Pensions and Partnerships

PhD Thesis Submitted

to the

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Debora Price ©

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Abstract

The breadwinner/homemaker relationship is problematic in terms of access to financial resources, but the growth of partnering outside legal marriage and a rise in relationship breakdown makes it increasingly important for women to be able to provide for their own futures. In the UK, with a policy regime of reliance on the market for the provision of financial welfare in old age, this means that women must be able to participate in private pension savings.

This thesis uses data from the General Household Surveys 2001 and 2002 to examine the earnings and pension accumulation of working age men and women in Great Britain. Women's individual earnings and pension accumulation remain inadequate for financial security in later life, and having children continues to have a severe impact on both, even for younger cohorts. Lone mothers and cohabiting mothers who have never married are particularly disadvantaged. The disadvantages for all mothers in these respects last well into mid-life.

Severe inequalities in earnings within couple households exist for mothers at all levels of the dual-earnings distribution, at all educational levels, and regardless of marital status. The more financially dependent a woman is on her partner, the less likely she is to contribute to a pension. Women with high earnings tend to be doubly privileged women: they are likely to have pensions, and their partners are also likely to be high earners with pensions. In contrast, low waged couples have bleak pension prospects.

For men, legal marital status is much more strongly associated with financial advantage and disadvantage, and patterns of inequality, than for women. Men in first marriages are consistently advantaged in pension terms over men in other forms of relationship, or who are alone, and they also have the most financially unequal relationships. Divorced lone men are severely disadvantaged in terms of participation in paid work and in pension accumulation.

These patterns are a result of complex interactions of culture, institution and politics. The consequence, in pension terms, is that women will continue to struggle to provide for themselves in old age. Moreover the thrust of UK pension policy will tend to exacerbate women's pension disadvantage.
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1 Gender and Pensions: Ageing Populations and Changing Family Forms

Introduction

What happens to divorced women after divorce? This simple question has taken me from my practice as a barrister specialising in family law into the worlds of social gerontology, demography, social research, social policy and pensions – in short, into writing this thesis. This simple question was an unwanted intrusion in my mind, and it was with me all the time. What would happen to my 35 year old client with three young children, who had not worked since her oldest was born nine years ago? What would happen to the 54 year old wife of my client who had no pension of her own and worked for only a few hours a week in a local shop, or the 45 year old woman who had become financially dependent on a cohabitee who was refusing to marry her, despite her wish to marry him when her divorce came through? I would move on each day to my next case, but what happened after that? Were they able to return to the job market, or increase their working hours, as is widely assumed in the legal world? Did the fathers of their children ever pay the promised maintenance? Did they earn enough to provide for themselves when their children grew up, and their child maintenance ceased? Did their new relationships last? The question that began to bother me most of all was, what would happen to them when they retired? Where would their pensions come from?

I encountered many hundreds of couples during my legal career. Financial dependency of women on men within relationships was so widespread that I could not see a route to financial independence in later life for the vast majority of women – women from all walks of life – nor could I find material on the subject for use in my arguments in court. These were issues, surely, that needed investigation.

In my research I would begin to find answers to my questions but I would also come to ask many other questions about family formation, about gender relations, and about pension accumulation. Apart from issues relating to marital status, lone motherhood and divorce, at the heart of my enquiry is the question of the pervasiveness of inequalities in the earnings of men and women within partnerships, and its implications. How prevalent are these disparities within couples, almost 30 years on from the Equal Pay and Sex Discrimination Act?
Acts that were to herald a new era in gender equality? What does financial inequality during the working life mean for the pension accumulation of men and women in Britain today, and for gender inequalities in later life?

These are the subjects that have come to interest me most. They take the form of four substantive questions, each of which will be tackled in one of the analysis chapters of this thesis. At the turn of the 21st Century, how are men and women faring in pension accumulation, and how is their success or otherwise related to their marital status? Among couples, to what extent is financial inequality within the household still prevalent? What are the implications of this inequality for relationship breakdown and for old age? And finally, the question that kick-started my research in the first place, are men and women able to build pensions after divorce?

The law relating to the division of assets and income after divorce, I was to find, locates itself rather unconsciously at the nexus of three dimensions, all inextricably bound up with these questions: the ageing of the population, the dominant political structure, and changes in the notion of the family. These three dimensions form the backdrop against which this research is conducted – they are each important in understanding why these questions have become so important, and in particular why there is a rapidly growing swell of interest in these matters in government and policy circles.

The ageing population

In the UK now, in marked contrast to the early years of the 20th Century, the vast majority of those of working age will live to collect their pensions. In 1901, life expectancy on first joining the workforce at age 15 was only 61 for men and 63 for women, compared with 83 and 87 for those aged 15 in 2005 (GAD, 2005 for current data; OFT, 1997 p27 for 1901 data). In the intervening hundred years, while life expectancy has been increasing year on year, pensions have gone from something akin to poor relief, to a complex system of State, employer and private support in old age. Since the formal beginning of the ‘Welfare State’ soon after the end of the Second World War, retirement has become an established part of the life course – whether eagerly anticipated or viewed with trepidation (Mann, 2001). The expectation of the ability to retire at will, or that retirement will be ‘forced’ through ill-health or employer policy, is now deeply embedded in our culture.
The baby-boomers

In Europe and America, patterns of fertility since the War mean that there is a population bulge born between 1946 and 1964, with particular fertility peaks at either end – the so-called baby-boomers. Following this fertility peak, the rate of child-bearing has steadily declined, so that the total fertility rate\(^1\) in the UK is currently 1.65 children per woman – well below population replacement rates\(^2\). Twenty per cent of women born in 1962 had not had a child by age 40, and 26 per cent of women born in 1967 had not had a child by age 35 (ONS, 2004a: Table 10.5; 2004b).

Figure 1: UK population pyramid, 2001

1 The TFR is a statistical construct: it is the number of children that would be born to each woman if she were to live to the end of her child-bearing years and bear children at each age in accordance with prevailing age-specific fertility rates for that year, giving an average number of children born to women over their reproductive years

2 A TFR of 2.1 children is considered the population replacement rate.
Chapter One – Ageing Populations and Changing Family Forms

The population structure is shown in Figure 1, a population pyramid of the UK drawn from the Census taken in 2001. The spike at age 54 represents babies born in 1946/1947 – effectively a compensation for the lower birth rates during the Second World War. It is apparent from the narrowing of the population underneath the obvious fertility bulge that the structure of the population is changing dramatically.

The first of the baby-boomers will be starting to retire over the next few years. Over the next twenty to thirty years, as a result of this demographic pattern, the proportion of the population in retirement will rise, and the proportion of the population of working age will fall. The UK, along with the rest of the developed world, has recognised the rapid ageing of its population in the latter part of the twentieth century; a demographic change brought about by falling fertility rates, augmented by increasing longevity, and the ageing of the baby-boom generation.

There is a large consensus of academic opinion that this means that if relative living standards of pensioners are not to drop significantly in future, public expenditure on pensions must rise significantly over the next 40 years, to be financed from either the taxes or the economic productivity of a reducing workforce (Pensions Commission, 2004a; 2004b).

The political economy of pensions

Population ageing has significant implications for fiscal, economic and social policies, leading to an explosion of interest in pension systems and the financial and fiscal stresses that they are predicted to encounter. This interest has taken the form of awareness of looming difficulties with the adequacy and sustainability of national pension systems, not only because of ageing populations, but also through changing labour markets. Labour markets have been affected by globalisation, by the move from manufacturing to service employment in post-industrial economies, and by the so-called neo-Liberal consensus on the importance of the market economy for social welfare provision. These factors have

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3 The term is used loosely. The first wave will be 60 in 2006 and 65 in 2011. Some will already have retired from paid work.

4 With some dissidents. The extent of the potential problem is also contested.
ensured that pensions remain high on current political agendas (Bonoli & Gay-des-Combes, 2003; OECD, 2005).

These same factors have also led to a widespread perception that the welfare state, provider of insurance and income in old age, is under threat (Castles, 2004; Pierson, 2001b; Taylor-Gooby, 2004). The extent to which this is an accurate perception is contested (Castles, 2004), but even if expenditure is not reducing on ‘welfare’, massive restructuring of the provision of welfare is under way. All western European countries have been examining and reforming their pension systems – one of their greatest welfare expenditure items (Bonoli & Gay-des-Combes, 2003).

A pension system thus does not merely come into being – it is politically constructed. Its parameters (whether it is a funded or a pay-as-you-go scheme) include not only the pension scheme structures, anticipated economic growth, inflation, and anticipated ratios of taxpayers to pension recipients, but also retirement ages, retirement patterns, and anticipated life expectancy of recipients. In the UK, reform to the structure of the pension system, ongoing since the early 1980s, has taken the form of increased reliance on private and occupational pension provision for the provision of adequate income in old age, in the face of dwindling state provision (OECD, 2005; Pensions Commission, 2004b).

Beveridge’s welfare state of the post-War era was predicated on the assumption that men would be the breadwinners and women would perform unpaid work as housewives and mothers (Beveridge, 1942; Harris, 2005), but that all households (through working men) would be able to accrue adequate pension to retire comfortably, through a universal state pension augmented by full employment of men throughout their working lives in pensionable employment, with occupational pensions provided by employers as a standard part of the employment contract. Since this distinctly male but ideologically egalitarian vision of the 1940s, we have moved from a universal pension system that promised (although never fulfilled) alleviation from poverty for all older people, through attempts by the Labour Government in the 1970s to provide a secure pension future for most citizens, to a neo-liberal highly individualised pension system that depends increasingly on private investment or personal membership of an occupational scheme for adequate income in retirement. Without a reasonable amount of private pension income into the household,
dependency on the stigmatising, bread-line, means-tested ‘pension credit’ system\(^5\) at some point in old age is almost inevitable.

With growing privatisation of the pension system in the UK over the last thirty years, relative poverty or wealth in later life has been increasingly linked to participation during the working life in pension schemes designed to supplement the basic state pension: either via additional state schemes, occupational or other private pension schemes. Until 2001\(^6\), these additional pension schemes were restricted to those with declared earnings. Earnings from paid work in the formal economy have thus become a crucial element of the ability to make sufficient and adequate pension provision.

This growing reliance on the private sector for income in old age also explains something of the crisis that we have more recently endured in the UK in the governance of pension schemes, as a series of scandals and funding deficits have rocked the private pensions industry. These have included fraud, misselling, incompetence, and the emergence of pension ‘black holes’ where once there were assets. We have witnessed the large-scale closing down of salary-related occupational pension schemes, and increasing reliance in the UK on schemes based on contributions, which build up a fund from which an annuity (pension) will be purchased at retirement. This has led to many employers massively reducing the pension contributions that they pay, and the transfer of much of the risk of investments and interest rates in the future to individuals. In addition, and related to these structures and events, evidence is growing that there is insufficient investment in these private schemes to provide adequate incomes in retirement (Pensions Commission, 2004b).

**Policy-makers and the gender dimension**

There are thus many reasons for concern about the adequacy and security of UK retirement incomes, but there are other implications of the particular emphasis in the UK on private provision, and these relate to inequalities in society. Gender inequality in old age has finally surfaced into the policy arena, as it becomes increasingly clear that in a system so reliant on private means of financing retirement, histories of paid work and earnings

\(^{5}\) Formerly Income Support and then Minimum Income Guarantee. A quarter to a third of entitled pensioners do not claim – somewhere in the region of 500,000 people (DWP, 2003; ONS, 2003c).

\(^{6}\) Since when £3,600 per annum can be paid into a Stakeholder scheme irrespective of earnings
become crucial in determining inequality in later life (Bardasi & Jenkins, 2002; Ginn, 2003a). Since women have lower employment participation rates than men and are far more likely than men to work part time and/or for low pay (Kingsmill, 2001), women have been disadvantaged in supplemental pension schemes. The UK also has the highest gender pay gap in Europe, meaning that even when human capital and other relevant variables are held constant, women earn much less per hour than men, especially if they work part time (Anderson et al., 2001; Harkness, 2002). Further, employed women are much less likely than men to have access to an occupational pension scheme (Ginn & Arber, 1993; 2000).

Despite major social changes since the 1940s, women still provide the bulk of unpaid family caring. Since financial status in later life in the UK is so closely linked with employment and earnings, it is also inextricably linked to women's family roles across the life course which impact heavily on their participation in paid work.

These features of women's lives add up to little private pension provision, and therefore, in this system, to inadequate income in old age. Surprisingly, within the mounting number of policy reports on the subject, until very recently distinctions based on gender were often marginalised. For example, Hedges, in an exploration of retirement planning in the late 1990s, devotes two out of 123 pages to the subject, noting principally that women – even young women – seem to depend heavily on their husbands for pension provision; a finding that some might think warranted more emphasis (Hedges, 1998: 121 - 122). In a comprehensive report on the incomes and living standards of older people, despite the known poverty of older women, gender is hardly mentioned (Whiteford & Kennedy, 1995). But women's pension scheme participation during the working life is a matter of growing interest to politicians, policy makers, economists and other academics, and the problem is so stark that 'Women' now often command whole chapters in official reports on pensions (DWP, 2002; Pensions Commission, 2004b).

It is interesting, though, that women command only single chapters in such reports, when they comprise a substantial majority of the retired population. Women are 58 per cent of the over 65s, 63 per cent of the over 75s, 72 per cent of the over 85s, and 77 per cent of those over 90 (ONS, 2003b). When pension systems are being examined, the mystery is really why women's incomes in retirement are not the central focus.
Where gender has been specifically covered, the results are always of concern. Women are much more likely than men not to belong to a pension scheme or to have lost their rights in a pension scheme, and while during the 1990s, occupational scheme receipts increased for men with each cohort, the same was not true for women (Stears, 1997: 179). Indeed, Falkingham and Rake (2001b: 67) have commented that concern about whether women will have enough income to support themselves in retirement ‘emerges starkly from virtually every report on pension income’.

Those concerned about or directly addressing gender issues in relation to those of working age tend to report on pension coverage – that is numbers and proportions participating in different types of pension schemes (see for example Burton, 1997; Ginn & Arber, 2000; McKay et al., 2000). This type of research tends to show that pension coverage between women working full time and men working full time is not that dissimilar (Disney et al., 2001). But firstly, the success or otherwise of this degree of equality in providing income in old age depends on the extent to which women (as opposed to men) work full time. Secondly, pension coverage is only part of the picture. Women may be covered in the sense of participation, but are they accumulating sufficient pension to support themselves in old age? In simulation models for pension accumulation over the working life using gender-based, age-specific profiles, Falkingham and Rake (2001b: 77-78) estimate that even if comparing continuous full time female and male workers each working from 18 to 64 and earning the average earnings for their sex throughout their working lives, the woman’s total pension income will be only 74 per cent of the man’s. With persistent low pay, gaps in employment, or part time work, the gender differentials are even greater.

**Women’s income in old age**

In a society where marriage tended to last for life and childbirth outside marriage was rare, the implications of this gender-unequal distribution of pension income would mainly be an issue within the marriage between spouses. But in modern UK society almost half of children are now born outside marriage (Kiernan & Smith, 2003) and the risk of relationship breakdown is high. Yet the assumptions underlying Beveridge’s system have not changed within pension policy. The pension structure does not take into account lifetime working patterns interrupted by and/or affected by caring and domestic
responsibilities, nor the low earnings of women; in general, continuing financial
dependence by women on men is assumed.

So women in the UK have little or no individual pension compared with men (Field &
Prior, 1996; McKay et al., 2000). If they are married, it is generally assumed for policy
purposes that sharing of income with their husband takes place – that is, policy makers
assume that household income is shared equally among all members of the household.
Their relative poverty is only illuminated by examining the income of those who live alone:
almost half of all women over 65, and 60 per cent of women over 75\(^7\) (Walker et al., 2001).

Within current cohorts of pensioners, women are financially very much worse off than men,
and this is strongly related to their histories of caring for husbands and families (Evandrou
& Glaser, 2003; Ginn, 2003a; Ginn & Arber, 1996). A substantial majority of the elderly
poor in the UK are women. In 2004, 73 per cent of those receiving the means-tested
‘guarantee credit’ were women\(^8\), and a quarter to a third of those entitled do not claim,
mostly women (DWP, 2003; ONS, 2003c). Almost 1.3 million older women\(^9\) live below a
poverty line set at 60 per cent of median income, compared with about 800,000 older men;
among the over 75s, poor women outnumber poor men almost four to one (DWP, 2004b).
Eleven per cent of women pensioners live on less than half median household income
(DWP, 2004b). It is not only in pensioner poverty that gender issues are so apparent, but
also in widespread gender inequality, with women’s median income in retirement only 58
per cent of men’s (Arber & Ginn, 2004).

The vast majority of these older women have previously been married, and are widowed,
separated or divorced. Low income in later life is the legacy of their individual poor
financial circumstances during marriage, but would generally have been obscured during
this period by most data analysis. Without individual pensions, the risks for women who
live alone of poverty in old age are high. While widows are poor, among current cohorts

\(^7\) The corresponding figures for men are 25% of all men over 65, and 33% of men over 75.

\(^8\) Personal communication from the DWP, January 2005: estimates from administrative data. Includes men
and women who benefit from their partner’s claim – these women are usually excluded from government
statistics, distorting the data.

\(^9\) These figures include twenty-two per cent of single older women, compared with 17 per cent of single older
men. Although most partnered women would be well below the poverty line when their individual income is
considered, this does not show up in statistics as equivalised measures are used. On divorce or widowhood
many women are catapulted into poverty as they lose the support of a partner.
of older people, divorced women are particularly financially disadvantaged, with few derived rights and with median incomes below the poverty line (Arber & Ginn, 2004; Bardasi & Jenkins, 2002). Divorced men and women forgo the possibility of a survivor's pension, even if this had been an expectation while married (Ginn, 2003a). In the mid-1990s 37 per cent of divorced women over 65 were in receipt of income support – about two-and-a-half times the proportion of single women in receipt of this benefit, and more than twice the proportion of divorced men (Ginn & Price, 2002).

Despite these alarming statistics, substantive changes in the extent of women's participation in the paid labour force have led to a certain sense of policy complacency concerning the pensions of women in the future – if women's labour force participation is beginning to look more like men's, then for younger cohorts at least, the policy problems may not be severe. There is a tacit assumption in policy circles that the labour force participation of younger women will net them sufficient pension in old age. The assumption however has, as yet, no empirical base.

**Changes in family formation**

While the ageing population is the most significant stressor for pension systems, other dramatic social changes have been identified as relevant. In particular, patterns of family formation are rapidly changing, with later marriage, later child-birth, the burgeoning of child-birth outside marriage, increases in single parent and lone adult family units and increasing rates of relationship breakdown (Pierson, 2001a). The UK pension system is based on households structured along gender lines, in terms of who provides paid work and who provides unpaid work, with adequate pensions going to those who provide paid work, on behalf of the household. This structure has shaped the way pension benefits – whether public or private – are distributed between the paid and the unpaid, and the role of care work in those distributions. As motherhood and marriage become more distinct, with increased risk of marital and partnership breakdown, and increased chances of living without a partner for periods of the life course, there is an increased need for women to have independent pension entitlements. The structure and ideology of pension systems designed for those who have high and continuous earnings become increasingly problematic (Ginn, 2003a).
We have experienced rapid societal changes in the ways that families form and dissolve. Marriage rates have been decreasing, and cohabitation rates increasing, as have the rates of relationship breakdown, and re-partnering (Berthoud & Gershuny, 2000; Ferri et al., 2003; Haskey, 1999). The last government estimates\(^\text{10}\) were that four out of every ten marriages entered into in the mid-1990s would end in divorce (Shaw, 1999), the highest rate in the European Union (Barlow et al., 2002). Rates of births to lone mothers have increased (Ermisch & Francesconi, 2000b; Kiernan & Smith, 2003), and whether lone or part of a couple, women have increasingly been postponing child-birth, or not having children. The mean age of first child birth is now 27.4 years, and one in five women now reach the menopause childless (ONS, 2004a).

Thus the social landscape is much changed. People are older than they used to be when they first marry, and divorce is now common across social class, income and age groups. Children may have been born before or after marriage, or couples might never have lived together, yet both actively be involved in shared parenting. Men and women might be separating from a second, third, or even fourth marriage, or from a long-term relationship that never was a legal marriage. They might be separated from former partners, or in the process of divorce, yet each be cohabiting with another partner; some of these new partnerships will dissolve, some will continue, some will turn into marriage. If not cohabiting, they might have formed a new long-term relationship, but both parties to it might have decided that they will retain their own separate properties, and 'live apart together'. Women are much older than they used to be when they have their first child — it is no longer uncommon for a woman in her late 30s or early 40s to have young, even pre-school children. Children may have brothers and sisters, half-brothers and sisters, step-brothers and sisters or other children in the house belonging to none of these categories, yet it is also no longer almost inevitable that a couple married for some years will have children. The separated and divorced will often be living alone. Fathers may have lost touch with their children, former wives and husbands with their in-laws. Some grandparents will be involved in primary child-care of their grandchildren while lone mothers work; others, with the family feuding that often goes with family breakdown, will never see their grandchildren again.

