly, we asked about income:

- 17% of respondents are not explicitly aware of how much their partner earns. 83% of women and 78% of men say they are aware of their partner’s total income (Figure 14).
- When the question was reversed and respondents were asked if they believe their partner is aware of their total income, 80% of women and 82% of men agreed, with 16% of individuals not knowing.

We then asked respondents whether their partner is aware of the amount of money they have in their current account:

- 70% of women and 65% of men reported that they were aware of how much money their partner has in their current account.
- When asked the opposite, 66% of women and 71% of men reported that their partner knew how much money is in their account.

We then asked about savings:

- 66% of women and 67% of men stated that their partner knew how much in savings they have;
- 68% of women and 64% of men said they knew the amount of savings their partner has (Figure 15).

Figure 14: Are you aware of your partner’s total income?

Now thinking about your partner’s money, are you aware of the following: Their total income

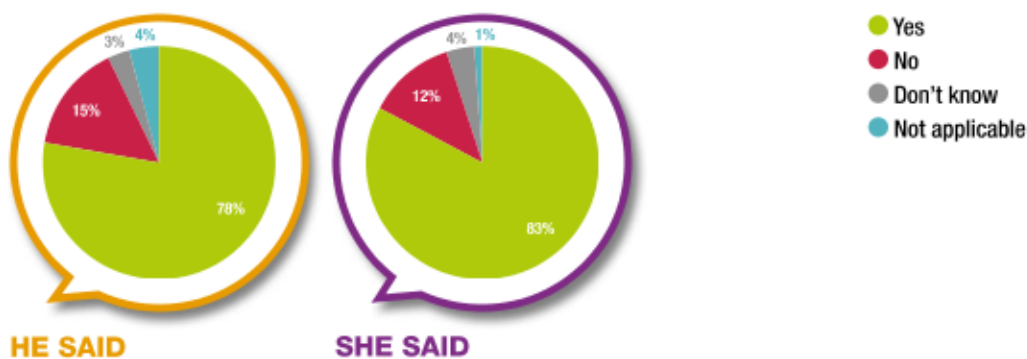
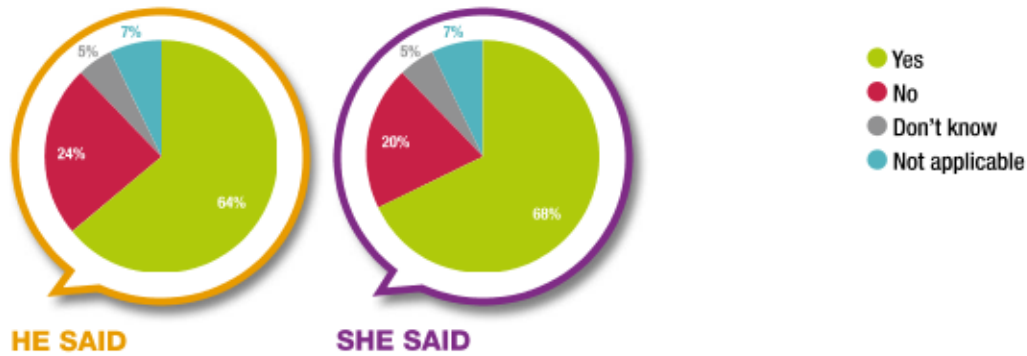


Figure 15: Are you aware of the amount of savings your partner has?

Now thinking about your partner's money, are you aware of the following: The amount of savings they have



Overall, this means that around a third of individuals are not explicitly aware of how much money is in their partner's account or how much they have in savings.

