The Gender Wealth Gap in the United States, 2008-2013

Laurel Sariscsany

Background & Purpose

There is limited research on the wealth inequality experienced by women in the US. The research that is available has primarily focused on unmarried households (Chang, 2010; Conley & Ryvicker, 2004; Schmidt & Sevak, 2006; Yamokoski & Keister, 2006). Excluding married couples may seem theoretically sound to those who argue that the gender wealth gap is not applicable to married couples. One could argue that married couples share wealth equally and if ownership differs slightly, would still be consumed equally during marriage and split evenly in the case of divorce. However, this is not always the case. First, research indicates that asset ownership is likely not equal between married couples (Chang, 2010; Frick et al., 2007). Furthermore, within a marriage the individual with a higher level of asset ownership is likely to have more bargaining power (Lee & Pocock, 2007). Unequal asset ownership among married couples may lead to economic dependency, which may make leaving dysfunctional or abusive relationships more difficult (Chang, 2010).

In the US, approximately half of all marriages now end in divorce (Chang, 2010). This further emphasizes the importance of understanding wealth ownership among married couples. Assets are not necessarily split evenly in divorce proceedings. The majority of states in the US are common law states, in which spouses are given "equitable shares" of assets upon divorce. This division is determined in divorce courts and differs by state. Only nine states in the US are community property states, in which assets accrued during marriage are split evenly in divorce proceedings. However, residing in a community property state may still not protect women from an unanticipated loss of wealth (Chang, 2010). The gender wealth gap exists prior to marriage (Sierminska et al., 2010). Thus, women are likely to continue to experience a discrepancy in wealth after divorce even when wealth accrued during marriage is split equally. As the average age of marriage increases and a larger proportion of lifetime wealth acquisitions occur prior to marriage, divorced women, even in community property states, may experience increased wealth inequality.

The existence of a gender wealth gap in the U.S. would provide critical insight into the disparities in financial wellbeing by gender that have not been captured by previous research focusing on wages and earnings. Net worth captures financial wellbeing separate from income, such as through non-income generating assets, indebtedness, and intergenerational transfers. Wealth additionally provides other benefits such as opportunities to shape or influence political and social agendas through donations to politicians, issue-oriented organizations, and/or foundations. Thus, a gender wealth gap would reveal additional gaps in financial wellbeing and power not seen in previous wage-based literature. Possible causes for the differential of power by gender that persists in the US, are particularly important at this time, as illustrated by the #MeToo movement. Although the cause of the gender discrepancy in power which perpetuates this environment is not exclusively a result of wealth inequality, results will provide insight into whether it may play a role.

This paper provides the first estimate of the gender wealth gap in the U.S. among married and unmarried individuals. This is accomplished through the use of the nationally representative 2008 Panel of the Survey of Income and Program Participation (SIPP). Results will analyze the aggregate gender wealth gap in the U.S as well as how the gap differs by household structure, age, parental status, and race.

Data

This study utilizes the 2008 Panel of the Survey of Income and Program Participation (SIPP). SIPP is a continuous series of nationally representative panels. The 2008 Panel consists of 52,000 households. The sample is representative of the U.S. civilian non-institutionalized population. SIPP is particularly well suited to analyze the gender wealth gap for three reasons. First and most importantly, the SIPP interviews all household members 15 years or older. This differs from other surveys that typically only interview the household head. As a result, assets and liabilities can be measured at an individual level[1]. Second, SIPP provides a more comprehensive list of assets and liabilities than is available in the majority of survey data. Third, SIPP oversamples low-income households. Although low-income is not equivalent to low wealth, it does increase the probability of SIPP accurately capturing wealth at the bottom of the distribution. Although other surveys oversample the top of the distribution, this is not often done at the bottom. The gender wealth gap may arguably have a greater impact on the wellbeing of women at the bottom of the distribution in which a small difference in wealth may translate into a large difference in financial stability.

Measures & Analytic Strategy

Individual level assets and liabilities are the primary variables of interest. Assets and liabilities are measured individually as well as combined to determine net worth. Net worth is measured as the sum of individually owned assets minus liabilities. Although, as stated, SIPP measures wealth at an individual level, assets and/or liabilities in relation to educational savings account, primary residence, and vehicle are reported at a household level. However, SIPP includes a reported list of owners for these assets. This is used to determine which household member to attribute ownership to. The value of jointly owned assets is split evenly between the listed owners. SIPP also includes measurements of race (White non-Hispanic, Black non-Hispanic, Asian, Hispanic, or Other), marital status (Married, Widowed, Divorced, or Never Married), parental status (Child in household under the age of 18), age (18-30, 31-45, 46-64, or Over 65), and gender (Male or Female) of all household members.

Analyses begin by descriptively presenting characteristics of net worth (mean, median, relative wealth position[2], and the percent with zero or negative wealth), quantile share, and wealth inequality characteristics (Gini coefficient[3], p90/p50, and p75/p50[4]) among individuals over the age of 18, stratified by gender and marital status. Results will be presented at both a household and individual level. The household level measures are included to assist in illustrating the contribution of individual-level wealth measures. Additional figures are constructed, separately analyzing the gender wealth gap by race, age group, marital status, and parental status. Next, linear regressions are presented, analyzing the gender wealth gap controlling for race, educational attainment, age, and parental status. Results are stratified by marital status. Lastly, the portfolio composition of adult men and women, stratified by marital status, is analyzed, and the relative gender wealth gap by each asset and liability is presented.

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[1] Educational savings accounts, primary residence, and vehicles are only measured at a household level. However, ownership of joint assets can be inferred from the reported list of owners.

[2] The mean wealth of the relevant gender and marital status group divided by total wealth multiplied by one hundred.