\(^\text{10}\) New estimates are due to be published in July 2005
The emergence of increasing numbers of unpartnered mothers as a result of the social acceptability of child-birth outside a cohabiting relationship, and increases in the rates of separation and divorce, have led policy makers to focus on lone mothers as a ‘problematic’ group, overly dependent on welfare (Kiernan et al., 1998). In addition, these changes in family formation and dissolution have begun to force some concentration on the individual incomes of women in retirement, and therefore on their individual pension accumulation — as it is perceived as no longer the case that women can rely on having a partner’s income to support them in old age (EOC, 2005). Evandrou and Falkingham (2000) estimate that a quarter of the 1960s cohort will be living alone by age 60; half by age 75.

This kind of focus, however, to some extent misses the point. It is not a new phenomenon, but has always been the case that women must rely to a large extent on their own income at some point in retirement, as married women have always been very likely to become widows — 80 per cent of women over 65 die without a partner, and widowhood is the norm for older women (Arber & Ginn, 2004; ONS, 2002a). While living alone through separation and divorce is a rapidly increasing risk for the ‘younger’ old (Shaw, 1999), it has long been the case that widows are catapulted into poverty and much reduced standards of living upon the death of their husband. The key to understanding this, it to understand that both widows and divorcees were married, and it was during marriage that their relative poverty accumulated.

This is also important in understanding the difficulties that lone mothers face. Couple families comprise by far the majority of families (74 per cent), and most lone mothers too were once married or cohabiting (Haskey, 2002). To understand the poverty of older women, and to understand the reduced circumstances of lone mothers, we need to understand the labour force participation, earnings and pension scheme participation of married and cohabiting women. These are, after all, generally speaking the same women, just at a different stage in their life.

**Ageing divorcees: a policy imperative**

The rise in the divorce rate over the last three decades is a well known and much written about phenomenon. Few retirees have yet experienced old age as divorcees, but the proportions are growing, as divorce rates have risen for successive cohorts. Within these growing proportions, the numbers of divorced men and women are not symmetrical by
gender. Men have a greater likelihood of re-partnering after divorce than women, and while re-partnering after divorce becomes progressively less likely with age for both sexes, this is especially so for women (Davidson, 1999). By age 65, it is estimated that there are 125 divorced women for every 100 divorced men and it is thought likely that over the next two decades this gender differential will increase (Haskey, 1999). Gender differences within the estimated rapidly ageing divorced population are shown in Figure 2.

Figure 2: Proportion of men and women divorced, by age group, 1996 and projected to 2021

![Proportion of men and women divorced by age group, 1996 and projected to 2021](image)

Source: Shaw (1999: derived from Table 1)

In 1996 the highest proportions of divorcees were in the age group 35 – 44, but in 2021 the highest proportions, themselves growing all the time, are estimated to be in the age group 55 – 64 (Figure 2). The growth in proportions of older divorcees is shown by the large gaps towards the right hand side of this graph between the bars and the lines. Projections are that by 2021 there will be 840,000 divorced women over 65, and 626,000 divorced men.
Chapter One – Ageing Populations and Changing Family Forms

Among those aged 65 to 75, there are projected to be as many divorced women as widows – that is, just under one in five women in this age group. (Shaw, 1999).

Key issues in considering pension accumulation

The association of adequate pension with histories of high attachment to the full-time labour force, the poverty of older divorced women, changes in family formation and the ageing of the population that has experienced these changes make it important and timely to consider one of the key questions of our time – to what extent are things truly different for younger cohorts of women? To answer this question requires fine tuning of the broad demographic trends. What is the nature of women’s emergence into the paid labour market? Which women are emerging into the labour market, at what points in their lives? How much do they earn, and are they participating in pension schemes? If they are participating in pension schemes, are their earnings so low that their contributions are probably irrelevant under current policies for pension accumulation?

As well as thinking critically about these labour force issues, we need also to ask about the nature of partnership formation. Legal marriage seems increasingly to be rejected by the population as a form of partnership formation, yet it is only on the dissolution of a legal marriage that there exist legal rights of income, property and pension transfers between husband and wife. Are cohabiting women somehow different to married women, particularly in their patterns of labour force and pension scheme participation, so that they do not need the protection of the law?

Importantly, we need to think about how couples organise their home and working lives. How do men’s and women’s labour market earnings interact, and what are the driving forces behind these interactions? What effect does being highly educated have for women, in terms of their labour market participation and earnings within couples? Does the increasing polarisation of society into dual work and workless households reflect in the pension accumulation of the population? To what extent are women still dependent on men, or on the state, for pension provision?

To ask such questions also requires us to ask how these issues are linked, and how and why they become embedded in society. Cultural and societal norms are powerful forces. They affect the behaviour of individuals, and the behaviour of individuals in turn affects the
formation of labour markets, institutions and policies. By asking these sorts of questions about men’s and women’s lives, we might gain some understanding of the social processes at work, which in turn will lead us closer to an understanding of what will happen in the future.

**Thesis structure**

In the next chapter, the meaning of the welfare state and the place of pensions within the welfare state will be considered in the light of academic work on comparative welfare state theory. Problems with the conceptualisation of women within this work lead on to an examination of the UK case. This reveals the political and institutional construction of the overarching pension system in the context of a society divided by gender roles. The resultant gender stratification will be examined, with final reflections on an engendered pensions’ analysis.

Chapter Three provides an account of how women’s well known disadvantages in the paid labour market reinforce highly gendered divisions of household labour, creating financial inequalities in the home, which reinforce the gendered nature of financial disadvantage in the labour market. The literature will be reviewed revealing how the contrasting structural and institutional emphasis on paid work as the route to pension acquisition has led to older women being poor, and to multiple disadvantages for working-age women in the accumulation of pensions.

Chapter Four turns to lone motherhood, relationship breakdown, separation and divorce. This chapter will critically examine the idea that the legal regulation of marriage through the laws of divorce is of benefit to women who have conformed to traditional gender stereotypes within marriage. First the idea of the ‘lone mother’ will be explored through the lens of the social world in which powerful social norms, institutions and structures continue to combine to construct women as mothers and carers. Then, the notion of gendered welfare regimes, examined in Chapter Two, will be re-considered in the light of policy on women who live apart from men, and more particularly, its implications for the financial consequences of divorce. The chapter will then go on to examine the long term financial consequences of divorce for women in more detail, by reference to the law of pension sharing on divorce, showing the effective subversion of ‘official’ policy ostensibly aimed at improving the outlook for divorced women. The gendered consequences of the
system are sustained by a profound research gap into financial outcomes of separation and divorce for men and women, especially in the long term, a research gap which this thesis aims to begin to fill. Despite the poor operation of the law to achieve the desired outcome of reducing the poverty of older divorced women, there are serious implications for those who cohabit without legal marriage, who are outside the law altogether.

Chapter Five begins with an outline of the conceptual framework for the consideration of the questions in this thesis, building on the literature of the previous three chapters. This will be followed by an exposition of the research questions to be pursued, arising out of this literature. The chosen methods for answering these questions will then be outlined, starting with the data source, then considering some important measurement issues, the construction of variables and the models specified.

Chapter Six is the first of the analysis chapters. In this chapter, evidence will be presented of the current gendered distributions of pension scheme participation and earnings among men and women aged 20 to 59 in the Great Britain. The results are not constant across age groups, and the chapter will highlight the effects of age on pension acquisition and how these differ for men and women. The impact of motherhood on pension scheme participation and on earnings, and on earnings within pension schemes, will be revealed. Finally, a multivariate analysis controlling for these factors, as well as social class and educational level, will investigate the relationship between partnership status and pension acquisition.

Having examined data at an individual level, Chapter Seven takes us inside the household, and investigates the pension accumulation of couples. This chapter first considers the extent of men’s earnings dominance among modern couples. There is of course much variation in the extent of earnings equality, and some of the reasons for this variation are examined. First and importantly, the influence of age is shown – possibly reflecting cohort differences, but also likely to be a function of life-course patterns. Then, the analysis illustrates the influence of motherhood and having young children in a family, and variation according to educational attainment. Finally, whether legal marital status makes a difference to earnings inequality between partners is a question tackled through multivariate loglinear analysis.
While inequality of earnings among working age couples has been a subject little explored, in retired cohorts of pensioners it can be readily assumed that among pensioner couples there was widespread gender inequality of earnings when they were younger. In Chapter Eight, I turn first to the pensions of older cohorts to examine the consequences of this assumed legacy. Since private pensions are the major source of inequality in later life, I examine the private pension income of current cohorts of pensioners according to marital status, before turning to the pensions of couples, to investigate whether polarisation between dual- and no-pension couples is part of the British pensions landscape. I then proceed to the future pensioner population – those currently of working age. First, the relationship between intra-household earnings inequality between partners (observed in Chapter Seven) and pension acquisition will be investigated using logistic regression analyses. I finally look at the extent of inter-household pension inequality among couples of working age, to see whether it is reasonable to think that observed inequalities between couples in the older population will be repeated in future generations of retirees.

Chapter Nine is the final analysis chapter. This chapter focuses on the pension accumulation of lone men and women, and the consequences of marital breakdown. First, using the historical data collected by the GHS, the simple characterisations that quantitative analysts tend to employ for marital and partnership status will shown to be conceptually inadequate to capture the complex marital histories now accumulated by large sectors of the population. The chapter then turns to consider the earnings and pension accumulation of lone mothers compared with partnered mothers, before looking at the involvement in paid work and pension provision of men and women who have experienced marital breakdown. The impact of children on the pension scheme participation of women in different partnership statuses will be examined. Finally, some reasons for the low participation rates of lone divorced men in third tier pensions will be explored.

Chapter Ten discusses the findings from the previous four chapters in the context of the literature set out in the first part of this thesis, and Chapter Eleven concludes with some reflections on this research, and the policy implications of its findings. Persistent and substantial gender differentials continue to exist in the accumulation of provision for old age, and the future for many women looks bleak. There are two possible ways for these gender differentials to reduce. We must either substitute our reliance on the market for pensions with a system which redistributes financial benefits from paid workers to those
providing support in the home through care and other forms of domestic work, or the underlying cultural norms about the gendered division of labour must change. Both are radical solutions that require considerable political intervention. The staunch neoliberalism of current UK politics and the persistence of the breadwinner model in the UK in gender relations present a considerable challenge to the feminist agenda.
2 The Pension Systems that have Failed Women

When we think of pensions, we tend to think of three types of pension: that provided in old age by the state, an occupational pension that we have earned through employment where our employers ran a pension scheme, or a private pension that we have saved for ourselves provided through an insurance company. As Titmuss (1958) made explicit some decades ago, each of these pension types is provided or engineered in one way or another by the state. In the UK, the state scheme is organised by the state, requires contributions extracted by the state, and involves some level of redistribution by the state. Employers’ schemes are given tax incentives via the state, and their governance is heavily regulated. Private schemes too exist through fiscal incentive and government regulation, and the government controls to a large extent how the money invested in such schemes might be used by individuals after retirement through the insistence on annuity purchase. While the state scheme in principle at least generally redistributes from rich to poor (and especially so when means-tested pension benefits are taken into account), the tax incentives given to employer and private schemes are highly regressive, benefiting the highest earners and highest contributors the most. Thus pensions, almost invariably the largest single expenditure item on welfare by the state in any part of the developed world, form part of the political economy.

In this chapter, first the meaning of the welfare state and the place of pensions within the welfare state will be considered in the light of Esping-Andersen’s dominant work on comparative welfare state theory. Problems with the conceptualisation of women within his work lead on to an examination of the UK case. This reveals the political and institutional construction of the overarching pension system in the context of a society divided by gender roles. The resultant gender stratification will be examined, with final reflections on an engendered pensions’ analysis.

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11 By a process known as draw-down some individuals can postpone annuity purchase, but for a limited time only.
Welfare and pensions: the welfare regime thesis

In contrast to those who simply measure expenditure by a nation state on projects that might be defined as 'welfare', such as unemployment benefits, income support or state pensions, Richard Titmuss (1974) distinguished two idealised types of welfare state. The first is the 'residual' state, where the government assumes responsibility only when the family or the market fails and where state commitment is accordingly restricted to marginal groups. The second is the 'institutional' welfare state, where the government commits itself to welfare distribution in all realms which could be viewed as important for societal welfare. Titmuss' view forces analysis centred on criteria for eligibility, quality of benefits and services, distinctions between citizens, and how rights to 'welfare' are accumulated, rather than simply expenditure.

In the early 1990s Gosta Esping-Andersen reconceptualised the provision of welfare by nation states, in The Three Worlds of Welfare Capitalism (1990) - work that has come to dominate the study of welfare in the post-industrial economies. In this he goes further than Titmuss and postulates that the welfare state cannot simply be understood in terms of the rights it grants. We also need to account for how the state's activities are interlocked with the market and the family. He proposed these principles in the light of three considerations. First, the extent to which people living in a country were 'de-commodified'. That is, the extent to which they can exist without having to sell their labour, or in other words, the extent to which their survival does not depend on their selling their labour. Second, the extent to which the welfare provisions of the state act as systems of stratification, and the extent of and nature of such stratification. Third, the relationship between the state, the market and the family. He therefore showed, for example, that it is impossible to consider a country's pension system without considering how private provision through the market is interlocked with state provision, and the government's role in securing this arrangement, not only through tax incentives, but also through labour markets, and through pension arrangements for government employees.

In an analysis of eighteen developed countries, he identified three different regime types, which were qualitatively different from each other in terms of decommodification, stratification, and the state/market/family interaction. The relationships are not in any sense
linear, simply different. He found that countries tend to cluster into three welfare state regime types.

One cluster is the ‘liberal’ regime. The liberal regime exists where benefits – be they means-tested, social insurance, or universal – are paid mainly to low-income, working class people dependent on the state. Welfare is limited at the marginal propensity to opt for work; entitlements are strictly limited and stigmatised. The market is encouraged either by the low level of payment and/or by (sometimes very large) subsidies to private welfare provision. The state is not committed to full employment as such, believing that market forces will determine both employment rates and gender differentials. The United States, Canada and Australia are classified clearly as ‘liberal’ regimes. In Esping-Andersen’s early classification the UK occupied a somewhat ambiguous position between liberal and social democratic regimes ¹² (and see Daly, 2000: 10). However, as the impact of neo-liberal policies of the Conservatives (1979 to 1997) have been felt, many analysts now consider it a ‘liberal’ regime without much hesitation, with an ideological commitment to free-market economics, reliance on means testing, and a reduction of universalism that has continued under Labour since 1997.

The second cluster is the ‘corporatist’ regime. Here, the emphasis is on the use of welfare to preserve status divisions, with welfare rights accruing differentially according to class and status. Hierarchies in employment status are reflected in welfare rights – particularly evident in pension provision. The market plays a marginal role. The state is a major provider of welfare but effects very little re-distribution. The Church typically plays a major role in these countries, with a strong emphasis on ‘traditional’ families, so that non-working wives are excluded from social insurance, family benefits encourage motherhood, and support services for care are underdeveloped. Full employment is not an integral part of the welfare state commitment, since women are discouraged from working. Austria, France, Italy and Germany fall into this category.

The third cluster is the ‘social democratic regime’ where universalism and decommodification were extended to the middle classes – equality is not the equality of minimal need, but equality of a high standard. Differentiated welfare provision is not

¹² Although he never considered that the UK was in any sense a ‘social democratic’ regime. In later work he characterised the UK as liberal (1999).
According to status or class (manual workers and civil servants have access to the same benefits) but is graduated according to earnings, thus securing the political support of the better off. Since graduated provision is provided by the state, the market plays little role. The regime is dependent on very high employment rates to afford the costs. Capacities for individual independence (and work) are maximised, so that care services are provided by the state for children, for older people and others needing care. Into this category fall countries such as Norway, Denmark, Sweden and the Netherlands.

Esping-Andersen finds many causes of the different regime clusters, identifying three factors to be of particular importance: the nature of class mobilisation, especially of the working class; class-political coalition structures; and the historical legacy of regime institutionalisation. By tracing these variants in the three clusters, he shows how in liberal regimes the politically important middle classes became wedded to the market; in corporatist regimes they became loyal to a hierarchical welfare state, and in social democratic regimes, to a welfare state that provides them with significant benefits.

Informal welfare and the gender critique

Because of the centrality of state and private pension income to the welfare of very large sectors of the population in the developed world, and the very large share of GDP that they consume in these countries, pension regimes can be considered central to an analysis of welfare within capitalist states. Just as Titmuss (1958) used pensions to exemplify his analysis of the ‘welfare state’, Esping-Andersen paid considerable attention to the variability of pension regimes. His (and indeed almost all subsequent) conceptualisation of welfare within nation states includes all aspects of individual well-being to the extent that the nation state frames, pays for, organises, provides or facilitates welfare, but also to the extent that welfare is privatised. In this respect he showed the importance for welfare outcomes of the way the state regulates, controls and intervenes in labour markets and its encouragement through tax and regulation of private welfare provision (such as health, education and pension provision), as well as the more travelled analyses of state expenditure and the structure of tax incentives. Indeed, Blackburn (2002: Chapter One) has shown that without considerable state intervention, private markets in pensions have historically failed to develop.
This 'whole-system' approach to the study of welfare is illustrated by Mann (2001: 219 - 220) in his own study of retirement:

Esping-Andersen’s argument that politics matters, that governments are not all the same and that globalisation need not produce convergence is not contested ... politics matters in framing informal, occupational and fiscal welfare as well as public welfare

Esping-Andersen’s thesis has important implications for the paid work of women, in a liberal welfare state. In post-industrial economies, the liberal welfare state creates junk jobs and severely means-tested benefits. Industrial decline is accelerated; social polarisation occurs. Pressure on wages creates a low wage economy (Esping-Andersen, 1999). Yet while Esping-Andersen conceived of ‘welfare’ as the result of a complex interaction between the state, the market and the family, the part of his thesis relating to the role of the family in the liberal or any other regime was seriously underdeveloped. Since 1990, when The Three Worlds was published, the articulation of the state/market/family nexus has been explicated by a number of writers, showing how the failure to think about the cultural norms and institutional structures that determine household relationships, social care, and particularly gender relations, deprived the theory of a crucial dimension (Daly, 2000; Lewis, 1992; 1997; O'Connor, 1996; O'Connor et al., 1999; Orloff, 1993; Sainsbury, 1994).

The specification and reproduction of these social and cultural norms within heterosexual partnerships forms one of the substantive strands of this thesis, yet these issues are largely ignored by Esping-Andersen and his followers. It is therefore important to consider the feminist view of the interplay between state, market and family in more detail. The essential strand running through this critique is the dependence on decommodification and stratification for Esping-Andersen’s analysis. Women in many countries are not commodified to begin with, or are only partly commodified. They do not all or always depend on selling their labour to survive, but rather many depend on male partners for their survival, or on other family structures. Stratification for women is also a slippery concept, as systems that stratify men also stratify their partners if they are economically dependent, but have possibly a completely different effect on lone women, or women who are not

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13 Esping-Andersen later accepted some of the feminist critique of his work, and reconsidered his thesis with much more attention paid to household structures and gender relations (Esping-Andersen, 1999). He has declined, however, to accept the feminist criticism that his work needs to be reconceptualised around gender relations and the role of informal care.
economically dependent but still suffer other forms of gender discrimination in the labour force or in their tendency to assume unpaid care work. Also, if dependent women experience partnership breakdown, their economic position can change overnight. To talk of decommodification as a measure for women can be meaningless, and similarly, talk of stratification is highly problematic.

Thus, while not the only gender issue, it becomes essential to consider the extent to which within the family unit women have traditionally been and remain dependent on men financially, sometimes characterised as the extent of the breadwinner/homemaker or breadwinner/carer model within countries (Daly, 2000; Lewis, 1992; Pfau-Effinger, 1999; Sainsbury, 1994). This is not mere typologising. If social policies (and here we are concerned with social policies for the provision of income in old age) are designed around assumptions of financial dependency particularly within marriage, then the impact on those who do not conform or, who conform at a given time but are at risk of marital or partnership breakdown in the future, merits particular attention. In the UK, we are thus concerned not only with the consequences of a ‘liberal’ welfare state regime as understood since Esping-Andersen, but also with the implications of a nation state with fairly traditional gender relations, and that the gendered division of labour within households reflects the propensity of men to undertake paid work and women to undertake unpaid work in the form of care work and housework.

Indeed, in her prompt critique of the welfare regime thesis, Lewis (1992) argued in an influential analysis that Britain was a ‘strong’ male breadwinner state, with relationships tending towards a male breadwinner/female caregiver paradigm, which both explains and is the result of women’s low rates of participation in the labour market and their low pay, their tendency to work part time, the lack of child-care provision by state or market, and inequalities in access to social security rights. Developing these ideas further, Sainsbury (1994) constructed two ideal types: the breadwinner/homemaker model with strong gender divisions of labour and the individual model where earning and caring are seen as gender neutral. She too characterised the UK as approximating the male breadwinner type, albeit with some state recognition of the care work of mothers. And Daly, while eschewing the ‘current fashion’ for typologising (Daly, 2000: 12), after a careful and detailed comparison of the British and German welfare states, recognises among British women a high level of dependence on their husbands for income (Daly, 2000: Chapter 7).
Chapter Two – Pension Systems that have Failed Women

Reasons given for the strength of the male breadwinner model in the UK include an historical perspective whereby idealised versions of the male breadwinner/female carer family predominated at the time that the welfare state was forming (Lewis, 1992), and the powerful separation of state and family, public and private, within liberal ideology (Lewis, 1992; O'Connor et al., 1999). Liberal states provide meagre services for families and children, targeting those defined as most in need, reinforcing the norm of female caring in the private domain for most families (Sainsbury, 1994).