This insight builds on previous research, which found that less than two thirds of women were aware of their partner's financial situation during their relationship, and this impacted on their understanding of their joint wealth.¹⁸

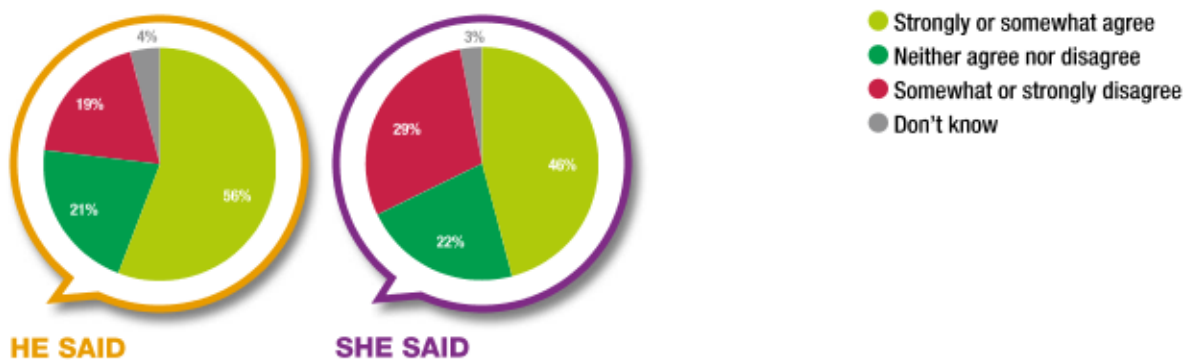
There were no notable differences based on age, income or education that reveal specific demographic trends. The relationship dynamics that couples have, such as how open they are with each other on a daily basis, could be one explanation for why some individuals are more aware of their partner's finances than others.

Finding 10: More women than men would not be financially independent if they split up with their partner, even though women are responsible for more spending decisions

Despite women's growing desire for financial autonomy, particularly younger women, and the approaches to money management they are taking to ensure financial independence from their partner, the fact remains that as a whole, women in relationships are more financially vulnerable than men are. More women than men would not be financially independent if they split up with their partner, even though they are making more of the decisions on spending. Older and low-earning women are the most vulnerable to this financial insecurity.

Figure 16: I would be financially independent if I split up with my partner

To what extent do you agree or disagree with the following statement? *I would be financially independent if I split up with my partner*



We looked at what impact a relationship breakdown would have on each individual in the couple and their financial security, asking individuals whether they would be financially independent if they split up with their partner.

We found that around half of all respondents are financially reliant on their partnership, with 46% of women and 56% of men saying they would be able to be financially independent if their relationship ended (Figure 16).

Notably, women aged 35-54 are in the most precarious financial situation, with just over four in ten of these women stating they would be financially autonomous if they split from their partner (43%). Similarly, just over a third of women earning less than £20,000 agreed that they would be financially independent in this scenario (36%), compared to two thirds of women earning £20,000 or more (66%).

“As much as I trust [my partner], I still like my own money on the side, just in case anything were to happen.” Female participant, Birmingham focus group

This is in line with previous research, which shows that divorced women are less financially secure than men. As a result of the gender pay gap and women taking time out of work to care for children and other family members, men are accumulating five times the pension pot that women have. In reality, this gender pensions gap gives the average divorced woman only one third of the pension pot of the average divorced man (£9,000 compared with £30,000).¹⁹

Similarly, most women in the bottom 40% of households (by household income) have no pension wealth at all.²⁰ This demonstrates the huge risk that relationship breakdown poses to the future financial security of low-earning women.

Conclusions and Recommendations

Conclusions

Gendered divides in financial decision-making are likely to be having a disproportionate effect on women's time and wellbeing.

It is positive that many of the findings show men and women sharing household tasks and decision-making responsibilities, and splitting costs for household items. Yet for those who do not, we can clearly see that households today are operating in a way in which women are doing the physical and emotional labour of chores and money management.

Women are shouldering the responsibility when it comes to making day-to-day decisions on what to buy for the house, in the same way they are burdened with daily chores, managing the pot of money the house has to spend and paying for everyday products. An example of what this looks like in practice is that women will be deciding what they can afford to eat and what food to buy, going out to buy groceries and preparing the meals for the house.