[3] The Gini coefficient is a ratio of the ear enclosed by the Lorenz curve and ranges from 0 (perfect equality) to 1 (perfect inequality)

[4] P90/p50 provides the ratio of the 90th percentile to the 50th percentile, p75/p50 provides the ratio of the 75th percentile to the 50th percentile.

Preliminary Results

Preliminary individual-level results indicate that the average overall gender wealth gap is approximately $14,000. Although this is not large in magnitude, results are statistically significant. Figure 1 presents the gender wealth gap by marital status among adults over the age of 18. Results indicate that the gender wealth gap is largest among widowed individuals, with widowers owning an average of $49,000 more wealth than widows. Married women experience the next largest gap in net worth. Married women own an average of $27,000 less than married men. Never married women experience the smallest gap at an average of $10,000. However, despite the small value of the gender wealth gap among never married individuals, it may in fact represent the largest difference in financial wellbeing. Never married women own an average of $22,000 in net worth. If the gender wealth gap were eliminated never married women's wealth would nearly double.

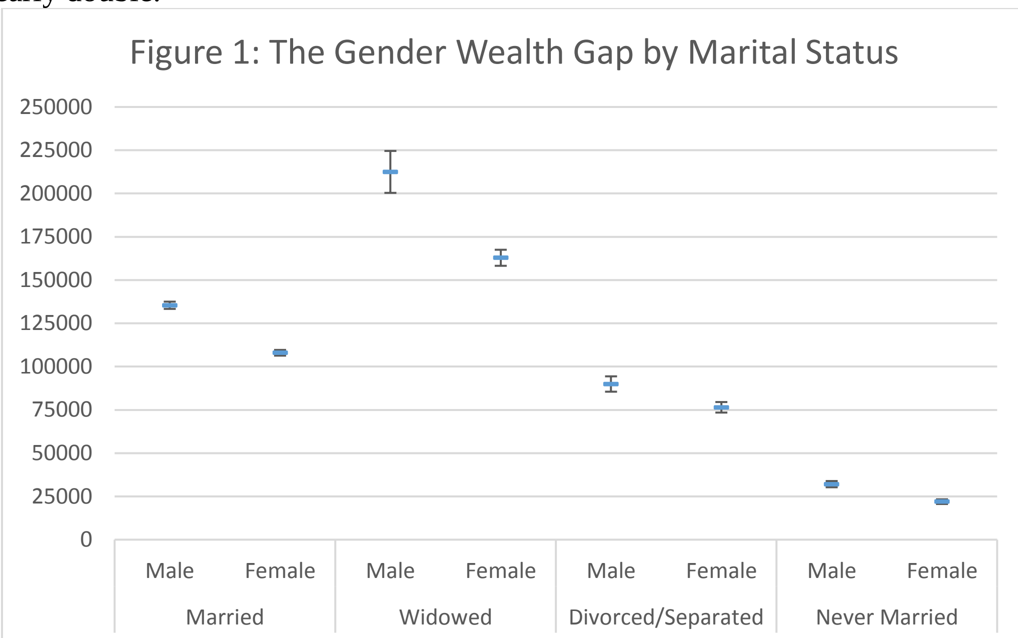
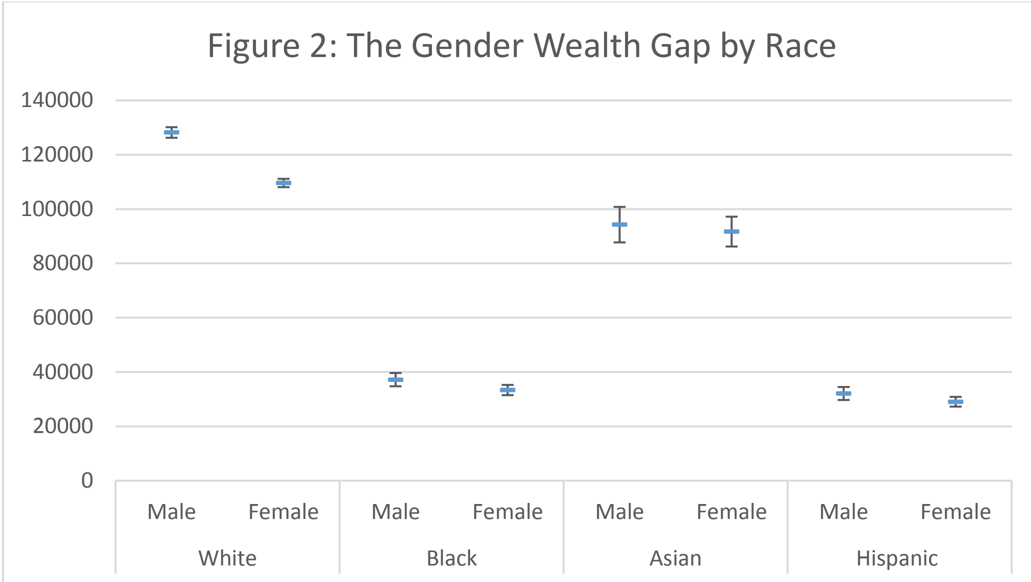


Figure 2 presents preliminary estimates of the gender wealth gap by race. The gender wealth gap is found to only be statistically significant among white individuals. This is likely primarily a result of the massive racial wealth gap in the U.S. Black and Hispanic individuals own an average of $100,000 less wealth than white men.



Preliminary results confirm that there is a gender wealth gap in the US. Furthermore, the gender wealth gap among married households is larger than that experience by the never marrieds. Although this is not to say that this represents a larger difference in financial wellbeing, it does indicate that previous research excluding married individuals substantially underestimate the gap. Results further show that the gender wealth gap may not be statistically significant among people of color. Further research will examine the gender wealth gap further among people of color as well as differences in portfolio compositions by race to better understand why these differences exist.