These aspects of liberal ideology, so significant in the formation of the British welfare state, formed the central thesis of a book ultimately co-written by O’Connor, Orloff and Shaver (1999), three important contributors to gender theory within comparative welfare state analysis. Adopting the by then common classification of the UK as a ‘liberal’ welfare regime, and much of the underlying welfare regime theory, they undertook a detailed gender analysis of social policy in four liberal regimes: the United States, Australia, the UK and Canada. They take issue with the notion that liberalism is not overly concerned with gender relations, arguing that liberalism privatises welfare either in the form of the market or in the form of the family, both of which have implications for gender relations, and that the specifics vary between liberal states. Fundamental to their conceptualisation is the liberal tradition of separation of state and family, reflected in minimal state intervention in family affairs. Paradoxically for women, this means that liberal tradition can result in policies that support traditional gender roles within the family, rather than being an instrument for their dismantling. O’Connor et al. (1999) emphasise the relative resilience of the UK gendered division of labour in policy logic and in the way that social policy drives provision through state, market and family:

The shift in liberal ideology from gender difference to gender sameness is variously represented in the policy regimes of the four countries, with Britain holding more determinedly to the breadwinner-carer family model than the other three countries ... The United states and to some extent Canada again show a clear and distinct pattern of encouraging families to have recourse to the market for support services, while Britain shows a clear pattern of encouraging the privatisation of need within the family, including continued dependence on former spouses (O’Connor et al., 1999: 233)

Thus questions to be asked about how working age men and women accumulate pension provision in the UK must encompass not only issues relating to the ‘liberal welfare regime’ structure of the UK pension system – relating to state transfers, low wages, means testing and social care provision – and must not only look at gender issues in participation in state
and private schemes. Questions must be asked about what happens inside the household, in gender relations between men and women, and must consider how the culture of private gender relations contributes to gender differences in the accumulation of pensions. Through understanding this, we may come to understand how the extent of financial dependency within relationships becomes a key determinant of pension outcomes in later life.

From Beveridge to Blair: the pension systems that have failed women

The gender structure of pension provision in the UK is largely a result of the very strong explicit assumption in the Beveridge Report (1942) that the average household would consist of a breadwinning husband who would, if fit, be in full time employment for the whole of his working life, and his non-working wife who would provide unpaid care for children, for her husband, for the sick and for the elderly. The prevailing ideology indicated that pensions needed to be provided for the family unit rather than the individuals within it. This was so through the state system, and through a system of private occupational welfare schemes, where pension provision (with working men as the principal beneficiaries, and their wives on widowhood deriving widow's benefits through marriage) can be thought of as an extension of the 'family wage'.

Beveridge's beginning

Beveridge introduced, through a system of National Insurance, a basic flat-rate state pension for all workers, which was subject to occasional discretionary rises, and with benefits for widows. Contributions needed to be made for 90 per cent of the working life to qualify for a full pension, and if for less than 25 per cent of the working life, no pension at all accrued despite contributions having been made. The workers were conceived of as male, with 'housewife' dependents. Housewives who did not participate in the paid labour force were excluded from the system. The lowest earners, mostly women, were also excluded from the system. Women could, however, claim 60 per cent of their husbands' entitlement to the basic state pension, if this turned out to be higher than their own

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14 In the Beveridge Report of 1942, Social Insurance and Allied Services, implemented in the 1946 National Insurance Act and the 1947 Finance Act, effective from 1948. Originally the contributions were also uniform, regardless of earnings, but this soon became unsustainable, and earnings related contributions were introduced in 1961.
entitlement – a derived benefit given only to wives (and which persists today). Since women were not expected to ever accrue more than this, wives who did undertake paid work could elect to pay lower national insurance contributions and be excluded from the system altogether through the 'married women’s stamp'. They were expected to opt-out, and most did.

The assumptions clearly and explicitly underlying the design of social security were that marriage would be for life, that family units consisted of a working husband, a non-working wife, and dependent children, and that men would be in full-time employment from the time they left school until 65.

If Beveridge’s idealised world ever existed, it certainly does not now. The disadvantages to women in the accumulation of pensions in Beveridge’s system are rather obvious from a vantage point more than fifty years on. They were largely excluded from the system altogether, but even women who worked full-time for part of their adult life and made full contributions might not accrue enough years of work to qualify for any basic state pension of their own, because of the 25 per cent rule. If they accrued any rights, these were quite likely to be less than 60 per cent of their husband’s pension, to which they were entitled in any event. It was only therefore through marriage and the married women’s allowance that they accrued any rights, and these were only to a maximum of 60 per cent of the basic state pension. Male unemployment, separation and divorce, lone motherhood, and unmarried mothers were beyond any serious contemplation.

**Barbara Castle’s pension reforms**

Although Beveridge had argued that they should be higher, even a full basic state pension paid less than subsistence level benefits (Harris, 2005). In 1975, when Barbara Castle was Secretary of State for Social Services in Harold Wilson’s Labour Government, she increased the basic state pension to a level that was intended to alleviate poverty of itself, and she linked it for the future to rises in wages, thus ensuring that pensioners shared in the

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15 The ability to pay the married women’s National Insurance stamp was withdrawn from new employees in 1978, but those already paying had the option to continue to pay it. Women on the reduced stamp were also denied Home Responsibilities Protection in later reforms.
growing prosperity of the nation\(^{16}\). The government also instituted a system whereby those (mostly women) caring for dependent children and the disabled received credits\(^{17}\) to their basic state pension for a maximum of twenty years through the ‘Home Responsibilities Protection’ scheme, or HRP. They introduced a second tier of pension provision (replacing a more limited form of second tier pension, Graduated Pension\(^{18}\)), also to be provided by the state and linked to earnings: the State Earnings Related Pension, or SERPS. The final tier of pension provision was to be provided largely by employers, with occupational pension schemes given large fiscal incentives. Strong trade unions ensured good occupational pension schemes in many sectors.

This scheme recognised for the first time that carers (women) needed some recognition in the pension system. But due to women’s work patterns over the previous and ensuing decades, even with full Home Responsibilities Protection available since 1978, in the year 2000 (i.e. after 22 years of HRP’s operation) only 12 per cent of women aged 50 – 59 and 22 per cent of women aged 50 to 54 were expected to receive full basic state pension entitlement (Falkingham & Rake, 2001b). Accrual in the basic state pension scheme remained largely associated with having earnings above the lower earnings limit from paid work, and the second tier National Insurance scheme exclusively so.

Despite few women having accrued a full basic state pension, for almost all women their National Insurance Pension entitlement is the vast bulk of their non-means-tested retirement income. For almost 60 per cent of currently retired women\(^{19}\), and approximately half of women in mid-life (Evandrou & Glaser, 2003), it is the only pension that they have accrued, and for many of these women, they did not ‘accrue’ it themselves, but derived it from their husbands.

**Neo-liberalism and the Thatcher government**

Barbara Castle’s improved basic state pension, the link to earnings, and Home Responsibilities Protection might have meant that women could accumulate sufficient

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\(^{16}\) In the 1975 Social Security and Pensions Act.

\(^{17}\) They are technically not credits, but a reduction in the number of years needed to work to qualify for the pension.

\(^{18}\) Graduated Pension had been introduced by the 1959 National Insurance Act.

\(^{19}\) Source: GHS 2000/1 and 2001/2, author’s analysis.
pension to attain a level of dignified independence in retirement, but the political mood soon changed. Margaret Thatcher and her Conservative government immediately began rolling back the involvement of the state in pension provision. The link between the value of the basic state pension and earnings was broken in 1980, since which time pensions have risen only with inflation. The gap between the value of a full basic state pension and the poverty line\(^{20}\) has grown each year. A full basic state pension is now only 17 per cent of average earnings, and will soon reduce to 10 per cent (Blake, 2003).

Continuing her philosophy of individualising the responsibility for pension income, in 1986, the pension benefits associated with SERPS were substantially reduced (from 25 per cent of average banded earnings to 20 per cent), and survivor’s benefits (mostly to be paid to women) were halved. Also, having previously been related to an average of the ‘best’ twenty years of earnings, the benefit was adjusted to be related to average earnings over a lifetime. For men, the change in the ‘20-year’ rule made far less difference than for women, who, with their often long periods of lower earnings, gaps in employment, more chequered earnings histories, and less likely ‘career path’ can now expect far lower benefits from their state second pensions.

Employers could no longer make membership of pension schemes compulsory, and from 1988, very significant financial incentives were offered to induce people to opt out of SERPS and into the less secure, more expensive private pension system. Evidence shows that the lower paid (mostly women) were disadvantaged by opting out, yet were disproportionately advised to and did (Waine, 1995).

Each change in the structure of state and private pension schemes made by the Thatcher government disproportionately adversely affected the pension provision of women. It became almost impossible, without good private pension provision, for the substantial majority of women to build adequate pension income in retirement. Good private provision is dependent on women working full-time, on their earning reasonable wages, and on their having long, continuous employment which carries with it a decent pension scheme. At each hurdle, women are likely to fail.

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\(^{20}\) The poverty line is a fiercely contested concept, but it is conventionally taken as 60 per cent of median household income, adjusted for the number of people in the household.
The direct consequence is that most women, if they do not have a man to support them in retirement, are likely to be poor.

**Blair and means-testing**

The Blair government has committed itself to the ideology of means testing to fill the gaps in pension provision engendered by the Thatcherite reforms, despite a substantial body of political, professional and academic opinion advising rather that the basic state pension should be increased to alleviate poverty. Although there is talk of unspecified reform, at the moment they are allowing the basic state pension, the primary building block on which everything else depends, to become increasingly inadequate. This is because with each year that passes, the maximum basic state pension payable falls further and further behind the means-tested limits for financial assistance in old age. The gap which must be filled from individual resources before the base line for means testing is reached gets larger and larger.

Despite a number of redistributive reforms that have been instituted under Blair in the pension system, this gap remains a real problem for women. The current government has replaced SERPS with the new state second pension which directly benefits all lower paid workers by providing better benefits than SERPS would have done at lower cost to them. Ultimately, it is intended that it will provide a supplementary flat-rate benefit to the basic state pension for those earning above £77 per week (the Lower Earnings Limit). They have also linked the current means-tested benefit, the Pension Credit, to increases in average earnings, so that pensioners who qualify for means-tested benefits will receive annual increases that are likely to be above the rate of inflation. But the very low level of the basic state pension creates two main problems:

1. Women may accrue some level of state second pension, but even when added to their basic state pension, entitlement for most women is unlikely to be sufficient to lift them out of individual poverty, because the basic state pension is so low.

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21 Conservative and Liberal Democrat Policy call for increases in the basic state pension; as has the House of Lords Select Committee on Aspects of the Economics of an Ageing Population, the Institute of Actuaries, the Pensions Policy Institute, the National Association of Pension Funds; the TUC, many pension providers and numerous academic writers.

22 Rate for 2003/4

23 The link was initially made for the Minimum Income Guarantee, the precursor to Pension Credit.
Chapter Two – Pension Systems that have Failed Women

(Rake et al., 2000). Even if they have an income above the poverty line when they retire, if in retirement their income does not grow as fast as average earnings, then they will become more likely each year to qualify for means-tested benefits.

(ii) This creates a 'moral hazard'. If the two state pensions together do not exceed the income support level, so that means-tested benefits need to be claimed, and additional private pension cannot be accumulated sufficiently to lift an individual above or substantially above the means-tested level, then there is no point in accumulating private pensions, and without compulsion, individuals will not do so. Indeed, it would be inappropriate to advise them to do so for no apparent financial benefit and many would construe this as 'mis-selling'.

The current pension system: an overview

The result of these political and institutional processes is an extremely complex pension system. There is constant talk of reform, and the position can not be considered static. As at late 2004, the current state of play is as follows\textsuperscript{24}.

The basic state pension

There is a basic state system, which is based either on national insurance contributions, or deemed national insurance contributions for certain relatively low earners, or concessions made in the national insurance system for full time carers of dependent children or sick or disabled adults. The maximum level of basic state pension, currently £79.60 per week for a single person, is only acquired if men contribute for 44 years, and women for 39 years\textsuperscript{25}, otherwise a pro rata pension is accumulated. This is subject to the caveat that in order to qualify for any national insurance pension, workers must work for a minimum of 25 per cent of their qualifying years; otherwise they get no basic state pension at all and neither are their contributions refunded. Also, they must earn more than a certain amount from paid work. At present, workers earning between £79 and £91 per week are deemed to

\textsuperscript{24} For more detailed consideration, see Ginn and Arber (2001), Blake (2004) and Disney et al. (2001). Pensions are under current review by the Turner Commission set up by the government to report on reform options (Pensions Commission, 2004b).

\textsuperscript{25} This age differential is gradually being equalised. By 2020 the number of qualifying years for both sexes will be 44. Carers are credited in a way that reduces the number of years they need to work in order to receive a full basic state pension.
have made national insurance contributions at the minimum level, and workers earnings above £91 per week must make contributions proportional to income. Workers earning less than £79 per week who are not full time carers or incapacitated accrue no basic state pension entitlement.

There is, however, one important exception to these rules for qualification. If a woman is legally married at the date that her husband is entitled to his basic state pension, and she is over state pension age herself, then she is entitled to claim a derived pension worth 60 per cent of his entitlement, if this would benefit her (i.e. if this would entitle her to more than her own accrued pension)\(^{26}\). Older cohorts of married women were able to and encouraged to opt out of the national insurance system, in anticipation of reliance on their husband’s basic state pension. Further reflecting Beveridge’s notion of a pension accrued by a husband on behalf of a wife, on widowhood, wives inherit their husband’s basic state pension. Ginn (2003a: 51-54) has pointed out that these provisions entail considerable cross-subsidy from women who are not married, so that a lone mother in work might in effect be paying for the state pension of a married, childless woman. The benefit is not related to caring, but to marriage.

While contributions are tiered according to income, the benefit received is a flat rate depending only on the number of qualifying years. It is therefore highly redistributive towards lower earners. The state pension has become so marginalised in recent years, however, that even a full basic state pension (£79.60) would leave an individual with income well below the level for means-tested benefits (pension credit) – currently £105.45 per week for a single person.

The state second pension, or mandatory private equivalent

Then, there is a modest, second level of pension provision, also provided via the national insurance system, in which participation is mandatory for those earning above £79 per week (although again, they only begin to pay national insurance contributions if earning above £91 per week). There are two ways that this level of pension might be provided – either through a state-run scheme (known currently as the state second pension) or by a

\(^{26}\) Men cannot claim on the basis of their wife’s entitlement, but this will change from 2010.
market provider. The market might provide a pension via an employer’s occupational pension, or through a private individual scheme (both heavily regulated)\(^\text{27}\). Individuals can choose to remain in the state scheme, or they can opt out (known as ‘contracting out’), with the option to opt back in at any time. Opting out has historically had various complex taxpayer funded incentives (Blake, 2004). If individuals opt out, they pay reduced or rebated national insurance contributions towards the state schemes. Carers of children under 6 years old, or full-time carers of the sick or disabled, have since 2002 received credits to the state second pension scheme; the state system is also re-distributive, as all workers earning above £79 per week, and those credited, are treated as if they are earning at least £223 per week for the purposes of accumulating benefits.

Currently, entitlement is based on earnings, so that even in the state system, the more you earn, the more you receive. From a date in the future (still to be determined), however, the state second pension will become a flat rate benefit. Where an individual has opted out, their rebated National Insurance contributions (proportional to earnings) are paid into a private individual scheme that has been purchased on the insurance market. At retirement, entitlement is based on the size of the accumulated fund which will be higher the higher the contributions were. When the state second tier pension system becomes flat rate, this will provide a financial incentive to higher earners to opt out, so as to avoid the state’s redistributive effect on their contributions. It seems likely that the state second pension will increasingly become a pension for the working poor. It may well be the case that for most people, even with their state second pension, accumulation is insufficient to exceed minimum levels for means testing.

This second level of pension income can therefore be provided by the State in the state second pension scheme, by an employer in an opted out occupational scheme, or by an insurance provider in a rebated private scheme. The benefits of this second level of pension income as between these three ways of providing this mandatory pension are not precisely equal and the individual risk carried is not the same, but they can be considered as substitutes for one another in many senses. This is not least because they represent a mandatory level of second tier provision, but also because benefits are likely to be of a similar order. In short, these second tier mandatory pensions offer only a very modest

\(^{27}\) For these purposes, occupational pensions paid by the state as employer are considered private pensions.
level of supplementary income to the vast majority of recipients. Although the maximum rights that might technically accrue to a state second pension are as high as £138 per week, in practice the median amount received is in the region of £9 per week. Even those retiring in 2003, who would have participated in the scheme for a possible 25 years, retired with mean additional pension of only £22 per week for men and £10 a week for women (DWP, 2004c). This is clearly not enough to escape means testing even if received on top of a full basic state pension. Eighty five per cent of recently retired women and 38 per cent of recently retired men retired with between zero and a quarter of maximum entitlement (£34.50).

Some element of the state second pension (or its mandatory private equivalent) is, like the basic state pension, inherited by widows, regardless of their own pension provision. Of SERPS, this was until recently 100 per cent, but this is gradually being tapered back to half. Contracted out private schemes must by law provide for a widow’s pension (in an occupational scheme) or joint life annuities on death (in a personal scheme), providing some benefit for widows, which might be better or worse than the inherited pension from the state, depending on the scheme.

The government’s intention is ultimately that with a complete work record, the combination of a full basic state pension and the full flat rate second pension will secure an individual income above the minimum level for means-tested old age benefits. But as the above data imply, 44 years in paid work above the lower earnings limit is not a realistic reflection of most people’s working lives, and especially not women. Currently, more than half of those in retirement are technically entitled to means-tested benefits, and the proportion is expected to grow, not shrink, with subsequent cohorts. Some projections indicate that 80 per cent of the population will be entitled to means-tested benefits by 2040, under assumptions that the current regime continues (Clark & Emmerson, 2002). Rake et

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28 Until recently known as SERPS or the state Earnings Related Pension Scheme; the calculation of entitlements is now extremely complex, with a combination of preserved SERPS rights and newer state second pension rights. See DWP (2004a).

29 House of Commons Hansard Written Answers 11 June 2002 Column 1146, W. Mr McCartney on behalf of the Secretary of state for Work and Pensions, in response to Mr Frank Field

30 The distribution is highly skewed to the right, but the median is not reported

31 House of Commons Hansard Written Answers 27 July 2000, Column 841W. Mr Rooker on behalf of the Secretary of state for Social Security, in response to Mr Frank Field

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al. (2000) in a series of simulation models conclude that low income individuals and those with broken work histories will face great difficulty in avoiding a means-tested old age.

**Means-tested benefits in old age**

The result is that inevitably means-tested benefits (currently known as ‘pension credit’) are becoming an important component of retirement income for many people, but particularly for older women. Seventy-two per cent of those benefiting from means testing in retirement are women (1.2 million women) – more than one in five women, compared with about one in ten men. If pension credit is claimed, then the resulting income would take many single pensioners out of poverty statistics, as the pension credit level is set just above official poverty lines for this group, but whether they can be considered taken out of ‘poverty’ because their income hovers just above this official line must be a moot point.

There are two further issues. As with all stigmatised means-tested benefits, many hundreds of thousands of those technically entitled do not claim – best estimates are between a quarter and a third of entitled pensioners or somewhere in the region of 500,000 people (DWP, 2003; ONS, 2003c) and there can be little argument that they are indeed living in relative poverty. Second, entitlement to benefits is assessed jointly. There is an explicit assumption that income within partnerships will be shared equitably – the government has no interest in individual poverty behind the household door.

The income limit for basic means testing (known as ‘guarantee credit’) after state retirement age is currently £105.45 for a single person, or £160.95 for a couple, with all partnered men and women assessed jointly. There is a modest band above this where individual income is not deducted pound for pound off benefits, but the result when coupled with entitlement is very high marginal tax rates for anyone whose income is just above this level. Only £6,000 of savings is disregarded for calculating pension credit –

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32 Meaning either they or, if they have a partner, their partner, claims means-tested benefits. Of course not all income is shared equally in the household and it is not possible to say whether individual women whose partner’s claim receive any direct share. But these women are usually left out of statistics altogether, because only ‘claimants’ are counted.

33 Personal communication from Department for Work and Pensions, December 2003

34 60 per cent of median household income after housing costs equivalised using the McClement’s scale: in 2002/3, this was £94 per week for a single person, £172 per week for a couple (DWP, 2004b: HBAI Supplementary Tables, Table C)

35 For more on the issue of the gender implications of joint assessment for benefits, see Bennett (2002)

36 Whether an individual or a couple; the value of a person’s home is excluded from the calculation
above this, individuals are credited with notional income from their savings (£1 a week for each £500 of capital. If income is above £144 per week (or £212 per week for a couple) there will be no entitlement to pension credit. This structure has led many to argue that there are now strong institutional disincentives to those of working age to save privately for a pension, particularly for low earners, who are mostly women.