This burden sits on top of the wider responsibilities that women shoulder, such as being more likely to do unpaid care work. Many women are doing all of this while also in paid employment, leaving them with less time to spend on activities outside the home and themselves. Furthermore, the stress that often comes with managing a budget or trying to make ends meet will be having a disproportionate impact on the wellbeing of those most likely to be tasked with doing it. Women are feeling the stress of managing money for the house, but then also feeling guilty when buying something for themselves. This means that living with a partner is likely to be having a more detrimental impact on the time and wellbeing of women than it is men.

A lack of financial independence outside of relationships and knowledge of their big picture household finances puts many women at risk of financial insecurity in the future, especially older and low-earning women.

It is concerning that a meaningful number of individuals do not know how much their partner has saved up for the future and would not be financially independent if their relationship was to break down. This shows that a worrying proportion of women in the UK are at risk of financial insecurity, and are unprepared for the future.

Despite some women's growing desire for financial autonomy, and the approaches to money management they are taking to ensure financial independence from their partner, there are women for whom this forward thinking and planning might not be possible.

Older and low-earning women are most at risk of financial insecurity if they were to split with their partner, likely because their low salary does not allow for savings, or caring responsibilities meant they spent fewer years in paid work. Yet these circumstances limit the opportunities they have to plan ahead to support themselves if their relationship were to break down.

Changing roles in financial decision-making reflect wider patterns in society.

The trends in how men and women are making financial decisions inside the home mirror how gender roles are starting to shift outside of the home. Changes to the labour market provide a key example. Women are still more likely to be responsible for caring for children and other family members, which goes some way to explaining why they are more likely than men to be making day-to-day household decisions. Similarly, more women than ever before are working and participating in society, and caring leave for men and flexible working for all is slowly becoming wider practice. These progressive working patterns could be one reason why a meaningful number of couples are sharing responsibility for money decisions and household tasks.

Another example can be seen in how relationship norms and dynamics in the UK are shifting. Fewer couples are deciding to marry, with the number of cohabiting couples increasing by a quarter over the past ten years. This shift is reflected in how couples are deciding to manage their money, with fewer couples sharing joint accounts than was previously the case. More women are also now starting relationships with their own money and experience of managing this money independently, as individuals are entering long-term relationships at an older age. This could explain why more women are wanting to keep their money separate and have similar levels of financial knowledge and confidence as men.

Progress towards equality in society and how this equality is starting to be replicated in the household shows that steps are being made in the right direction. Yet the uneven burden of responsibility that women continue to shoulder in the home means we have a very long way to go. This highlights the importance of accelerating social and policy changes, such as further embedding paternity leave in workplaces and ensuring access to flexible working practices across all workplaces, in order to balance the time and wellbeing of every individual in the household.

Recommendations

Since this research was conducted, the Covid-19 pandemic has had a significant impact on work and everyday life, magnifying existing inequalities in society and threatening progress towards achieving greater equality. Before the crisis, women were more likely to be low paid and in insecure employment, working in sectors that have faced the most disruption as a result of government responses to the crisis, and shouldering the burden of unpaid care for children and family. As a result of these pre-existing inequalities, growing evidence shows that different groups of women in the UK are experiencing severe financial insecurity and are carrying the burden of increased caring roles.

Notably, the suspension of normal life and economic disruption has had and will continue to have a profound impact on household dynamics. School and office closures and household isolation mean that couples across the UK are experiencing having to juggle home schooling, increased domestic chores and unpaid care work, financial insecurity, and job losses or trying to keep up with paid work. There is therefore a need for future research to examine the impact of Covid-19 on the pre-existing household financial decision-making dynamics captured here.

Nevertheless, the following recommendations are crucial for tackling the uneven distribution of responsibility that women have been shown to carry, and are shouldering even more during the Covid-19 crisis, in the home:

In response to the Covid-19 outbreak, Government and businesses should look more long-term to prioritise and invest in more flexible and equal employment practices – in order to balance the time and wellbeing of every individual in the household.