Private pensions

In the UK, part of the market in private pensions is of course a result of the mandatory second tier pension scheme including the historically financially incentivised ability to opt out of the state scheme into private provision. But over and above this, there is a very large market in private pension provision. It takes many forms. The most substantial is the occupational pension scheme, whereby an employer provides a pension as a form of deferred wages (often originally bargained for in industries where trade unions were strong, but also provided by the state as employer). These schemes cover the mandatory element of opting out as well as providing substantial other pension and insurance benefits. Until recently, most occupational schemes were final salary schemes with substantial employer contributions (known as ‘defined benefit’ schemes). In recent years, the majority of these schemes have closed (at least to new members) and employers have replaced them with schemes into which they pay a much lower or no contribution (known as ‘defined contribution’ schemes) and which accumulate a fund with which employee at retirement uses to buy a pensions. This transition has transferred the risks of inflation, interest rates, investment returns and longevity from employers to individuals (Pensions Commission, 2004b). Large fiscal incentives support the system – in particular, pension contributions are tax deductible at the marginal rate of taxation, there is preferential tax treatment of investments, and there are also limited tax benefits on maturity.

Alternatives consist of individual private pension plans into which tax deductible contributions can be paid. These are aimed principally at the self-employed, those whose employers do not offer pension schemes, and those for whom an occupational pension

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17 Originally these were not deferred wages - a modern interpretation - but incentives to retain staff, who lost their pension if they left the employment.

18 There have been considerable problems with these types of pensions over the last twenty years including mis-selling scandals and insolvency of large providers. There are also increasing signs of market failures in the provision of occupational pensions including corruption and insolvency.
scheme is inappropriate. Again, there are tax advantages in investment returns and benefits on maturity.

**Summary: stratification in the UK pension system**

The resulting pension system contains components that result in large gender and class differentials. There are two principle mechanisms by which retirement income becomes stratified in the UK system. The first is institutional in the design of the pension system – the features described above – and the second results from inequalities in earnings from the paid labour force. Essentially, four hierarchical categories of pension provision emerge:

**No pension.** At its lowest, it is still possible in the UK to accrue no pension provision at all by participating in neither the state system of national insurance, nor in any private alternative. This will apply to low paid workers earning below the Lower Earnings Limit who do not qualify for caring relief (mostly women). It also applies to wholly financially dependent women who are not carers, and whose male partners do not purchase pension provision on their behalf. It also applies to those who do not work for sufficient numbers of years at high enough pay to qualify for the state system, again, mostly women. At best, women with no or low basic state pension provision can, if they remain married into retirement, claim entitlement to 60 per cent of their husband’s basic state pension while he is alive, and can inherit their husband’s basic state pension and half of his SERPS/S2P on his death.

**The basic state pension.** Although the basic state pension system is well developed, it is not universal, and benefits accrued are so low (maximum £79.60 per week in 2004) as to leave recipients eligible for means-tested benefits (minimum level £105.45 per week) if they do not have a wealthier partner to rely on for income or have other independent income. This is so despite having contributed or received caring credits for the maximum years possible. As well as being unlikely to have accrued even the full basic state pension (Evandrou & Glaser, 2003), women are likely to spend much or at least some of their retirement alone: about 60 per cent of women over 65 are not married, and 80 per cent of women over 65 die single (ONS, 2002a; 2004d).

**A mandatory second tier.** Since 1978, as set out above, a second tier of pension provided either through a state scheme or a private alternative is mandatory for workers earning
above the lower earnings limit\textsuperscript{39}. The majority of employed individuals are contracted out of the state second tier scheme, with a national insurance rebate paid into a private (occupational or personal) scheme instead. Whether state or private, the second tier has historically provided a very low level of benefit in practice, and will be insufficient of itself (i.e. without a wealthier partner or other independent means) to ensure a retirement without means testing for the majority of older people (Falkingham & Rake, 2001b; Hills, 2004). This is especially the case for women, due to low earnings and significant gaps in participation in the paid labour force.

If pension participation is only in the state schemes or mandatory equivalents, retired individuals are very likely to be dependent on means testing providing income barely above the official poverty line for the remainder of their lives. Women are most likely to fall into these categories.

**Third Tier Pension: additional private pension.** The concept of third tier pensions is central to this thesis. The private system, over and above the mandatory provisions outlined above, is the single largest determinant of inequality among pensioners in the UK. Only those with sufficient earnings and in good employment have the option to belong to good occupational pension schemes with generous employers contributions, or the 'choice' to buy into other types of private schemes lacking any employer contribution. Gender stratification occurs in third tier pensions because of women's low levels of participation in full-time work, their low average earnings, and their higher risk of being in employment with poor pension provision.

Apart from these institutional features, the second major determinant of stratification in pensions is earnings. Even if earnings are sufficient to contribute to a private scheme, contributions will in general be proportionate to earnings, and so higher earners (mostly men) will accrue a much greater benefit. These advantages will be discussed more extensively in Chapters Six and Ten. This advantage to high earners is accentuated by tax relief on private pension contributions, a subsidy at the expense of all other taxpayers. The system of tax relief is not transparent and the distributive impact is difficult to quantify. Agulnik and Le Grand (1998) estimated that half of tax relief goes to the top 10 per cent of

\textsuperscript{39} The lower earnings limit in 2003/4 is £79 per week, or £4,108 per annum
earnners and a quarter to the top 2.5 per cent, a highly regressive distribution\textsuperscript{40}. An individual’s pension depends not only on how much they can contribute, but also on the tax relief allowed, which is greatest for high earners.

The beneficiaries are mostly men. Those with high earnings, seniority, and high final salaries, all of which determine pension benefits in occupational and private schemes are much more likely to be men. The government does not report the gender impact of its pension tax relief, but Ward\textsuperscript{41} has estimated that of the top ten per cent of earners, only 5 per cent are women, and of the top 2.5 per cent of earners, only 1 per cent are women. Earnings are a major stratifier of pension income in later life, and have received far too little attention in pension research.

**Engendering pensions analysis**

The impact of neo-liberalism in the UK outlined earlier in this chapter is reflected in two contradictory patterns. First, pensions underwent many reforms in the latter part of the twentieth century, the most abiding of which involved a rolling back of the direct involvement of the state in favour of the state’s encouragement and subsidy of a larger and larger private market (Ginn & Arber, 1994; 1999). This means that labour force participation and, as importantly, sufficiency of earnings for those participating, have become essential pre-requisites for a stable and reasonable income in old age. Secondly, with the marked separation of state and family that accompanies neo-liberalist ideology, and policies essentially of ‘non-interference’ in the way that parents and couples live, there is minimal pension provision for women who take on caring roles.

Various elements of the overall system accord with liberal philosophy. The most significant of these are paucity of pensions paid directly by the state, state encouragement of the market in pensions, and the non-interference by the state in the division of labour within families, for example by failing to provide or facilitate good quality child-care facilities. Pension welfare through the state and private systems is modelled on a

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\textsuperscript{40} Since this work was done, the taxation of pension funds has changed to become less favourable so that the regressive effect might now be a little less extreme

\textsuperscript{41} Private communication, 15 November 2004
partnership in which marriage is for life, men provide income, and within the household resources are shared equitably.

Leitner (2001) proposed a framework for the consideration of the extent of sex and gender discrimination in European state pension schemes, along three dimensions: the biological (sex), the work behaviour dimension (gender), and the care dimension (gender). The mechanisms which she considered included access to schemes, basis of benefit calculation, number of coverage years, credits for unpaid care work (for children and other family members), the extent to which benefits derive from marriage alone, and universalism versus means testing. She concluded that whilst the UK basic state pension was fairly gender neutral (and here, she seems to have underestimated its gender bias, see above and Evandrou and Glaser (2003)), the UK state earnings related scheme was highly discriminatory, compared with other countries, because of its exclusion of large numbers of female workers.

But in the UK, the principal underlying philosophy is reliance on the private market for pension provision. Ginn (2004) proposed a similar framework for the evaluation of gender discrimination within pension systems, but extended this to consider the role of private pensions in the mix. She argues forcefully that private pension welfare entrenches and exacerbates gender inequality through its reliance on long-term secure employment and size of financial contributions to pension schemes, and that it is difficult to imagine a benignly designed private system that would not have this effect.

The implication is that women’s pension disadvantage in the UK depends largely on the extent to which gender roles remain divided. This is not only because of the direct impact in pension acquisition of the extent to which individuals participate in paid work. It is also because for those in paid work, pension disadvantage also depends on the gender pay gap, occupational gender segregation, and variation in terms and conditions of employment, all of which are both caused by and reinforced by the gendered division of labour within the household.

It is to these critical issues that I now turn.
3 Inside the Household: the Cultural Dimension to Pension Provision.

Introduction

The characterisation of the UK as having a prevalent gender culture of 'male-breadwinner' or male breadwinner/part time worker-carer' has serious implications for women's pension provision, since individual participation in well-paid jobs is becoming increasingly important in pension accumulation.

As argued in the previous chapter, in social policy terms, neo-liberal 'policy logic' underpinned by the gendered division of labour within households has resulted in very little state provided child-care (that which is provided is mostly aimed at 'poor' and 'problem' children), and the market has failed to deliver affordable childcare and elder care to low and moderate earners (O'Connor et al., 1999: 8-9; Paull et al., 2002). Indeed, we have the most expensive child care in Europe, and it is a scarce commodity (Gornick et al., 1997; Paull et al., 2002). The care of ill, disabled and frail adults can be an additional or further substantial constraint on the ability of many women to participate in paid work, or in full-time paid work. In some instances, they care for husbands or partners, but in many they are caring for or sharing the care of elderly parents or in-laws (Arber & Ginn, 1995b; Fagan, 2001; Ungerson, 2000). Like child care, good quality, affordable respite care and good quality, affordable care homes are also hard to find, with care home staff heavily exploited in one of the lowest paid sectors (Garner, 1998; Ungerson, 2000). While men and women may be equally likely to care for each other in partnerships, it is generally on mothers and daughters, rather than on fathers and sons, that these inter-generational caring social responsibilities weigh.

State pension transfers and pension benefits for full-time carers are relatively small and their value is decreasing with each passing year, as the gap between the basic state pension and the minimum income for means testing grows. This means that as long as well paid work and financial provision for the family is largely a male domain while part time work (or non-employment) due to caring for the home and family is largely a female domain, the pension system will serve women who take on these roles particularly badly.
The gendered roles of men and women play out at two different levels. The first is in gender characterisation at a population level, where the construction of men as breadwinners for families has led to men obtaining higher hourly wages, jobs with more favourable terms and conditions, better training, and career progression. For women, their construction as carers and as dependents has led to disadvantages in all these dimensions, but also gender differentiated employment whereby there are high concentrations of women in jobs that contain ‘caring’ elements, such as child-care, nursing, health-care, teaching and so forth. Much of this care work\(^{42}\) is economically undervalued (Cameron et al., 2002; Low Pay Commission, 2005; McKie et al., 2001), thus compounding the other employment disadvantages for women by low pay and poor terms and conditions. Interacting with these structures, state welfare and employment systems reward full time employment in the form of national insurance and employment-related benefits.

On an individual or family level, the effects of an embedded breadwinner/caregiver cultural model are more complex. They may lead to or reflect different normative pressures so that, for example, a lone father might be expected by his friends and colleagues to work and employ child-care, but a lone mother might be expected by her friends and relatives to care for her children herself and rely on state transfers for the period that she feels the need to do so. In the UK, for example, there might be more cultural acceptance of (or even pressure on) women to take on purely domestic roles so that more women express a preference for domestic roles or for working only part time with commensurate low pay than might be the case in other cultural settings. The countervailing pressure on men to work long hours for higher pay would lead to partnerships with only one earner or one and a half earners being more viable than equal-earner partnerships, if quality of life is to be maintained. The cultural and structural effects reinforce the macro-level gender differentials in a continuous loop.

Thus well known disadvantages in the paid labour market reinforce highly gendered divisions of household labour, creating financial inequalities in the home, which reinforce the gendered nature of financial disadvantage in the labour market. The contrasting structural and institutional emphasis on paid work as the route to pension acquisition has

\(^{42}\) Although teachers and some select health professionals enjoy relatively good pay and terms and conditions. Also, substantial proportions of those in caring professions are in the public sector and have public sector pensions.
led to older women being poor, and to multiple disadvantages for working-age women in the accumulation of pensions. In this chapter, these aspects of life in the UK will be reviewed.

The literature on these issues is vast, and growing. Many of the paragraphs in this chapter might warrant a chapter themselves, or even a book. The intention here is rather to outline the main influence on women’s life course trajectories, as they pertain to gender inequality within the household and pension accumulation – the two substantial themes of this thesis. For more detailed treatment, the reader is referred to the references cited.

**Women, care and the labour market**

In recent decades, women have ‘emerged into the labour economy’ (Laurie & Gershuny, 2000: 46). There has been a massive increase in female labour market participation since the Second World War: in 1948, 6.7 million women were employed, rising to 12.3 million women in 2004, when the population grew less than 20 per cent in that time (ONS, 2002c; Women and Equality Unit, 2005). Women with partners have much higher employment rates than they used to, particularly those with school age children, and they have been returning to work both between the births of their children, and more quickly after each birth (Berthoud, 2000; Dex et al., 1996; 1998; Jacobs, 1997). ‘Double work’ in the sense of both partners participating simultaneously in the paid labour market is now the ‘majority’ option for couples, both with and without children (Berthoud, 2000: 9; Harkness, 2004).

Women’s educational achievement now outstrips that of men at school and at university, even in many traditionally male dominated subjects (ONS, 2001). Women are entering professional jobs, and breaking barriers in management hierarchies (Walby & Olsen, 2002). And while women have become much more likely to participate in paid work, men have become less likely to do so. This is due to men staying in education for longer, having more chequered patterns of working through the life course, and increases in early retirement (Berthoud, 2000: 8-9).

The picture often painted of family life in the 1950s, of men in secure employment from 16 – 64, and women leaving the labour force at marriage or the birth of their first child (or having never entered it), is in marked contrast to the picture of a contemporary society...
evoked above, where both men and women participate in a more flexible labour market, and both contribute to family finances from paid labour.

But this view – common in government and other discourses – is highly simplistic, and does not reveal the underlying impact of gender relations on the employment patterns of men and women. First, the growth in women’s jobs has largely been in part time jobs, in highly gender-segregated labour markets characterised by poor pay and conditions. Second, men tend to be unemployed early in their lives, and early-retired later in their lives, with much more stable participation in employment during their thirties and forties, while women tend to be in and out of the labour force during these decades (crucial for pension accumulation), coinciding with child-rearing and with the peak of their male partner’s career.

Gender and earnings

Women part time workers earn barely 60 per cent of the hourly rate of men working full time – and have done so for some 25 years. Even women working full time earn on average only 76 per cent of the hourly rate of their male counterparts\(^4^3\) (Daffin, 2004: Table 1; Grimshaw & Rubery, 2001: Table A.1), and although it has risen slowly over time, this percentage has barely changed for 15 years.

The two principal causes of this are occupational segregation (women are doing different jobs from men) and sex discrimination. In the UK, we have among the most highly gender-segregated occupational structures, and occupational segregation here carried an unusually high pay penalty for women (Blackwell, 2001; Grimshaw & Rubery, 2001; Kingsmill, 2001; Manning & Petrongolo, 2004; Walby & Olsen, 2002). Sixty per cent of women work in just ten occupations, mostly low paid: 74 per cent of sales assistant and check-out operators are women, as are 84 per cent of those employed in child care, and 64 per cent in catering (Grimshaw & Rubery, 2001).

Further, sex discrimination in pay, and in promotional prospects, is widespread and there are few if any industries where it does not occur. Swaffield (2000) calculated that between

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\(^4^3\) In 2003, full-time men, £13.29: full time women, £10.07: part time women £7.80. This is less than the often publicised ratio of 82 per cent due to new statistical techniques of imputation and weighting that will be applied to the new Annual Survey of Hours and Earnings, which replaces the New Earnings Survey. For full details, see Daffin, 2004.
25 and 42 per cent of the gender pay gap is attributable to direct discrimination against women, echoing findings by many other investigators (Grimshaw & Rubery, 2001; Murphy, 2000; Walby & Olsen, 2002: 47-49). Differential advancement through working life – the ‘sticky floor’ and the ‘glass ceiling’ for women – is widespread and well documented (EOC, 2001; Equal Pay Task Force, 2001; Kingsmill, 2001; Walby & Olsen, 2002). It has also been clearly established that women who return to work after having children suffer particular discrimination (EOC, 2004).

More recently, other reasons have also been advanced for the gender pay gap, relating to the geographical and time constraints that women tend to operate under in seeking work, leading to their acceptance of lower rates of pay than if they were not so constrained (Walby & Olsen, 2002: 49); the presence of a breadwinner at home will also enable employers to offer low pay to workers who are providing ‘second’ incomes (Grant & Yeandle, 2005).

*Housework, care and part time work*

Thus women struggle to achieve the financial rewards for paid work that are available to men, making the labour market a less profitable place for them to be. This both causes and is caused by the gendered roles that women assume within households.

At home, women take on the cleaning, tidying, shopping, cooking, washing, ironing, looking after pets, and the day-to-day management of household repairs and renovations (Ferri & Smith, 2003; Laurie & Gershuny, 2000). These functions have long been the domain of women, and there are few signs of change. Apparent increases in the shares of housework done by partnered men in higher occupational classes are a result of women devoting fewer hours to household tasks, not to men doing more (Laurie & Gershuny, 2000). Housework remains staunchly female dominated, and many of both sexes view this as fair (Baxter, 2000; Harkness, 2004; Kodz et al., 2003; Warren, 2003b). Seeking to resolve their home and work-lives, for women, involves the time and energy constraints of these domestic roles and the additional constraints on those who care for children, and for frail or disabled adults.

The result is that in the UK, women who are caring for children, mid-life carers, and many women without such direct caring commitments, tend to work part time, if at all; where
they are in work, they work almost the fewest hours in the EU\textsuperscript{44} (Arber & Ginn, 1995b; Bardasi & Gornick, 2000; Evandrou & Glaser, 2003; Ginn et al., 2001; Ginn, 2003a; Orloff, 2002; Pfau-Effinger, 1999; Smith, 2005; Smith et al., 2003; Warren, 2001; Women and Equality Unit, 2005). Thus while between 60 and 70 per cent of ‘working age’ women are in the paid labour force, 45 per cent of these work part time (Ginn et al., 2001; Orloff, 2002; Women and Equality Unit, 2005).

There is very little data on life histories for women. Analysis based on data from the late 1980s showed that on average women with two children tend to take an average eight years out of the labour market and spend 14 years in part time work losing in total 22 years of full-time work (Grimshaw & Rubery, 2001, citing Joshi and Davies, 1992). More recent research has shown that mid-life carers are also much more likely to have lengthy breaks from work and undertake part time work (Evandrou & Glaser, 2003). In a comparison of five industrialised countries\textsuperscript{45}, Germany and the UK showed the strongest effects of having children and elderly adults in the household on women’s employment participation and hours of paid work (Bardasi & Gornick, 2000).

**Men as breadwinners**

It seems to come as a surprise to many that men in the UK have the longest working hours in Europe (Cousins & Tang, 2004; Kodz et al., 2003), but in light of the above analysis, it can be seen that this is directly related to the gendered role of women. As Warren (2000a: 352) puts it:

> It is important … to make explicit men’s and women’s roles when examining the gender division of labour in different societies …

Women’s support in the household and in caring enables men to work longer hours to progress their careers, or earn more doing overtime (Bardasi & Taylor, 2005; Blackaby et al., 1998). The extra money men thereby bring into the household is in part seen as necessary because women bring in relatively little money, due to their working part time or not at all. This contributes to a culture in the workplace whereby working long hours becomes necessary for success or promotion (Kodz et al., 2003). This has the double

\textsuperscript{44} Only in the Netherlands do women in work work fewer hours on average

\textsuperscript{45} Canada, Germany, Italy, UK, USA
effect of reinforcing the long hours that men work, and excluding women from full-time employment because the demands made are not compatible with their domestic labour and roles. As a result, jobs that are compatible with care work are low quality, poorly paid and often not unionised and unregulated (Warren, 2001). This in turn reinforces gender inequality in the home and at work. Warren (2000a: 363) again:

...it is apparent that the greater intensity of the male-breadwinner gender arrangement in Britain ... cannot be divorced from the larger degree of gender inequality in the labour market ... In Britain, ... the lowest waged are severely low waged, and short-hours jobs have especially short hours.

It is this circular effect that men’s work has on women’s work and visa versa that has caused Lewis and Giullari (2005) to call for Europe-wide policies that restrict men’s working hours, in order to move towards gender equality in the household and in unpaid care. However it is not clear that when their working hours are reduced men do take on these roles. Further, as noted in Chapter Two, this would be contrary to the path of liberalism and neo-liberalism, whereby British governments consider it an anathema to interfere in the gendered relations taking place in the private lives of households and family. A reduction in men’s working hours would also be seen as anti-competitive and threatening economic growth, and is unlikely to find political favour here.

Thus even in the relatively rare ‘dual career’ households, earnings are not equal, hours worked are not equal, and neither are child-care and housework responsibilities (Harkness, 2004; Kodz et al., 2003; Sullivan, 2000).

Although there is a vast body of work in sociology and psychology now addressing the changing nature of men and masculinities in the modern world, the breadwinner identity remains a powerful theme. Willott and Griffin (2004: 53) found that in the UK even among men who were experiencing long term unemployment, they still found ways in which to construct their gender identity around the ‘breadwinner persona’. Men’s ‘choices’ at work continue to be constrained by their need to conform to breadwinning norms and adhere to a breadwinning identity (Smith et al., 2003; Smithson et al., 2004).

In the same way as combining care with paid work is so important to women as they have children and their children and grandchildren grow, and as their partners and parents age, earning the principal money in the family becomes increasingly important to men. Thus while only 54 per cent of mothers with a child aged under 5 are in employment, and 66 per
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cent of mothers with a child under 16 (the majority part time), 91 per cent of fathers with a
dependent child are in employment – almost all full time – regardless of the age of their
youngest child (Women and Equality Unit, 2005), and fathers work the longest hours of all
men (Harkness, 2004). The presence of children affects only women’s time use (in the
paid labour force and in the home) and not men’s (Harkness, 2004).

Women’s part time work within partnerships: an embedded model

Indeed, longitudinal studies following the labour force participation of three cohorts of
women born in 1948, 1958 and 1970 reveal surprisingly little change over time. It is
correct that more mothers of children under five are in work at age 30 among the younger
cohorts (58 per cent of the 1970 cohort, compared with 35 per cent of the 1948 cohort).
But there were virtually no differences between the women at age 30 (around 70 per cent
in all three cohorts) or at age 40 (around 80 per cent in the older two cohorts) if their
children were at school, nor in the splits between part time and full-time work (Woods et
al., 2003).

The strength of these patterns of work within partnerships is illustrated by research
confirming that part time work for women is often not directly associated with child-care. Johnson and Stears (1996) estimated that in 1993 there were 1.4 million women under
state pension age (approximately 9 per cent) who either did not work or worked no more
than a few hours a week, but with no dependent children, and who were not sick, disabled
or seeking work. Only 58 per cent of women who work part time have children at home
(Manning & Petrongolo, 2004: Table A1 and Figure 3.2; Walby & Olsen, 2002); almost 30
per cent of women with no child under 16 in the household work part time (compared with
8 per cent of men) (Women and Equality Unit, 2005).

Cousins and Tang (2004) found, in comparing the UK, the Netherlands and Sweden (all
countries with a high proportion of women working part time) that UK women express the
least dissatisfaction with conflict between their work and family lives. Eighty per cent of

46 The extent to which part time work is associated either with child care or with elder care, care of
grandchildren etc, care of disabled or ill people or with no caring responsibility has not been investigated,
although Evandrou and Glaser (Evandrou & Glaser, 2003) have noted that it is sometimes associated with
mid-life caring.

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women working less than 30 hours a week say that they work exactly the hours they want to work (Cousins & Tang, 2004; Manning & Petrongolo, 2004).

Patterns of previous part time work (for example, for the care of children) may then influence patterns of future part time work (for example, once children have left home or for the care of adults). Evandrou and Glaser (2003) showed that women who gave up work or reduced their working hours in mid-life to care for sick or disabled adults came disproportionately from groups of women who had previously had breaks or worked part time to care for children.

Of course, expressions of satisfaction with working hours do not mean that this is how women ideally would choose to live their lives, and such survey results are open to criticism on the basis that many women are making the best of what is available to them, given the competing demands on their lives and on their time (Warren, 2004). They nevertheless point to a model of gender relations within families that is socially, normatively and structurally embedded. Crompton (2002) suggests that we may face a social revolution whereby men and women begin to demand the introduction of shorter working hours for men, and men take on more household responsibility, thus allowing women more flexibility to advance in the labour force. But her own data do not illustrate this happening on any grand scale, and nor is there much sign of it in the work cited above.

Policies to move women into the labour market to sustain economic growth and reduce dependence on state welfare transfers have relied increasingly on two strategies. The first is policies such as those encouraging employers to provide ‘flexible’ working, with the specific, sometimes explicitly articulated, aim of helping mothers and mid-life women to combine their paid work and caring ‘responsibilities’. These policies are modelled on and reinforce the identity of women as carers (McKie et al., 2001). They serve to reinforce gender differences in pay, prospects and conditions (Smithson et al., 2004).

The second is the ‘commodification’ of care – that is, policies facilitating or encouraging the payment to others, whether by commercial or informal arrangement, to care for children and others requiring care, or for the State to pay adults (mothers) directly to stay home to care. But Lewis and Giullari (2005) expose the fallacy here: apart from the gross undervaluing of care work, much care work simply can not be commodified. Until it is more equally shared between men and women within the household, the existing structures
will perpetuate the gendered division of labour, both in the household, and in the workplace.

**The disadvantages of part time work**

The problems associated with part time work for women are now well understood and extensively documented. Indeed, Burchell et al. (1997) have argued that the part time labour force was created for women to continue their care of home, partners and children, and was explicitly designed therefore to be low paid, undemanding and lacking in prospects; also that demand side factors remain extremely important in the structural preponderance of part time work in the UK.

In essence, part time workers are more likely to be found in low paid, low status work. They earn less than full timers even after controlling for human capital and job characteristics. Occupational segregation is even more severe for part time than for full-time work. Part-timers are not generally offered training, or promotions. Part time work patterns allow employers to break with expectations of wages, job security and career advancement. Over half of those in part time work have no or low educational qualifications. The UK has poorer rates of pay and poorer terms and conditions for part time work than other EU countries (Anderson et al., 2001; Burchell et al., 1997; Grimshaw & Rubery, 2001; Rubery, 1998; Walby & Olsen, 2002; 2003). Part time workers earning below the Lower Earnings Limit may not be accruing rights in the National Insurance and State Second Pensions (Chapter Two). They are less likely to be in receipt of work-related benefits from their employers, including less access to pension schemes (Burchell et al., 1997; Ginn & Arber, 1993; Warren, 2004). The disadvantages associated with part time work and the low earnings involved may make the decision whether to work at all quite difficult for women seeking to balance care and paid work (Walby & Olsen, 2002).

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47 Formal exclusion from pension schemes for part time workers earning above the Lower Earnings Limit is now illegal, however, and all employers with 5 or more employees must provide access at the least to a stakeholder pension scheme. However, the terms on which such participation is available are still likely to vary as between full-time and part time workers.
The 'motherhood' pay gap

Moreover, career interruptions for women frequently lead to a loss of occupational status on labour market re-entry, and through this mechanism the UK imposes heavy wage penalties for motherhood. Many women change job in order to achieve the change from full-time to part time status, or to find a job or role that more easily fits with their roles at home, and in doing this, they tend to downgrade occupation and pay (Blackwell, 2001; Dale, 1990; Grimshaw & Rubery, 2001; Jacobs, 1999; Joshi et al., 1996; Manning & Petrongolo, 2004). Mothers tend to work in part time occupations that suffer gendered pay penalties and pay discrimination, and the penalties have increased, not diminished, over time (Joshi et al., 1999). Increasing wage inequality in the UK means an increasing wage penalty for part time working women, as they tend to work in highly feminised occupations at the bottom of the wages distribution (Grimshaw & Rubery, 2001; Harkness & Waldfogel, 1999; Manning & Petrongolo, 2004).

Davies et al. (2000) suggested that while the loss of gross earnings from motherhood remains substantial, these losses are mostly borne by less highly educated women. Losses over the working life amounted to around half of potential earnings for less qualified women and a little less than that for the more qualified, but were negligible for graduate women. Rake (2000), similarly, in a simulation model relying on data from the British Household Panel Survey, estimated losses of over £250,000 over a lifetime for less well qualified mothers of two, but only £20,000 for the highly educated. But Ginn and Arber (2002) have cohesively challenged these assumptions for those highly qualified mothers, in particular the assumptions that highly educated women retain continuity with employers and only work part time for a short number of years. They showed that in the mid-1990s among graduates who have children, fewer than half are in full-time employment, regardless of age, cohort and the ages of their children, and among graduates with a child under 5, only 30 per cent were in full time work. The median earnings of graduate mothers with children under ten were less than half of those for graduates under 35 with no children, and the earnings of graduate mothers with older children still fell substantially below their childless counterparts. There were substantial and sustained disadvantages in pension accumulation for those working part time, and for those who downgrade occupation after child-bearing. Warren (2003a) too, while not directly addressing these
assumptions, has provided substantive evidence of earnings and (by imputation) assets disadvantages for mothers among groups of women with high occupational status.

Cumulative losses for mothers are sizeable. Walby and Olsen (2003), investigating the components of the gender pay gap, concluded that lack of full-time work experience is a key component of wage disadvantage, and that even short interruptions to employment for family care have a substantial negative impact on wages.

**Financial inequality at home**

The wage disadvantages associated with 'women's work' have potential implications for pension provision, apart from the issue of low pay. In the world of social policy the unit of production and consumption is considered to be the household, rather than the individuals within it. An assumption is made of equal sharing of resources within partnerships, to the extent that much government analysis takes place at the household level only. But sociological research has revealed that this is a crude assumption.

In her hugely influential book *Money and Marriage*, Pahl (1989) discovered, in working with women fleeing domestic violence, that they often had access to more financial resources when on welfare benefits than they had had when in their partnerships. This led to her researching money sharing systems within partnerships, and she exploded the myth that men and women share money equally, or when they do share, that they have equal control. Access to money management does not imply control over spending. Many women are required to manage household accounts (a considerable burden if resources are limited) but have little say in how resources are spent (Burgoyne, 1990; 2004; Laurie & Gershuny, 2000; Vogler, 1998; Vogler & Pahl, 1993; 1994).

Unequal access to money has been shown to affect power over household decision making (Vogler & Pahl, 1994), but it has also been shown that men's earnings and women's earnings are viewed differently within households, because of the powerful construction of breadwinner vs. homemaker detailed above. Because economic resources are given meaning by cultural and social settings, wives incomes are seen as being earmarked for different purposes, and therefore different, or less important than, husband's income (Vogler, 1998). Women's incomes are often spent on children, and child-care costs tend to be paid for out of women's income (Dasgupta, 2000; Lundberg et al., 1997; Pahl, 2000;
2001; 2004; Phipps & Burton, 1998; and for a review of the literature, see Waseem, 2004). Even where both partners consider that equal sharing of money is appropriate, in practice the partner contributing less feels constrained in and will seek permission for personal spending (Burgoyne, 1990; 2004). Thus the acceptance of the male-breadwinner role is a source of hierarchy within a partnership that has ramifications beyond the mere allocation of financial resources.

This literature relates to the sharing of money, but many resources are associated with paid labour only, and are generally not shared. These include bonuses and share options, health and welfare services, perks such as travel and entertainment, and, importantly for the matters under consideration here, the accumulation of pensions\(^4\).

**Inequality and dependency**

Full-time work is recognised as the route by which women achieve financial independence from their partners (Ward et al., 1996a). One result of the disparities in working hours and in pay between men and women in the UK is that within partnerships, women remain quite financially dependent on men. If they are unequal contributors to household income, then they are dependent on men for their access to money and other household resources, and may have little control over how money is spent. They may feel a sense of obligation and gratitude towards their partners, making the receipt of money a conditional benefit for them. They are also dependent on men for their joint standard of living, and in many cases for their escape from poverty.

The extent of their dependency arises from the extent to which they are unequal contributors to the household (Ward et al., 1996b). They are not necessarily ‘dependent’ in the sense of being unable to form an autonomous household (although both forms of dependency will often coincide), but they have much to lose from the ending of the relationship (Millar, 2003). In my work as a barrister in divorce cases, it became clear that the lifestyle of many women, and with it their very identity, was closely tied to the financial resources provided or sustained by their partners, including housing, cars,

\(^4\) Of course when the pension is in payment after retirement, it may be shared, but it is accumulated as an individual entitlement; in direct contribution schemes and personal pensions individuals have control over choice of annuity, and whether to buy a joint life annuity - an increasing problem for widows. All pension recipients have control over whether or to what extent the income is shared.
holidays, clothes, household goods, entertainment and other material things. Warren (2001: 555) describes women in this position as having a 'distinctly contingent role'.

While gender inequalities in earnings in the labour force have been extensively studied, inequalities in earnings within the household have received far less attention. Yet gender inequality within households must be closely connected to gender inequality outside. Arber (1999: 175) has argued that gender inequality in earnings within households 'forms the basis of fundamental inequalities in economic power between husbands and wives', and that this pattern of inequality is resilient to change, varying little regardless of labour market participation, age or whether a woman has children. Earnings dominance gives men access to money for personal spending and influence over spending decisions, enables men to construct their own paid work and occupation as the more important, and justifies their lack of involvement in domestic work. Apart from therefore being a determinant of power in gender relations, a vicious circle is created which connects women's lack of economic power within marriage and their disadvantaged position in the labour market (Arber, 1996). In order to more fully understand inequalities in society, and inequalities across the life course, we must therefore locate and understand inequalities between individuals within households (Dale, 1990). Ward et al. (1996b: 96) argue that

... economic relations [between spouses] underpin most others. Since economic resources carry more value, more prestige and more marketability than domestic work, income dependency tends to be associated with powerless and inequality in other spheres.

The extent of inequality

Using data from the late 1980s, Arber and Ginn (1995c) showed that despite increases in women's labour market participation and some convergence in gender pay gaps, it was rare for women in any occupational stratum to earn more than their husbands or partners (even where women were occupationally dominant), and that gender inequality in earnings was more pronounced within households than in society generally. They found that among wives aged 20 to 59, about a third were not in paid work, with just over a third working part time, and the remainder working full time. Among dual earning couples, a quarter were equal earners (earning within £40 per week of each other) and only 11 per cent of wives earned more than their husbands. Women who had higher earnings than their partners were most likely to be in their fifties - a time when men tend to exit the full-time labour market.
Similar findings were obtained in an analysis of couples in the 1958 cohort at age 33 in 1991 – i.e. at around the same time as the Arber and Ginn study above (Ward et al., 1996b). This cohort emerged as even more dependent than the aggregate reported above. Three quarters of these women contributed less than 45 per cent (with an average of 22 per cent) of family income including earnings, state transfers (benefits) and other income. Only 12 per cent were equal contributors (contributing 45 to 55 per cent) and 10 per cent contributing over 55 per cent. In this latter group, the average contribution was 72 per cent, mostly because of male partners who were out of work, or low earners. Families that were dependent on women’s incomes were the poorest. For a substantial minority of women, child benefit was their only income. Almost half had total incomes that were insufficient of themselves to ensure an escape from poverty in the event of their loss of dependence on their partners. Even among women working full time, half were financially dependent on their partners, as were over 90 per cent of women who worked part time and 94 per cent of non-working partnered women.

Overall, partnered women aged 33 contributed 31 per cent of family income, with (very similar to the distribution for all women aged 20 to 59 found by Arber and Ginn) just under a third not in the paid labour force, just under a third working full time, and just over a third working part time. Equal or better contributors were generally full-time workers, and half were childless. Three quarters of mothers either did not work, or worked part time, compared with about three quarters of women without children working full time. Even among this young cohort in the early 1990s, the great majority of partnered women (78 per cent) were either fully dependent on their partners, or providing only secondary earnings.

These studies both paint a picture of substantial inequalities of earnings within couples in the late 1980s, and among 33 year olds in 1991. Although the presence of children is shown to be vitally important to issues of financial inequality within couples in both studies, neither was designed to investigate the precise articulation of inequality with children, the ages of children, the ages of mothers, nor with the educational qualifications of mothers. Ginn (2003a) has since shown the importance also of considering the fertility history of women when thinking about their earnings in the paid workforce, and by implication, this might also be an important factor in earnings inequalities within the home.

49 Assuming they continued to care for their children.
In a world of rapidly changing forms of family formation – as the next chapter will show – distinctions in household inequalities according to marital status also need to be considered.

More recently, Warren (2000a) has investigated occupational class as a source of heterogeneity in the extent of male-breadwinner gender contracts. She identified substantial proportions of middle class couples as dual- or weak-male breadwinner couples due to the higher relative earnings that women in these occupational groups contribute to the couple’s total wages, whereas at the other end of the occupational hierarchy is the proliferation of potential female breadwinners in female-employed/male unemployed working class households. Using 1995 data from the British Household Panel Study Warren (2003b) showed that three quarters of working age dual-earning couples could be classed as ‘male breadwinner’ couples, with a third of men in these couples earning more than 75 per cent of household wages, just over half earning more than 65 per cent, and three quarters earning more than 55 per cent. Only 9 per cent of women in dual earning couples in her sample earned more than 55 per cent of combined wages. These results varied with social class, with weaker ‘male breadwinners’ if women’s social class was higher.

Warren’s study was aimed specifically at explicating the importance of social class in consideration, principally, the extent of emerging time and resource inequalities between dual earning couples (rather than within the household). She did not analyse those couples where women did not undertake paid labour, and to the extent that she considered the impact of children, her distinction, as with the studies cited above, was between those who have children in the home and those who do not. Because she was largely concerned with other issues, questions of age and education, the ages of children or fertility histories were not included in her analysis. Nevertheless, the picture that emerges from her study is very similar to the emerging picture five years earlier – a small minority of women breadwinners, who are likely to be relatively poor, with partnered women of all social classes largely dependent on men, and children greatly exacerbating this tendency.
Breadwinning, dependency and pension provision

Considering the importance of inequalities within the household for gender relations and the gender order, it is perhaps surprising that there is not more research on the extent of intra-household inequalities in financial resources. Research on the household has focused primarily on domestic labour and care, on differences in working time, on the emergence of 'unpaid labour' as work proper, on gendered space and time, on leisure and on the provision of food (Himmelweit, 2000; McKie et al., 1999). Apart from the research detailed above, some small scale qualitative studies have examined, for example, how couples work in self-employed partnerships, or how gendered decision making occurs in the dual-career households.

Also, three small scale qualitative studies have suggested that 'breadwinner and dependent' norms and identities might be important influences on women's private pension accumulation. In asking women about their pension choices in the mid 1990s, Peggs (2000: 356) found that many women saw their employment as temporary and 'second to caring'. Without taking on a 'breadwinning' role, which involved planning ahead financially, these women did not – and with low earnings had few options to – participate in private pension schemes. Similarly, in a study of women's pensions in Northern Ireland, Eason and Spence (2002: 35-41) found that older cohorts of women depend heavily on their husbands for pension provision, and while younger cohorts would have liked to have been independent of their partners in providing pensions for themselves in retirement, or even felt that they ought to be independent, where they had children this was simply not feasible, and they continued to rely on their husbands or partners to accumulate pensions for both of them.

Most recently, Sykes and Hedges (2005) found that their own pensions were very far from women's minds in their thinking about how to allocate their resources, with the family being prioritised. Many women, and their male partners, continue to assume that women would be supported by their partner's pension in retirement, even though they were aware of the risks of relationship breakdown. They found that the primacy of the maternal role is a strong theme, with children not only shaping work patterns, but also determining...
priorities for their mothers’ spending. Gender identity played an important role in the financial planning of couples, including younger couples.

Thus women are financially disadvantaged in pension accumulation in many dimensions. They do not earn, or earn low wages. Their incomes are ‘second incomes’, and their resources are often allocated to children. They and their partners construe men’s incomes as ‘breadwinner’s’ incomes, and so it is seen as appropriate for men to plan financially for the future and to spend their incomes on their own (individual) pensions. Men’s greater involvement with the labour market leads to perks such as pension provision – not available or not as available to those with looser involvement with paid labour.

While there is a growing body of research on how low pay and breaks from work affect women’s income over the lifetime (Davies et al., 2000; Joshi, 2002; Rake, 2000), and the resultant indirect effect on pension accumulation has been noted (Evandrou & Glaser, 2003; Ginn, 2003a; Ward et al., 1996b; Warren et al., 2001; Warren, 2003a), within-household inequality itself has not been the subject of research in this arena. Many commentators seem to assume that gender issues arising from financial inequality within households barely apply to highly educated women. Yet pension acquisition is intensely personal, and gender inequalities within the household can be self-reinforcing over the life course. As gender relations embed and exacerbate within-household financial inequalities, women become increasingly disadvantaged over the life course. Low wages and access to money are not the only determinants, however. If within a household a woman identifies herself primarily as carer of the family, and her partner as the breadwinner, then even if she has her own earnings, she may rely on her partner for pension provision or provision in old age, as a consequence of those gendered identities and norms. In other words, financial dependency might have, of itself, a place in explaining gendered pension accumulation.

How resilient are patterns of gender relations?

The resilience of these typical gendered divisions of paid work, housework and care is therefore a crucial question in trying to understand current patterns of pension accumulation, how these relate to partnerships, and whether we might expect much change for younger cohorts of women.
Gender theorists have long explained these domestic divisions of labour as the product of the overarching state and patriarchal institutional structures within which women must operate (e.g. Walby, 1990; 1997). Women have little power and few resources. In short, any choice that they have is so constrained by their low wages, their lesser choice of occupations, their traditional caring responsibilities towards children and adults, that housework needs to be done and this again is traditionally their role, and so forth, that many do not have a realistic option to undertake full-time work. This in turn prevents their advancing in jobs, and also prevents the acquisition of work-place training and qualifications that would enhance their earnings.