Whilst the Covid-19 pandemic has magnified existing inequalities in society, it also provides an unprecedented moment to re-evaluate how societies are built and accelerate progress towards more equal societies. Government and businesses should maximise this opportunity to invest in more flexible and equal employment practices, to rebalance the uneven burden of responsibility in the home that the research shows women are currently struggling under. These include:

- Ensure default flexible working to make all jobs flexible unless there is a business reason for them not to be;
- Transform the parental leave system to give dads a longer, better paid period of leave.
- A carers' credit towards workplace pensions to ensure that women's pension contributions do not end during periods of maternity leave;

Additionally, Government and the financial sector should invest in better financial education for women and men throughout their lives, to build their financial resilience and safeguard against financial insecurity in the future.

Greater efforts should be made to help women and men become more confident and knowledgeable with money. Building financial education into the curriculum from an early age would allow young people to acquire the knowledge and skills they need to understand and manage their money responsibly, to avoid financial difficulty in the future. Similarly, the financial sector should increase efforts to improve the financial literacy of their customers. This will support more individuals to be able to plan a future where they are more financially secure and independent.

Appendix One: Methodology

Our analysis combines the findings from three strands of research that Fawcett has conducted, to show how couples living together in the UK approach their household financial decision-making.

Review of the literature

Firstly, we looked at the existing body of research on household financial decision-making. This provided an initial understanding of who in the household makes decisions across different household and personal spending decisions, and the reasons why. Additionally, the research looked at if and how couples' perceptions of the dynamics around their financial decision-making in the household differ. The literature review provided some initial conclusions and identified gaps in the existing body of knowledge, both of which informed the design of the focus groups and survey.

Relevance of the articles included in the literature review was determined through a selective criteria process. A bibliography of relevant literature was compiled, with evidence from the UK and international contexts, including Europe and North America, in order to gain comparative insights between the UK and other countries. Literature which focused on both heterosexual and LGBT cohabiting couples was also included.

Focus groups

Two focus groups were conducted in August 2019. The focus groups gathered initial insights on the types of financial decisions that participants, as individuals and in couples, make within their household and how they execute these decisions.

One focus group was conducted with a mixed sex group of four heterosexual couples in Basingstoke (eight participants in total) and the other was conducted with eight heterosexual women living with a male partner in Birmingham. Participants for the focus groups were recruited by market research company Leftfield, who specialise in qualitative recruitment. Half of each group were married and half had children under 16. Participants in both groups reflected a range of age groups. There was no ethnicity quota for the Basingstoke group, although ethnic minorities were not actively excluded, and half of the Birmingham group were BAME and half were white. Within the BAME group, there were a mix of Black and South Asian participants.

Survey of cohabiting couples

From 21 October to 1 November 2019, the research agency Survation polled 512 couples (1,022 respondents overall who are living together in the UK aged 18+, via an online panel. 198 respondents were in same-sex couples. Unweighted data was collected by age, sex, region, income, SEG, education, 2017 General Election vote, 2016 EU Referendum vote, ethnicity, disability and religion. Couples were also asked if they are married or in a civil partnership, and whether they have children or not.

Both individuals within the couple accessed and completed the survey online. The instructions stated that each individual should complete the survey alone, with their partner in a separate room. This approach was to allow each respondent to complete the survey independently and transparently, without pressure or influence. Surveying both partners within the couple provided a way to see how often couples agreed on who does what in their household.

Methodological limitations

Individual perceptions within the couple

There is a lack of data in the literature which measures and compares the perception of household spending and money management that each person within a couple will have. Relying on information about decision-making from only one partner, or from both partners together, will fail to capture the full picture of the couple's overall financial situation and each partner's personal wealth. Speaking to both partners separately provides a more accurate sense of who holds the financial decision-making power, as well as what impact this has both on the relationship and financial outcomes of the household.

We surveyed both partners separately across 512 couples, to collect the data on each individual's perspective. There was a clear difference in how each partner responded for most of the questions. However, for a few questions the data indicated that partners had likely conferred while completing their version of the survey. To inform future best practice in conducting this type of research, we would recommend that couples are each given a survey to complete separately, rather than take it in turns to take the survey one after the other.