This approach was challenged by Hakim (1991; 1995) who suggested that many women who undertook these tasks preferred not to do paid work full-time, and that even if offered all of the options without penalty, many would choose to stay at home or work only part time, to care for their children, and to keep house for their partners. Her ideas have proved controversial and have led to intensive academic debate (Blackwell, 2001; Bruegel, 1996; Crompton & Harris, 1998a; Doorewaard & Verschuren, 2004; Duncan, 2005; Ginn et al., 1996; Hakim, 1996; 1998; 2000; Proctor & Padfield, 1999; Rose, 2001; Walby & Olsen, 2002; Warren & Walters, 1998). While no-one would deny that such preferences are important, Hakim’s theories do not take into account women whose lives are lived in conflict with their personal or ideal version of the gender division of labour, nor does she consider women’s expressed preferences to be the result of the normative and ideological pressure exerted by the dominant hegemony.

Subsequent research has shown that for many women, their preferences as between paid and domestic work change with the practicalities of their lives and opportunities afforded to them – a crucial interaction of orientation with social structures (Duncan et al., 2003; Himmelweit & Sigala, 2004; Proctor & Padfield, 1999; Williams, 2004: Chapter 4). The idea that orientations, preferences and attitudes are important, but in an adaptive process – that is, constantly influenced and reinforced by structures throughout the life course – emerges from Crompton’s work on the household and gender arrangements of bank managers and doctors (Crompton, 1999; 2002; Crompton & Harris, 1998a; 1998b); and Fagan (2001) considers that work orientations and working time preferences, while remaining gendered along traditional lines, are related to external labour market circumstances for both men and women.
These lines of research challenge Hakim’s deterministic accounts, but also reveal that as a result of cultural norms and culturally embedded life experiences, we cannot expect much change very fast where history, culture, norms, labour markets, wage differentials, social policies and institutions all reinforce a particular pattern of interaction between paid work and domestic work – namely, in the UK, the ‘breadwinner/carer or part time carer’ model.

Change and polarisation

The picture painted above suggests that things are not changing much for men and women, whereas of course this is not entirely the case. Gender relations have not been static through the last few decades (Crompton, 1999; Williams, 2004), but in the UK, change in the extent of male earnings’ dominance and female provision of household labour has been very slow (Arber & Ginn, 1995c).

What is happening, though, is that women (and therefore couples) are polarising into those for whom things are changing, and those for whom things are relatively static, or getting worse. There have been significant rises in couple households where neither party is in paid work as well as in dual-earning households. Research has shown that new opportunities, particularly for less economic dependence, are largely available to highly educated, middle class, partnered women; and that there is increasing divergence between childless women and mothers (Blackburn et al., 2001; Crompton & Harris, 1998b; Davies et al., 1998; Dex et al., 1996; Elliott et al., 2001; Ginn, 2003a; Glover & Arber, 1995; Hakim, 2000; Harkness, 2004; McRae, 1993b; Ungerson, 2000; Warren, 2000a; 2000b; 2003a; 2003b). While this is now undoubtedly the case amongst women, Warren (2003a) warns against thinking that the most privileged women are equal to similar men in earnings or asset accumulation – they still lag very far behind.

Even so, there are important dividers among women, as the research on wages penalties for mothers, detailed above, showed. Both social class and educational levels are important mediators in the gender arrangements of couples. Glover and Arber (1995) showed that

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51 This process is a result of the constant interaction of myriad societal forces and individual inclinations formed in the light (or shadow) of these forces. This is clearly illustrated by quite different models of full-time paid work, child-care and orientation towards gender arrangements in the household emerging from cross-national studies, and of studies of families from different ethnic backgrounds and sub-national geographies within the UK (Crompton & Harris, 1998a; Dale & Holdsworth, 1998; Drobnic & Blossfeld, 2001; Duncan, 2005; Duncan & Smith, 2002; Lindley et al., 2003).
working class partnered mothers who returned to work after child-bearing were much more likely to work anti-social hours, and part time, because, unable to afford commercial childcare, they needed to rely on their partners to look after their young children, and Harkness (2002; 2004) has shown that (in contrast to men) women who undertake this kind of work suffer particular penalties in rates of pay, and terms and conditions. Mothers – particularly working class mothers – of pre-school children working part time are most likely to work evenings and night time, and among this group such working patterns are relatively common\(^52\) (Harkness, 2004). Indeed, Warren’s (2003b) finding that 40 per cent of dual-earning working class couples (rising to over 50 per cent if there are dependent children) work ‘split schedules’ (men days, women nights or visa versa) leads her to argue that it is important to consider social class in any analysis of how care and paid work are managed within families.

These effects are made more complex by marital homogamy. Women and men are likely to partner with people quite similar to themselves in terms of social class and educational attainment, or where they do not, women tend to marry men of higher social class and education than themselves (Chan & Halpin, 2000; Hakim, 2000). While the women who are achieving the economic benefits associated with full-time paid work are often relatively well educated, and likely to have partners who are at least equally well educated, there are also well educated women who, like other women, have chequered employment patterns and may well assume a life of financial dependency on their male partners (McCulloch & Dex, 2001). This is in part because they are likely to have partners who, with the benefits of high or even higher education, become high earners, thus making it more feasible for women to exit the paid labour market or work short hours for low pay. High earners often travel long distance to work and/or often need to be away from home. These men are also likely to be on career trajectories which optimise their earnings in their 40s, at just the time when women who have had children might be considering a return to work, or to increasing their hours. Their partners’ relatively high earnings and relative hours at or related to work may be sufficient to make the utility to the family gained from a mother’s full-time work questionable, thus exacerbating within household inequalities.

\(^{52}\) One in 5 married women with children worked evenings, and a further 6 per cent worked nights.
Thus Warren (2000a) found, in a comparison of couples in Denmark and Britain in 1990, that in both countries, high waged women were likely to be just short of equal earners but in Britain, low waged women were more likely to be partnered with relatively high waged men than with lower waged men. That is, their households were not 'wage poor'. These households contrasted markedly with households in which both women and men were earning low wages. Even here, she found high proportions of women in part time work, and many with young children. She concluded that in 1990, the 'male breadwinner' description fitted British society rather well, across social classes.

These issues bear heavily on patterns of pension accumulation but have barely been explored in research. A number of questions arise. To what extent are privileged women, who may be accumulating private pensions, embedded in privileged households, so that like the work-rich/work-poor and income rich/income poor dichotomies, we are experiencing polarisation between couples into the pension rich and the pension poor? To what extent are women who themselves occupy different positions on the earnings distribution, still financially dependent on their male partners for pensions? And how much of an advantage in these respects is high educational attainment for women, given the pervasiveness of gender arrangements described above, and a tendency towards educational homogamy in partnerships?

**Paid labour and gendered pension provision**

While issues of intra-household and inter-household inequalities in pensions have hardly been researched, there is now a large literature showing that women's disadvantage in the labour force leads inevitably to substantial individual disadvantage in pension accumulation. Disadvantage occurs in both the State system and the private system. As detailed in the previous chapter, both systems in the UK depend on participation in paid labour. For state pensions, earnings must be above the Lower Earnings Limit and individuals must participate at this level of earnings for many years to qualify for any pension. In 1998, researchers estimated that over two million employees had weekly earnings below the Lower Earnings Limit, four fifths of them women (McKnight et al., 1998).

Over the last fifteen years, Sara Arber and Jay Ginn have provided a sustained account of the pension penalties imposed on women through their caring responsibilities, actuarial
assumptions, state policies, and their involvement over the life course with paid labour (Arber, 2003; Arber & Ginn, 1995a; 1995b; 2004; Ginn, 2003a; 2003b; Ginn & Arber, 1993; 1994; 1996; 1999; 2000; 2001; 2002). This research has intermittently been supplemented by other writers, particularly in the last few years (Bardasi et al., 2002; Bardasi & Jenkins, 2002; Evandrou & Glaser, 2003; Falkingham & Rake, 2001a; 2001b; Gough, 2001; McKay et al., 2000; Rake et al., 2000; Waine, 1995; Warren et al., 2001; Warren, 2003a). Gender penalties in state pension accumulation were discussed in Chapter Two, where it was shown that as a result of the structure of the state system in the UK, differences in private pension accumulation are the most important driver of gender differences in pensioner income in the UK. Private pension accumulation depends on a number of factors associated with paid work. In summarising below the important contribution of this now substantial literature to our understanding of women’s private pension disadvantage, for ease of reading each point has not been individually referenced.

Gender differences in pension accumulation arise in a number of ways. Firstly, participation in private pensions very largely depends on being in paid work – indeed, until 2001, it was not legally possible to participate in a pension scheme if you were not in paid work. Carers for both children and adults spend long periods out of the labour market, and/or in part-time work, lack continuous work histories with the same employer, and have low pay. Work history accounts for a great deal of the gender inequality in incomes observed in later life.

Compounding these gender differences in the interactions of men and women with paid labour, private pension scheme participation in occupational pensions depends on whether employers run schemes at all; if they do, whether they contribute a proportion of earnings to the scheme; and if they do, how much they contribute. This varies by industrial sector and size of institution and women are poorly represented in sectors where occupational schemes are prominent. Employer contributions vary widely, and some of the best occupational schemes, requiring no contribution at all from employees, benefit men disproportionately. At the other end of the scale are schemes with no contribution at all from the employer; women disproportionately work for these employers. If an employer

53 This balance may be changing with the demise of good schemes in the private sector, but their retention, for now, in the public sector – a large employer of women. Research on this issue, while very important, is beyond the scope of this thesis.
does not make a contribution, then employees on the whole do not participate in the scheme\textsuperscript{54}.

Employers with fewer than five employees are not obliged to offer a pension scheme at all; employees working in these firms are much more likely to be female. Since the mid 1990s it has been unlawful to exclude (predominantly female) part time workers from schemes, but it is still lawful to exclude those earning below the Lower Earnings Limit (mostly women). Prior to this change in the law, half of women in the labour force and almost two thirds of women working part time were excluded from joining schemes, either through their employer not operating one, or through their occupational exclusion. Employers can still impose minimum service requirements, and women are much less likely to have the necessary employment history with one employer. On average, men are far more likely than women to be in employment which offers occupational schemes with good contributions from employers, but women, particularly women working part time, are also much more likely to ‘reject’ the opportunity to participate in employers schemes without replacing these schemes with personal pensions.

In final salary schemes\textsuperscript{55}, the amount accumulated is directly related to earnings and length of continuous service. Proportions of final salary paid also vary, with the most advantageous schemes again privileging men. Women with low earnings and interrupted careers might accumulate some private pension, but low amounts. Those who leave before the scheme retirement age (mostly women) suffer penalties in these schemes, and often also suffer penalties if they transfer out of them. Most women do not have incomes which rise over time in the same way as men’s, and of course their incomes are not as high as men’s in any event. A final salary scheme will tend to reflect men’s highest salary over their working lives, but this is not the case for women. Women may well end their working lives combining care of grandchildren, elderly parents or of their male partners with part time work, or they may find it difficult to find paid work as they encounter ageism in the workforce. Indeed, Bardasi et al. (2002) show that in the years prior to self-defined retirement women’s incomes across the income distribution steadily decline with a

\textsuperscript{54} One substantial reason for the failure of the stakeholder policy.

\textsuperscript{55} Dwindling fast, as private sector final salary schemes close to new members, or completely, and are replaced by direct contribution schemes into which employers pay much less, and which also have other disadvantages. Also public sector schemes are likely to move towards average-salary schemes, if this happens then final salary schemes will become the minority of occupational pension schemes.
steady increase in part time work and family care over that time. This contrasts with men’s incomes which effectively see a cliff-edge drop in the year of retirement.

Personal pensions available from insurers and employers’ direct contribution schemes are high cost and high risk, both of which are not suited to women’s low wages. Low wages early on in the working life are not that problematic in final salary schemes, but lead to much lower pensions in direct contribution or personal schemes because this is the time when investments have long to grow. Pension mis-selling scandals in the private sector have also adversely affected women disproportionately. Tax concessions serve to reinforce these gender inequalities, with men benefiting to a far greater extent than women from both occupational and fiscal welfare.

As well as breaks in work, part time work, and discrimination in access to occupational benefits and tax advantages, gender pay gaps are responsible for much of the difference in men’s and women’s retirement incomes. In a series of simulation models, Falkingham and Rake (Falkingham & Rake, 2001b; Rake et al., 2000) have shown that even hypothetical women with full time continuous employment at average female wages are likely to receive a pension income that barely exceeds the means-tested level (assuming current policy persists). This research has conclusively shown that low income individuals and those with breaks in work history will face considerable difficulty in avoiding a means-tested old age, if they do not have a higher earning partner to support them. Gender gaps in earnings translate into gender differences in pensions. Bardasi et al. (2002) show that improvements in income position are not seen for younger cohorts of retired women, relative to older cohorts.

Research has also shown that among older women, married women of all ages are very substantially disadvantaged in both proportions receiving any private pension and in the amounts that they receive, compared with men and never married women. The penalties apply also to previously married women, who are currently mainly widows, and are in marked contrast to the pensions of older never married women. Among working age women, having a child in the family makes a large difference to pension scheme participation, in both occupational and personal pensions, whatever mother’s age. The differences are moderated by social class, with a linear disadvantage the lower the social class. As the associations between motherhood and marriage become weaker, protections previously available to women through marriage become less relevant to women’s lives
Chapter Three - Pensions: The Cultural Dimension

(and indeed are diminishing rapidly in any event). Analysis of the implications of changing family forms for pension accumulation has barely begun (Ginn, 2003a; 2003b; Ginn & Price, 2002; Price & Ginn, 2003).

Pensions are changing fast too. In respect of pension scheme participation, all of the data used in all of the research outlined above dates from the mid-1990s or before. There are four developments that make it important to begin up-dating these analyses with more recent data.

The first is that it is becoming increasingly clear that distinctions need to be made between private pensions that merely substitute for the state second pensions (referred to here as ‘second tier pensions’) and those that are truly additional to it – third tier pensions. The simulations run by Falkingham and Rake (2001b; 2000) show that it is only with third tier pensions that women are likely to escape means testing in retirement when they live alone. The conflation in research of these tiers of private provision has resulted in a tendency to overstate the pension coverage of women. For example, (Ginn & Arber, 2000) estimated 38 per cent women with private pensions in the mid-1990s but removing those that are only contracted out Price and Ginn (2003) showed that at the time only 31 per cent were participating in truly ‘third tier’ pension schemes.

The second is that almost all research has concentrated on the part time/full-time dichotomy in the study of women’s pension scheme participation. This is an important distinction because of the structural disadvantages associated with part time work detailed above. However, it is now unlawful to exclude part timers from pension schemes, and dramatic increases, therefore, in the pension coverage rates for women working part time can be expected. Because of the low earnings of women working part time, these pension coverage rates will mask substantial numbers of women whose private pension accumulation is likely to be so low as to be virtually irrelevant in securing an escape from poverty in later life. This is particularly the case since the public sector, a large employer of low paid women, is compliant with this law. Stratification based on the earnings of those who are indeed participating in second and third tier pension schemes needs urgently to be addressed.

Third, so far, the limited analysis of pensions and paid work by marital status has been based on relatively crude distinctions that do not reflect the complex and rapid changes in
family formation. For example, all cohabiting women are often grouped together, as are separated and divorced, those in first and second marriages and so forth. If we are to better understand how the life-course affects pension accumulation, more detailed consideration needs to be given to these distinctions.

Finally, it is becoming increasingly important to consider household behaviour and pensions among partners, which may reflect greater inequality than in the hitherto dominant individual based analysis of pensions.

Conclusions

Consideration of gender inequalities in pension income cannot be isolated from consideration of gender inequalities in society at large. Pension income is (literally) accumulated over the life course. In the UK, as pensions have increasingly been privatised, this has meant that the role of paid work in pension accumulation has become increasingly important.

To understand its components requires an understanding of the interactions between gender inequalities at home, gender roles and identities, and gender inequalities at work. Women have indeed emerged into the paid labour economy, but the entrenchment of patterns of long hours’ working for men and part time working with breaks from work for women has potentially serious implications for women’s accumulation of private pensions. In the UK, with its historically clearly defined gender roles, important questions arise.

Firstly, given their occupational disadvantages, questions arise about women’s earnings and pension scheme participation. Now that we have much higher levels of participation in paid work, is it this that matters, or is it gender differences in hours and earnings? Does occupational class matter, and if so, how? And in considering these questions, what is the best conceptual way to measure current State and private pension scheme participation, in the light of the UK’s system which allows opting out of state pensions?

Second, questions arise relating to intra-household inequality. What is the continuing extent of inequality within households since the UK has experienced women’s and particularly mother’s increasing participation in the labour force? What are its determinants? What impact does inequality within the household have on pension saving
behaviour? And how do women's higher levels of education observed in recent years impact on these relationships? In particular what happens to well-educated women who may have similarly well-educated partners – the women that are said to be most likely to gain from recent improvements in labour force participation?

The answers to these questions form part of the basis of this thesis, but they in turn raise other questions. Alongside labour force changes, changes in patterns of partnering, partnership breakdown and fertility have been dramatic in recent decades. These principally include later child-birth, later partnering, increasing risk of partnership breakdown, increasing risk of serial partnerships, increasing risk of living alone, and the separation of motherhood from marriage.

This has particular implications for those who have ever been married or had children, and especially those who have at times in their lives succumbed to norms relating to the gendered domestic division of labour within their partnerships.

Partnership formation and dissolution are important life cycle events associated respectively with rising and falling household income trajectories for women (Rigg & Sefton, 2004); contrasting with men, who are most likely to exit poverty by separating from a partner (Bourreau-Dubois, 2003). To what extent is participation in full time work, inequality in the home and pension scheme participation related to having children, and to what extent is it related to partnerships, and marital history? What is the relative importance of these two factors?

These questions will be examined in due course, but before turning to any analysis, the next Chapter examines the implications of changes in family formation for pension provision.
Dominant norms about motherhood in Britain have impacted on gender relations, labour markets, and pension provision, in adverse ways for women. In Chapter Three, these effects were shown for women in general, for diverse groups of women, and for gender relations within the household. These factors raise questions about the pension accumulation of men and women, according to the extent to which they participate in the worlds of paid labour and of work in the household. They raise questions about the extent to which we might expect that things will change for younger women, or the pace of change for younger women, as private pensions become a more salient feature of modern life, and women (and mothers) participate to a greater extent than ever before in paid work. Yet there is another sphere in which these effects interact with daily life and pose challenges for social policy—a sphere of steadily increasing importance in the late twentieth and early twenty-first centuries—changing forms of relationship, and relationship breakdown.

The difficulty with having a welfare state designed around the hegemony of breadwinning and caregiving within life-long marriage is that the design does not easily accommodate deviations from the norm. Labour markets, child care provision, elder care provision and pension structures, together with the demands of men and women arising from the social construction of their gender roles, combine in the UK to provide largely ‘secondary’ jobs to women in their economic role of supporting their male partners and children. If women need to take on an economic role of supporting themselves and their children, as they do in the event of child-rearing outside of partnerships, or in the event of partnership breakdown, then the structures that would make this viable simply do not exist. If we add to this mix that they must also provide themselves with private pension income in old age, the picture looks even more challenging.

The three dramatic demographic changes that have taken place in recent decades are the rise in the number of births to women who are not living with their partners, the rise in cohabitation and other forms of intimate relationship as an alternative to marriage, and the rise in relationship breakdowns leading to separation and divorce. A consequence of the rise in cohabitation without legal marriage is a rise in births outside legal marriage and a
consequence of increases in relationship breakdown is an increase in the proportion of mothers bringing up children alone. In 2001, 40 per cent of births in the UK were outside marriage, compared with 12 per cent in 1980 and 6 per cent in 1960. Twenty five per cent were to cohabiting couples, and fifteen per cent to lone mothers, but of the lone mothers, almost half described themselves as ‘closely involved’ with the fathers of their children (Kiernan & Smith, 2003). Lone motherhood can of course arise in four ways: by having never lived with the father of the child, by separation after cohabitation, by separation and/or divorce after marriage, or by widowhood. Nowadays, separation, divorce, and cohabitation breakdown are the main routes into lone motherhood (Haskey, 2002). Lone fatherhood of course arises in similar ways, but men are far less likely to be bringing up children alone: only thirteen per cent of lone parent households are headed by men, and only one in ten children living in a lone parent household is living with his or her father (Haskey, 2002).

Kiernan (2003), in recent work on the rise of cohabitation, non-marital child-bearing and divorce across Western Europe and the USA, poses the following question:

In many European countries and the USA, the recent marked rises in unmarried cohabitation and having children outside of marriage shows little sign of significant abatement which raises questions about the hegemony of legal marriage and many of the assumptions on which public policies and even social scientific theories are built. Why are people excluding themselves from formal marriage and does it matter? (Kiernan, 2003: 29)

In most of the work on this subject in the UK, the question of ‘why it might matter’ relates to adverse outcomes for the children of separated and divorced parents, and in particular the impact that age at first intercourse (associated with being a child of separated or divorced parents) appears to have on early partnering, early parenthood, and relationship breakdown. At the moment, it appears to matter, because cohabitation breakdown rates are higher than marriage breakdown rates (Ermisch & Francesconi, 2000a; Haskey, 2001a), thus leading to more children of cohabiting partnerships apparently experiencing these adverse effects, relative to children of married couples. However, as cohabitation spreads as a socially acceptable and desirable way of forming partnerships and rearing children, selection into marriage of more stable relationships may become less pronounced, and the differences currently seen in breakdown rates might disappear. That is, it might not matter at all. But there is another side to these demographic changes – one that has serious
implications – and this relates to the ways that government regulates legal marriage, and does not regulate cohabiting relationships.

Married women are in a special position of having legally defined financial dependence on a husband\(^{56}\). They have the right to be personally maintained during marriage. In the event of separation, divorce and widowhood, married women acquire legal rights ranging from the right to claim maintenance and property to the right to claim a substantial share of their deceased husband’s estate\(^{57}\). Married women acquire rights to use their husbands’ National Insurance contributions towards their own pension provision, the right to argue for a share of their husbands’ state earnings related and private pensions on divorce, and to succeed to a widow’s pension from the state or from a private pension\(^{58}\).

Cohabitants\(^{59}\), by contrast, acquire limited legal rights and in the event of relationship breakdown do not have maintenance and property claims against each other\(^{60}\). Many people are unaware of this, with 60 per cent of cohabitants believing that ‘common law marriage’ (meaning cohabitation for a vague and unspecified period of time) gives the same rights as legal marriage (Barlow, 2004). In other, rarer, instances it may be an explicit or implicit understanding in the relationship that parties do not acquire legal rights against each other, and the lack of formal tie and formal claims against each other may be considered a desirable feature by some men and women. Yet, many cohabiting women also become mothers, with consequences for their employment and earnings through taking on childcare and domestic responsibilities. In an analysis of cohabitation as a potentially oppressive institution in its mimicry of marriage rather than as an alternative way of living, Chandler comments:

> ...There are penalties for women, who may have acted in the cohabitation as married, without having acquired its legal benefits. (Chandler, 1991: 31)

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\(^{56}\) Technically, married men have reciprocal rights, but these are rarely exercised.

\(^{57}\) For some cohabitants the right to claim from a partner’s estate exists in very limited form

\(^{58}\) There are rare instances of cohabitants acquiring a dependent’s pension

\(^{59}\) Heterosexual cohabitants. Same sex cohabitants can register their partnerships and effectively acquire the same rights as married couples.

\(^{60}\) Child support must (theoretically at least) be paid by an unmarried father but this does not extend to the support of the mother
Chapter Four – For Better or Worse

These legal frameworks reflect the hegemonic view of legal marriage as an institution within which breadwinning and caring are the respective gender norms for men and women, at least to a substantive degree. The existence of a legal process for women to achieve financial settlements from their former husbands after the breakdown of legal marriage (for example, a transfer of a house or council tenancy, a lump sum, or spousal maintenance) reinforces the understanding that gender relations within marriage are a private affair, and their outcomes to be resolved privately, to reflect the private arrangements of dependency and provision made during the marriage. Some feminist writers see laws relating to pension sharing on marriage breakdown, for example, as encouraging and reinforcing traditional gender arrangements, by extending financial dependence within marriage into old age (Meyer & Pfau-Effinger, 2004).

This chapter will critically examine the idea that the legal regulation of marriage through the laws of divorce is of benefit to women who have conformed to traditional gender stereotypes within marriage. First the idea of the ‘lone mother’ will be explored through the lens of the social world in which powerful social norms, institutions and structures continue to combine to construct women as mothers and carers. Then, the notion of gendered welfare regimes, examined in Chapter Two, will be re-considered in the light of policy on women who live apart from men, and more particularly, its implications for the financial consequences of divorce. The chapter will then go on to examine the long term financial consequences of divorce for women in more detail, by reference to the law of pension sharing on divorce. First, the policy background for the treatment of pension rights on divorce will be outlined. Then an analysis of the operation of the law will show how a gendered view of men’s and women’s roles pervades many features of the legal system, leading to an effective subversion of ‘official’ policy ostensibly aimed at improving the outlook for divorced women. The gendered consequences of the system are sustained by a profound research gap into financial outcomes of separation and divorce for men and women, especially in the long term, a research gap which this thesis aims to begin to fill. Despite the poor operation of the law to achieve the desired outcome of reducing the poverty of older divorced women, there are even more serious implications for those who cohabit without legal marriage, who are outside the law altogether.
Lone motherhood, cohabitation breakdown and divorce

Lone motherhood is a politically charged, highly problematised concept. Kiernan et al. (1998: 1-2) describe the results of a review of the ‘polemical’ material on the subject:

[Lone mothers] are seen primarily as a drain on public expenditure and as a threat to the stability and order associated with the traditional two-parent family. Women are believed increasingly to be choosing lone motherhood, by initiating divorce or by having a child outside marriage, and women with children and without men raise questions about the sexual order.

The academic literature, mostly from demographers, is more subtle, and aimed at exposing the complexity of family life. But the results are often value laden labelling lone mothers as a social problem, for example, revealing as they do that lone mothers are more likely to come from lower socio-economic groups, have children at a younger age, be reliant on state benefits, be more likely to live in poor housing stock and be associated with worse outcomes for children. The focus of this body of research is on routes into lone parenthood, on changing patterns of partnership formation, partnership dissolution and child-bearing, on the characteristics of lone parents, the durations of lone-parenthood and outcomes for children of lone parents (Böheim & Ermisch, 2001; Ermisch et al., 2004; Ermisch & Francesconi, 2000b; 2001; Holternman et al., 1999; Kiernan, 1996; 2001; 2003; 2004b).

Partly as a result of such research, and partly as a result of the understanding of lone motherhood as a welfare burden, in recent years the government has introduced a number of strategies to encourage lone mothers into paid work, such as the New Deal for Lone Parents, and the National Childcare Strategy. New provisions relating to child support introduce a ‘disregard’ of £10 of child support which lone mothers are allowed to disregard if they are claiming income support or job-seeker’s allowance (i.e. which is not deducted from their benefits), and child support is disregarded entirely in the calculation of Child Tax Credit and Working Tax Credit. Working Tax Credit is a means-tested government

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62 By Regulation 19 of the The Tax Credits (Definition and Calculation of Income) Regulations 2002.
subsidies which artificially enhance low pay of those parents who work at least 16 hours a week\textsuperscript{63}, and particularly important to lone mothers who do paid work.

The difficulty with such an approach is that it essentially ignores two dimensions. Firstly, that the majority of lone parenthood occurs after marriage or cohabitation, and that many of the ‘lone parents’ referred to were previously part of a couple, where expectations were that they performed a quite different role, especially if children are young. Researchers estimate that about 40 per cent of mothers will spend some time as a lone parent. About half of these women will be a lone parent for more than five years, and the majority (75 per cent) of these will at some point form a step-family, which will be fairly prone itself to dissolution (Ermisch & Francesconi, 2000b). The necessary implication of such statistics is that women do not transform overnight from a married or cohabiting mother - caring role - into another - breadwinning role - because the next day they attract the label ‘lone parent’. In the event of re-partnering, which many lone parents do, they do not then miraculously transform back into the first type, the one who performed the role of supportive partner, housewife and mother. Essentially, there is rarely a temporal perspective to research on the ‘situation’ of lone mothers. And because of predominant ideas about motherhood which have emerged from the breadwinner/carer paradigm (see Chapter Three), even lone parents who were never partnered will tend to adopt the social norms prevailing about motherhood, paid and unpaid work, breadwinning and care. They too will often go on to form partnerships where such ideas prevail and form the foundation of various family relationships.

Edwards and Duncan thus challenge the conventional view of lone mothers as part of an underclass with deviant social norms. Their research, which drew on in-depth interviews, showed that lone mothers on state benefits hold a particular ‘gendered moral rationality’ that is in line with dominant British norms about motherhood (1997: 29). They expose the inherent lack of policy logic in governments trying to both ‘bring back’ family values by supporting ‘family’ life, and simultaneously encourage lone mothers into work. Inherent in the first approach is a reinforcement of norms that promote traditional ideas about motherhood for women and breadwinning for men. It is not then possible to legislate that women should only adopt such ideas when in a particular family formation, especially

\textsuperscript{63} With no children, an individual must work at least 30 hours a week to qualify
since family formation is in part a fluid concept, and in any event nowadays always at risk of change. It is surely not surprising that after a review of research into the attitudes and orientations of lone mothers, Holteman et al. (1999: 83-87, 101) conclude that many lone mothers feel that paid employment would prevent them from providing their children with a stable, secure home environment, especially while they are very young. For why, in this respect, should lone mothers feel any different to anyone else, or any different to the way they felt when they were partnered?

The second dimension that is absent from the rhetoric and research about lone mothers is that lone mothers, partnered mothers and indeed all women are constrained in their social lives by the massive structural labour market effects outlined in Chapter Three. These are not somehow lessened for lone mothers. Indeed, it must logically be the case that they are worse, since lone mothers lose or do not have the practical and emotional support of a partner, nor are they able to share the care of children with a partner (especially important for working mothers), nor do they have the added financial security that a working partner might bring, and, if they have established networks of support for example from family, might be quite geographically restricted in their ability to seek work. A lone mother’s achievable wages will in most cases be insufficient to pay for childcare, but many partnered women can afford childcare out of the family budget, or from their own wages because their partner pays for or subsidises other essential expenditure such as the housing costs, food and utility bills, or because their partner or partner’s family can help with childcare.

In many senses, the very characterisation of a group of people as ‘lone mothers’ deserves some critique. It is of course a heterogeneous group. But more than that, the paths into lone motherhood vary in some important ways. In the early 1970s, the proportions of widows, separated and divorced women heading lone mother households was approximately equal, but divorce is now the main route to single motherhood, and the proportion of single (never married) mothers is also rising (Haskey, 2002). Remarriage after divorce has ‘declined dramatically’ over the last 25 years, with large increases in cohabitation among divorcees (Haskey, 1999: 19). Cohabitations have a high risk of breakdown, higher than marriage. In short, the likelihood of individuals having multiple changes in partnership status over the life course has grown.
Breadwinners, carers and divorce law

Legal and policy responses to the common trend of family restructuring away from marriage have been very slow in Britain. Recognition of parenthood in the Children Act 1989 is still not complete for unmarried fathers, and recognition of financial rights for cohabitees almost non-existent. That produces one set of issues – should the laws of divorce be extended to heterosexual cohabiting couples in recognition of widespread social change – issues which currently seem to paralyse successive British governments (Barlow, 2004). On the other side of this coin, however, is the regime whereby married women are indeed afforded rights to make financial claims in the event of divorce, augmented with a fanfare in 2000 by the right to claim a share of their husband’s pensions, thus theoretically alleviating the problem of poverty for formerly married women in old age. If this were so, then resources would be privately re-distributed between men and women to cater for the financial disadvantages of motherhood and other gendered divisions of labour within the household. For the remainder of this chapter, it is this notion that will be examined.

The gendered welfare state

Welfare state analysis has tended to focus on the norms of partnership formation and their interactions with the state and market, with emphasis on the state’s institutionalisation of particular types of family form. Gender arrangements within partnerships and as assumed by the institutions of the state can also be directly observed in the field of family law, and in particular in laws relating to marriage and divorce (Smart, 1984b; Smart & Neale, 1999). While the law is viewed in this context by government as neutral, and an appropriate method for achieving ‘justice’ between men and women (as divorcing spouses), Smart (1989) has argued that in constructing itself as powerful within gender relations, it has extended its reach into the most intimate spheres of women’s lives and served to reinforce their gender inequalities. A resort to law is constructed as the ‘cure’ for gender- inequalities but instead in practice reveals itself as bad as the original abuse which it was

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64 The law has been extended to same sex couples, if they register their partnership: Civil Partnership Act 2004
65 Also in the event of an annulment, or in the rare use of ‘judicial separation’.
66 By the Welfare Reform and Pensions Act 1999
stated to be intended to ameliorate (1989: 161). Other feminist work has shown how legal norms are founded in masculine experience and how ‘gender constructs become embedded in case processing’ (Haney, 2000: 643-7, 651).

In the context of explaining motherhood, Pfau-Effinger (1999) has argued that it is insufficient to examine only the welfare policies of states, however broadly those policies are defined. The position of mothers is the product, rather, of institutions, culture and women’s agency, and must be understood in these terms. The male breadwinner/female dependent relationship is only one dimension within a broader concept of the gender-cultural relationship, and itself can be sub-divided into female full-time carer, and female part time carer models. This ‘gender culture’ derives partly from the construction of the role of women in the family economy and the social construction of childhood, recognising that the social actors negotiating these have different power and resources. These cultural models are not determined by but interact with welfare state institutions, which inter alia determine the extent of state involvement in caring. ‘Gender systems’ – the macro-level cultural and institutional frameworks that also determine work-care orientations of women – take the gender culture as a dominant frame of reference. The resulting ‘gender arrangement’ is the frame produced by the gender system and the gender culture. These ideologies and their pervasiveness differ from one culture to another (Repo, 2005).

In considering the financial prospects in old age for divorced women, Pfau-Effinger’s approach provides an analytical framework for interpreting and understanding the gendered social process of the pension outcomes of divorce litigation. The legal system whilst sustained by policy makers is a macro-level state institution peopled by individual judges, themselves part of the construction of the gender-culture, and this forms part of the gender system. Corresponding to other empirical classifications of the UK’s welfare regime outlined in Chapter Two, Pfau-Effinger categorises the UK as a male-breadwinner/female-part time carer regime.

Connecting these approaches, it is argued here that the dominant gender culture which constructs married men as breadwinners/providers and married women as carers and at best part time workers, is part of the framework within which the judiciary function. They both respond to and create this discourse, and in the course of doing so operate a powerful part of the gender system, which in turn serves to reinforce the culture, leading ultimately to pension poverty for divorced women.
Divorced men and women in the UK

Very little is known about what happens to the financial well-being of divorced men and women in the UK after divorce. In the 1980s, in the period when the government was succumbing to pressure to institute a 'clean break' policy after divorce terminating the liability of husbands to maintain their wives, Eekelaar and Maclean (1986) showed that the households which suffered economically after divorce were those of mothers and children, and Smart (1984b) too focused on the poverty of divorced women with children to care for. More recently, a small number of studies have examined the financial situations of men and women at the point of divorce (Field, 2000; Perry et al., 2000; Prior & Field, 1996), and similarly three studies have looked at the negotiating process and the role of solicitors (Arthur et al., 2002; Arthur & Lewis, 2000; Eekelaar et al., 2000). In similar vein, a study by Davis et al. (2000) examined immediate outcomes following the divorce hearing and assessed whether these accorded with the perceptions of lawyers and judges as to the way cases should or ought to be dealt with, which broadly they did. In particular, both parties were secured in satisfactory housing wherever possible, seen as the priority of the divorce court.

Jarvis and Jenkins (1997) undertook a complex analysis using data from the British Household Panel Study, which each year re-interviews 10,000 people originally selected in 1991. They found that over the first four years of the study, marital dissolution (which included the breakdown of cohabiting relationships) was associated with significant decreases in real income for women and their children, and that separating men did not fare so badly in terms of income, thus echoing findings from an earlier study by Gregory and Foster (1990). Both studies investigated the relatively immediate aftermath of divorce and separation.

It seems that despite legal rights to assets and income being formally recognised for divorcing women, the result is that they, and the children living with them, suffer financially in the aftermath of divorce. About the longer term, even less is known. As pensions rose on the political agenda, and as the poverty of older divorced women became

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67 There is much more research on this in America, where the issue is highly politicised
more visible through the ageing of cohorts of divorcees (see Chapter One), the government began to express more interest in the pension rights of divorcing men and women.

The resulting 1998 survey of solicitors' treatment of pension rights on divorce (Field, 2000) gives an indication of the wide disparity in provision among those couples who consult a solicitor about their separation. Almost 60 per cent of husbands but only a quarter of wives had rights in occupational pension schemes, with 38 per cent of both husbands and wives having rights in personal pension plans\(^68\). A fifth of husbands and wives had SERPS rights but while 13 per cent of wives had only SERPS rights, this applied to only 3 per cent of husbands. A third of wives whose husbands had some pension rights had none themselves. Even where both spouses had occupational and/or personal pension rights, husbands had contributed for more years, so that the median value of pension rights for men was £50,000, compared with just £7,000 for wives. Almost one third of men had pensions valued at more than £75,000, whereas fewer than half a per cent of wives with pensions had a pension with a value exceeding £50,000, and 80 per cent were valued at less than £20,000. For those with personal pension plans, the median value for husbands was £18,000 and for wives only £3,000 (Field, 2000).

This report highlighted that it is not only whether someone has a pension or not that is important. The very wide discrepancies in amounts accumulated indicate that many women may have a pension, but they will not escape poverty in later life. Their pension funds are too small. This element of pension accrual has been all but ignored in writing on this issue, yet it is of prime importance. As more women enter the paid workforce, more women will be accumulating private and occupational pensions at some point during their working life, but, given the outcomes for women in the labour force reviewed in Chapter Three, we need to begin to find ways to gauge whether their accrual is sufficient or adequate.

The particular 'policy solution' chosen by the UK government, purportedly to redress imbalances in the retirement income of divorced men and women, has been to give the courts a discretionary power to allocate pensions between spouses on divorce. Known as

\(^{68}\) Those with only contracted out rights are not identified, which may account for the high proportions of women in this statistic.
'pension sharing', to a large extent, this 'solution' was the one proposed by women campaigners themselves.

**How pension sharing came to be: financial division on divorce**

The resolution of issues about pensions that arise within divorce is but one facet of more complex gendered financial outcomes of divorce generally. Pahl's (1989) work exposed the fallacy of the assumption of equal resource-sharing within marriage in part by an examination of the finances of women who divorced or separated. Divorced women suffer higher risks of poverty and greater falls in their standard of living after divorce than men do (Weitzman & Maclean, 1992), and the intervention in the UK of the government by creating the Child Support Agency has done little to change this, geared as it is towards reducing state transfers rather than improving mother's income (Lister, 1994). Space does not here permit an analysis of judicial approaches to all financial outcomes of divorce, although some are referred to below. Rather this chapter focuses on the embeddedness of a particular cultural bias that leads to systematic sideling of long-term financial outcomes for divorced women.

Women achieved the right to claim substantive financial provision on divorce only in 1970 with the Matrimonial Proceedings and Property Act, which became the 1973 Matrimonial Causes Act (the 1973 Act). These rights reflect mostly the arrangements between the parties during marriage, and not the effect of the marriage on their subsequent lives. The 1973 Act continues to form the basis of the prevailing law for the financial resolution of divorce cases in 2005. The 1973 Act gave to the Judges wide discretion to award and adjust many forms of property between divorcing spouses including, housing, investments and income. These powers were virtually unfettered, provided that the judges took into account a wide list of relevant factors. The judiciary can largely interpret this legislation at will, legitimately using their personal cultural frameworks in deciding cases. In empowering the 'law' as the sole arbiter of the financial outcomes of divorce, Parliament created an opaque and largely unaccountable system for the resolution of divorce cases.

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69 For a full list of current factors, see section 25 1973 Matrimonial Causes Act (as amended).
To understand why it is that divorced women emerge financially disadvantaged from divorce, especially in the long term, it is necessary to examine how the legal system views issues about the financial dependency of women.

**The ‘problem’ of pensions and divorce: how judges viewed the issue of pension rights**

At the time of the divorce law reforms in 1970, the Law Commission were concerned that once divorced, former wives could no longer become widows and receive widow’s pensions in the event of the death of their former husbands (unwittingly reflecting Beveridge), but the wider issues surrounding pension ownership were not seen as causing injustice (Law Commission, 1966). The only property reform relating to pensions that was formally included in the 1973 Act was a requirement to have regard to a loss of widow’s pension on divorce. In practice however, judges generally ignored the loss of widow’s pension, which would usually only be received decades after the dissolution of the marriage.

The Court of Appeal soon determined two cases. The reasoning of the judges was binding on all lower courts, by the system of legal precedent, leading to these cases being of considerable influence throughout the 1980s. In the first, *Priest v Priest* (1978) Mr and Mrs Priest had been married for thirteen years and had three children, in a traditional breadwinner/homemaker marriage. Mr Priest could retire from the Royal Marines in 1983, with a gratuity and a pension income, after 22 years’ service. The Court of Appeal ruled that Mrs Priest should receive only one third of her husband’s gratuity. She received no compensation for loss of a widow’s pension, and no share of Mr Priest’s pension. The justification in the judgment for this tiny amount being granted to Mrs Priest as security in her retirement was that any more than this would be unfair as the gratuity would increase in value over time, *during which the parties were not married*. By implication she could not be appropriately construed as a dependent outside of marriage, despite her financial position at that time being entirely a function of her dependent status within her marriage.

The relative prospects for Mr Priest with his Royal Marines career and pension, and Mrs Priest, divorced, not in paid work, and with their three young children to care for, are quite clear.
Shortly after, the Court of Appeal similarly decided the case of Mr and Mrs Milne (1981), a couple in their mid-50s married for over 30 years with three now adult children. Mr Milne had ten years to retirement when he would be entitled to a lump sum of about £16,000 which was a quarter of the value of his pension fund. Mr Justice Purchas said:

The wife has mothered and brought up the children and it is a classic case in which the wife is entitled to recognition in a practical way in respect of this great contribution that she has made to the family and the marriage.