Same-sex cohabiting couples

Most of the research to date has focused on financial decision-making between married heterosexual couples. There has been little research on the ways in which cohabiting and same-sex couples in the UK manage and spend their money, as well as the power dynamics and mechanisms of control behind resource management in the household. While the online survey we conducted included same-sex couples, the findings from this survey focus only on heterosexual couples. Further research on how same-sex couples specifically manage and spend their money would grow our understanding about financial decision-making in these households.

Longitudinal studies

Existing evidence on this issue has tended to look at household spending and money management at a specific and fixed point in time. However, money management often changes over time, during the same relationship. This could be when one individual starts earning more, or when a couple has children. There is therefore a need for future research approaches that track households over a prolonged period of time. This would help us to understand the extent to which decision-making patterns are generational or related to specific age cohorts.

Endnotes

- 1 While this finding is directional and points to a potential difference, it is not statistically significant. More research with a larger population sample would be needed to further substantiate this.
- 2 These studies include: Pahl, J. (1995). *His money, her money: Recent research on financial organisation in marriage*; Pahl, J. (2000). *Couples and their money: patterns of accounting and accountability in the domestic economy*; Thomas, A. et al. (2009). *Individuals' attitudes and behaviours around planning and saving for later life*. DWP Working Paper No 72; Schneebaum, A. & Mader, K. (2013). *The gendered nature of intra-household decision making in and across Europe*. Department of Economics Working Papers, Vienna University of Economics and Business, Department of Economics.
- 3 While decisions on what childcare to arrange for older children of primary school age are more likely to be daily or weekly, at a lower cost, parents with younger children will likely be making infrequent high cost decisions on childcare providers, such as nursery, that will take up a larger proportion of household income. The sample of respondents who require childcare is 270.
- 4 Kim, J., Gutter, M., and Spangler, T. (2017). *Review of Family Financial Decision-making: Suggestions for Future Research and Implications for Financial Education*.
- 5 It is worth noting that the answers vary significantly between men and women's responses to this question, with men being more likely to report they are responsible for deciding on insurance.
- 6 Travel costs may be for the individual, i.e. a train season ticket, rather than for the household.
- 7 Sample size is 779.
- 8 Sample size is 772.
- 9 Sample size is 270.
- 10 Sample size is 447.
- 11 Mani, A. (2010). Mine, Yours or Ours? The Efficiency of Household Investment Decisions: An Experimental Approach.
- 12 Figes, K (2010), *Couples: How we make love last*
- 13 Bazeley, A. (2017). *Closing the Gender Gap: Female Consumer Engagement in Financial Products*.
- 14 Smith, J., McArdle, J. and Willis, R. (2010). *Financial Decision Making and Cognition in a Family Context*, Economic Journal, Royal Economic Society, vol. 120(548); Johnston, D., Kassenboehmer, S. and Shields, M. (2016). *Financial decision-making in the household: exploring the importance of survey respondent, health, cognitive ability and personality*.
- 15 Pahl, J. (1995). *His money, her money: Recent research on financial organisation in marriage*; Pahl, J. (2000). *Couples and their money: patterns of accounting and accountability in the domestic economy*; Relate (2017). *In too deep: An investigation into debt and relationships*.
- 16 Research conducted by YouGov on behalf of VoucherCodes.co.uk, January 2017.
- 17 Goode, J., Callender, C. and Lister, R. (1998). *Purse or Wallet? Gender Inequalities within Families on Benefits*; Relate (2017). *In too deep: An investigation into debt and relationships*.
- 18 Netwealth (2019). *Me, my money and I: The growing financial autonomy of UK women*.
- 19 The Chartered Insurance Institute and Insuring Women's Futures (2017). *Risk, exposure and resilience to risk in Britain today: Women's Risks in Life – an interim report*.
- 20 *Ibid*

The Fawcett Society is the UK's leading membership charity campaigning for gender equality and women's rights at work, at home and in public life. Our vision is a society in which women and girls in all their diversity are equal and truly free to fulfil their potential creating a stronger, happier, better future for us all.

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