In this way, he reflected the idealised version of family, which necessarily includes virtually complete economic dependence by a wife on her husband, but he did not translate this into a share of the money or wealth earned by the man to be utilised by Mrs Milne outside of the relationship. He went on to order that upon receipt of his pension lump sum, Mr Milne should pay his wife half of it (amounting to only one eighth of the value of his pension fund), saying:

... there is no magic in the fraction 'one half'. The reason I have reached that particular amount is that there has been a very long marriage. If the husband survives to the date of retirement, the figure with which one is dealing is itself only one quarter of the capitalised effect of his pension. If he dies while in service, the second wife, if there is to be one, is still protected under the provisions of the scheme, because, under those provisions, she receives, of course, not the 2 years' salary by way of a lump sum, but she does receive other compensation as the widow.

Mrs Milne received no compensation herself for loss of the widow's pension. In addition the dominant cultural hegemony of heterosexual marriage, including female economic dependence is confirmed in the transference of this idealised version of marriage to a second wife, also economically dependent on her husband, who does not yet exist either in reality or in the contemplation of Mr Milne. The present Mrs Milne's financial resources following divorce are made subject to the financial rights as a dependent, within this normative construction of marriage, of this hypothetical person.

These cases ensured that if retirement age was more than ten years away, pension capital and income were not considered relevant factors on divorce. Second, even if a wife passed this hurdle, one half of the maximum commutable lump sum – itself only a small fraction of the pension – became a maximum figure, only awarded to those who were perceived as virtuous and dutiful homemakers and carers during their marriage. Pension income was not considered at all, nor was a wife’s long-term financial security or well being.
Chapter Four - For Better or Worse

The ‘clean break’: a policy objective

Wives would have taken on domestic and childcare responsibilities in a marriage, which reduced their ability to earn and enhanced that of their husbands, yet those seeking maintenance from their former husbands were quickly labelled ‘alimony drones’ (Smart, 1984a). Within a few years of the 1970 divorce and property laws coming into force, the courts began introducing the policy of ‘clean break’.

This meant, in practice, that wives with their financial disadvantages should not receive ongoing maintenance from their former husbands. Despite an admission at the time that there were ‘inadequate factual data’ against which to judge the operation of the clean break, the Law Commission recommended that the clean break policy be formalised in a new law. They considered in the process that having inadequate factual data was not a powerful enough reason to hold up reform when there was ‘widespread grievance at the existing law’ (Cretney, 1984: 39-40). The widespread grievances were the grievances of men at having to pay maintenance to their first wives particularly when they had a second. The judiciary, the Law Commission and Parliament were combining powerfully to support the ability of men to advance their careers and to re-marry without financial burdens, thus creating anew the family structure of a breadwinner and financially dependent wife, at the expense of the first and her children. The clean break policy was ultimately embodied in divorce legislation, imposing a duty on courts to consider ordering the cessation of maintenance (section 3, 1984 Matrimonial and Family Proceedings Act).

There was at this time a simultaneous shift of policy focus towards child-support70, driven by the perceived cost of welfare for mothers bringing up children without the financial assistance of fathers. This contributed to a judicial framework for consideration of former-spouse support only as an adjunct to child support. By implication, spousal support once children were adult was seen as undesirable, contrary to the principle of the ‘clean break’ between divorcing adults. Now, wives seeking maintenance became known colloquially in the courts as seeking ‘a meal ticket for life’, but with no examination of how they should provide for themselves, their children and their retirement, often as single mothers in an

70 With the introduction of enforcement of child support by the Child Support Agency in 1991.
environment of low pay for women, having sacrificed work and opportunity to their marriages.

The process of reform: pension sharing on divorce

Divorce has been on the rise since the 1960s. In the late 1980s, many well-educated middle class divorced women saw their retirement looming in parlous circumstances—particularly when compared with their former husbands. They formed a powerful lobbying group, Fairshares, which began to insist on the right to acquire a share of their husband’s pensions on divorce, gaining considerable political influence.

Two factors are important. First, this is not the advocating of a new cultural model of marriage, lone motherhood, old age, law or welfare, but simplistically, a plea to view accrued pension rights as having a financial value. This view, because of the high political profile of population ageing, was becoming irresistible in any event, with government urging the population to accrue pension funds from a young age. Thus it did not threaten existing dominant hegemony within the law or welfare policy; indeed it supported one interest of the liberal state in potentially reducing the financial dependence of single women on state welfare and returning it to the private familial sphere.

Second, the focus was very much on men and women of the middle classes. Although divorce law has always been technically concerned (and remains so) with both state and private pensions, there are substantive class divisions in pension accumulation which interact with gender in different ways making it less likely to be an issue that could be raised in a divorce case for working class women. Their lack of pension accumulation would probably project them on to means-tested benefits in any event, and they are more likely to be married to working class men, who are less likely than other groups to have substantial enough pension accumulated to transfer in a divorce settlement (Joshi & Davies, 1991; 1992b; Price & Ginn, 2003).

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71 Raw numbers of divorces peaked in the early 1990s but have been rising again for the last few years, currently at about 170,000 divorces per year. The issue is complicated by later first marriage, fewer first marriages and the increase in second marriages. Divorce rates are projected to continue rising: [http://www.gad.gov.uk/marital_status_projections2003/index_principal.htm](http://www.gad.gov.uk/marital_status_projections2003/index_principal.htm)
While the Conservative government of the day opposed any reform, Fairshares garnered support from opposition MPs in the Labour Party, and from numerous interest groups. Critical support for the reform was also found in the House of Lords, where in 1995, a cross-party coalition of Lady Peers introduced a change in the law just short of pension sharing. These provisions were to become known as the 'earmarking' provisions.

**Earmarking: the law, the judges and the lawyers**

The 'earmarking' laws of 1995 demanded for the first time that pension assets had to be formally considered by a court on divorce, whatever the ages of the parties. Pension trustees could now be ordered to pay life insurance, part of the lump sum and/or part of the annuity of a pension to a divorced spouse. 'Considering' pensions though does not necessarily mean much, other than a requirement to recognise that they exist. There was no simultaneous requirement to consider the ability of the parties to provide for their retirement. The judges quickly rendered these new provisions virtually ineffective, in a short series of judgments.

In the case of Mr and Mrs T (1998), Mrs T, aged 47, had paid work when younger, but for the latter half of her 14 year marriage, she had been a homemaker. Mr T was an executive director of a bank. Mrs T had a tiny amount of deferred pension from her earlier employment, whereas Mr T could anticipate pension income of £88,000 per annum. Mr Justice Singer stated, without any analysis or reason, that the new 'earmarking' provisions had not changed the previous approach of the courts, and expressly declined to make any lump sum or earmarking order compensating for pension loss.

Then Mr and Mrs Burrow (1999) took their case to court. District Judge Bowman (unaware of the decision in *T v T*) interpreted the new laws so as to order that Mrs Burrow should receive one half of her husband's pension lump sum and one half of his pension income – that is, one half of his pension as a whole. But on appeal, Mr Justice Cazalet set aside that part of her order relating to the pension income, rejecting entirely the concept of an entitlement in the sense of some accrued right acquired by one spouse against the other spouse's pension fund. Men's pension funds were essentially seen as protected assets.

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72 Sections 166 and 177 of the 1995 Pensions Act, which amended the 1973 Matrimonial Causes Act
The effect of these two cases was that it would only be in rare instances that the law could be used to create pension interests for women. In any event, the ‘earmarking’ provisions did not give divorced wives a pension of their own, and any rights they were given were lost on remarriage without further compensation. These provisions were little used. In four and a half years, from mid-1995 to the end of 2000, fewer than 2000 orders were made, while divorces were occurring at a rate of 150,000 – 180,000 per year (Eversheds, 2000; Haskey, 1999).

In a qualitative study at about this time, of the way in which solicitors approached the ‘pension issue’ after divorce, Arthur and Lewis (2000) found that even though pensions had to be considered in every case, solicitors focused on the assessment of immediate needs, with future needs being less emphasised than current needs unless a couple were close to retirement age. The ‘clean break’ was generally said to underpin consideration of options in a case. Pension rights were not much considered for couples far off retirement, short marriages, or where the rights were considered relatively small. State Earnings Related Pension Schemes – on occasions of substantial value, particularly to high earning husbands – were seen of low importance and rarely valued or taken into account. Yet, most divorcing couple are far off retirement, are also likely to have young children, and a divorced wife is likely to become sole carer for some years.

‘Off-setting’ pension rights against other assets

So, even after ‘earmarking’, the practice of the law for most divorcing couples, by combination of lack of legislative principle and conservative judicial interpretation, remained lawfully to terminate economic dependence by wives on their former husbands as soon as practical, and to leave women without pensions, and/or without the means to acquire sufficient pensions. This was principally achieved in the Courts by marginalising the new earmarking laws, but also by focusing on the immediately foreseeable needs of the parties – usually for housing – with priority in this respect to the needs of any children.

73 The maximum that can be accumulated under SERPS is in excess of £138 per week in 2004, although few people accumulate substantial SERPS rights – see Chapter Two.

74 See also Costely-White (2002) and Field (2000: 141-43)

75 The exceptions are those approaching retirement, and those with substantial assets.
Since most divorcing parties coming before the courts who have assets have at most a house and a pension, with perhaps some modest savings or insurance policies (Prior & Field, 1996), this has for many years meant that in the financial settlement the carer of the children (almost invariably the mother) retains the house or sufficient share of it to ensure re-housing with the children. Deliberation about the future ability of the carer to earn sufficient money to contribute to pensions that might mean that she could live comfortably in retirement has been sacrificed to these considerations (Davis et al., 2000).

It is in this context that the reluctance to embrace earmarking of pensions took place in the late 1990s. Arthur and Lewis' (2000) study and an associated survey of solicitors (Field, 2000) both found that where pension rights were 'taken into account', the preference was to 'offset' these rights against other assets – usually a house – rather than give an interest in the pension to a wife. 'Off-setting' as a mechanism was not new, and the process of 'taking the pension into account' is obscure. In practice no 'accounting' is done. Field (2000) found that the whole of the value of a pension was 'offset' against other assets in less than a third of cases where a husband had occupational pension rights - in two thirds either some or no concession was made to the husband's retention of the pension. The third of cases where pensions were 'off-set' were mostly cases of older men, long marriages, and/or where substantial sums of money were involved.

Even these finding do not suggest, however, that in 'offsetting' pension rights lawyers and judges are departing from long-standing judicial practice, whereby a home would be preserved or provided if at all possible for children and (almost invariably) their mother. Going back a few years, Prior and Field (1996) found in June 1995 (prior to the implementation of the 'earmarking' legislation) that of the cases in their study, the median value of pensions where either party had been in any sort of pension scheme for five or more years was £46,000 for husbands and £5,800 for wives. In these cases, the median equity in the former matrimonial home was £59,200 (Tables 7.18 and 8.5). Although the

76 In the 1970s it had been popular for courts to order that the non-carer, usually the husband, retain a share in the house to be realised when the children had grown up, but these orders, known as Mesher orders after the case in which the mechanism was first used, became increasingly unpopular as preventing a 'clean break' and forcing a sale of the house when a wife was in her 50s with nowhere else to go and no ability to raise a mortgage or capital.

77 The question of valuations used in these cases is itself highly contested – the chosen method almost invariably undervalues the pension loss to a wife, and is only departed from in cases involving the very wealthy. This issue is complex – for further details see Joshi and Davies (1998), Brindley (2000a; 2000b) and Salter (Salter, 2002).

78 45% of 71% of cases: Tables 10.8 and 10.1.
results are not cross-tabulated, in a third of cases, the house was sold with some sort of division of the proceeds, and in 40% of cases, the house was awarded to the wife although in an unspecified proportion of these – possibly more than half – she had to raise some money to buy her husband’s share or part of it with a capital payment (Tables 8.6 and 8.15). In all cases husbands retained their pensions. Thus in a substantial proportion of cases, wives were awarded the bulk of the remaining capital in the form of housing stock, or a greater share of the proceeds of sale of a house in order to re-house herself and the children.

In these cases, it is almost certainly the case that because of the presence of dependent children, the disposal of the matrimonial home would have been identical regardless of the husband’s pension rights. Wives and their dependent children need housing, and formerly married women often have little ability to take on much debt. Nowadays, with the advent of the pension sharing legislation, by a husband retaining his pension, the transfer of a house to preserve a home for children might simply be seen as a more equal division of capital assets where a wife is necessarily awarded the larger share of equity in the family house in order to preserve a home for children. The nature of the order made does not change; it just seems less ‘unfair’ to men deprived of their house. In addition, men’s abilities to earn on the labour market (with its associated acquisition of pensions) and to acquire other assets post-divorce remain in tact. The husband’s ability to rehouse himself with some capital and a mortgage is one of the primary considerations of the divorce court process (Davis et al., 2000). A wife – particularly a younger wife – does not, in this trade-off, herself acquire pension assets, nor does she somehow, having never had it before, acquire the ability to accumulate pension or other assets in the future, particularly if she has children to care for.

The dominant paradigm of a breadwinner husband carries with it a number of implications, seen here as systematically enforced by an organ of the state in the name of the exercise of judicial discretion. First, he must financially support a wife, who is providing him with a home and cares for his children, but this dependency co-exists only as long as the marriage exists. Second, he is to be free of financial encumbrances in the event that he might have a

79 The proportions of proceeds of sale to each party, or the size of the share which the wife was required to buy are not reported.
new marriage and a second family to support. Third, his pension, a personal acquisition associated with his breadwinning role is his to keep, once the immediate needs of his children (and co-incidentally their carer, his former wife) for housing are accommodated. Fourth, he is free to rebuild his capital – housing and pension – after divorce.

The legal system itself does not appear to operate to disadvantage men’s abilities to provide for themselves in the long term. Although they may be deprived of some capital to enable their children to have a home, their own re-housing is a priority for the courts (Davis et al., 2000), they rarely have children to care for so their earnings and earnings potential are not affected, and they retain their often very valuable pensions.

The parallel paradigm for women is that they can expect to be financially supported during marriage only. After marriage they must support themselves (with the help of the state), or become dependent on another man. Once their children’s housing needs (which often coincide with their own) are met, they cannot expect further compensation by means of an interest in or compensation for their former husband’s pension. The implication is that they must build pension of their own.

It was these very paradigms that led to the large numbers of lone mothers on income support, and the now observed poverty of older divorced women. Formerly married women can neither easily support themselves nor build pensions. This adds some force to Smart’s early analysis of maintenance provision in the courts where she concluded that

the law can ... be understood as a mode of reproduction of the existing patriarchal order, minimising social change but avoiding the problems of overt conflict

(Smart, 1984b: 20-21).

Has the fairly recent introduction of pension sharing changed this culture?

**The potential of pension sharing**

With the 1997 election of the Labour Party, which had supported pension sharing in opposition, the smooth passage of a new pension sharing law was assured and on 1
December 2000 in England and Wales ‘pension sharing’ became possible on divorce. Now, as part of the financial claims of either party to a divorce case, a claim can be made against a former spouse’s pension: both state earnings related pensions and private pensions. If the claim is successful, the original pension is effectively split into two pensions: one for the former husband, and one for the former wife. The size of the share can be anything from 0% to 100% of the pension fund, and can be agreed, or determined by a judge. In introducing the law, the government declared that pension sharing was ‘an important step towards security in retirement for women’ (DSS, 1998: Foreword by the Secretary of State).

It is evident that relatively small amounts of additional income would make a large difference to the experience of later life for many older women divorcees. In anticipating large scale pension sharing on divorce, the government hoped that future cohorts of divorced pensioners would have their substantial risk of chronic poverty alleviated by the courts sharing pensions almost as a matter of course. Their projections were that pension sharing orders would be made in a third of cases, with a widely publicised prediction that 50,000 pension sharing orders would be made in the first year. A government backed report on women’s incomes over a lifetime assumed that all available pension ‘pots’ would be shared equally on divorce (Rake, 2000).

The Department of Social Security Research Report leading up to implementation of this policy defined as ‘substantial pension rights’ any pension rights with a value of more than £10,000 (Prior & Field, 1996). This is meaningful in the context of other evidence collected at around this time (Field, 2000) of concluded financial cases on divorce, which suggests that in at least 55 per cent of cases where there is any private pension, net assets (including pension rights) total less than £100,000, and that it is only in a quarter of cases seen by solicitors that total assets including pensions exceed £100,000.

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80 By the coming into force of Parts III and IV of the 1999 Welfare Reform and Pensions Act. The Act also applies in Scotland, but the legal system for the division of matrimonial property in Scotland is quite different.

81 Department of Social Security Press Release 98/148, 8 June 1998 ‘Harman publishes draft bill on fairer treatment of pension rights on divorce’. There are approximately 160,000 – 170,000 divorces per year.

82 In 8 per cent of cases there was a negative or zero balance of assets – i.e. only debts. In the remaining 11 per cent of cases, insufficient information had been collected to determine a total assets figure.
In this light, it is clear from the assumption of 50,000 pension sharing orders per year that it was envisaged by policy makers that pension sharing orders would be made across all age groups, across income groups, and from low to high asset cases. It was never intended to be a policy for the very wealthy, nor only for those approaching retirement. It was stated to be intended as a policy that redressed the noted severe imbalance between the pension rights of married men and married women of all ages, and in all social and economic strata.

It is notable, however, that the mechanism by which the government assumed control of this issue was one essentially of non-interference, with either the rights themselves, or with the process by which rights were to be attained or transferred on divorce. Ownership of pensions accumulated within marriage remains with the party who acquired them (usually men) and the system of judicial discretion by which outcomes of divorce are determined was left completely untouched.

In its expressed aims, the legislation has notably failed in the first four and a half years of its operation since December 2000. The last published data on this issue showed that pension sharing orders had been made in approximately one in 200 cases (half a percent) in the first two and a half years. The most recent communication from the Department for Work and Pensions/Department for Constitutional Affairs suggests that this may have risen to between 1 and 2.5 per cent of cases only, principally involving the very wealthy, approaching or after retirement. Research widely publicised by Killick & Co (an investment firm) in May 2005 suggests that only 6,819 orders have been made out of approximately 650,000 divorces.

Pension sharing but principles unchanged

The matter of pension sharing has been left to the judiciary, to continue to determine on a case-by-case basis. The government has said:

81 House of Commons Hansard Written Answers for 3 April 2003, Column 841W, Ms Rosie Winterton for the Secretary of State for Work and Pensions

82 They are sharing responsibility for collating data. Detailed analysis is awaited: a detailed monitoring programme on the effectiveness of the pension sharing policy was envisaged from July 2004. Personal communication with DWP, 30 April 2004 and 28 January 2005

Chapter Four – For Better or Worse

We do not consider that legislation is needed to require the courts to give higher priority to retirement incomes. Broadly speaking, the courts in [the UK] may look at the longer term position of the parties when considering pensions. We would not wish to give greater priority to retirement incomes at the expense of the welfare of dependent children. (House of Commons Select Committee on Social Security, 1999: paras 16-17)

So framed, if women are to obtain any fair outcome in retirement, it is explicitly at the expense of the welfare of their own children. The courts are permitted to consider this, but so framed, the answer is posed as self-evident, for who would wish to jeopardise the welfare of dependent children? There is no data presented, no critical evaluation of the operation of the law, nor any analysis of whether this dichotomous approach is empirically, theoretically, or politically supported.

The judiciary are already interpreting the relatively new pension sharing law as they did the old. In the only case to come before the Court of Appeal since the pension sharing law was introduced, they have made it clear that pensions are not to be seen as ‘equal’ to other capital assets in any process of division. They are to be interpreted as worth much less than even their paper valuation (2001).

The law remains based on an expectation that as soon as possible after divorce (usually when the youngest child is about 12), divorced women will be able to meet their household costs from earnings, Child Benefit and child maintenance from their ex-husband as required under Child Support legislation. If this is and remains so, then pension sharing will have no effect at all on the futures of the vast majority of divorcees.

The question is, do we have any reason to expect that pension sharing will become more common? There has been little shift in the culture of implementation of financial orders after divorce for many years, and certainly none instigated by the pension earmarking or pension sharing legislation. Women in old age are invisible to the court process. If younger women become less financially dependent on men over time then this will just serve to endorse the view that the court’s approach is correct. The severe poverty of older

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86 See footnote 77: these valuations themselves already undervalue most pensions.
87 There is some indication in cases involving multi-millionaires that wives are being awarded greater shares of their husbands’ wealth than in the past, with some increasing interest in what is meant by ‘fair’ in these unusual cases.
divorced women has been insufficient to prompt the judiciary to apportion more capital, income or pension to wives, and Parliament has not mandated that this should happen.

The empirical base

The question of pension outcomes for men and women experiencing partnership breakdown is under-researched. Routine statistics on pensioners' incomes reported by government departments often do not even distinguish between single, divorced and widowed individuals, while married women's low incomes are hidden from view by reporting at the household level only. Yet how can the operation of the legal system, and indeed the 'fairness' of the financial outcomes of divorce be judged, without any empirical evidence? The need for research on the operation of the new legislation was stressed by the House of Commons all-party select committee:

'In the absence of detailed social research ...there is no way to tell whether the legislation as presented will or will not live up to the [government's] high hopes. The permissive rather than mandatory approach of the legislation, and the uncertainties of the legal process of divorce, perhaps make this uncertainty inevitable. ... We recommend that the operation of powers conferred on the courts by the Pension Sharing Act and their consequences for the incomes in retirement of divorced people should be rigorously studied by independent researchers, and that the results of that research should be published at regular intervals for the information of Parliament and the public.' (House of Commons Select Committee on Social Security, 1998: page xi, para 15-17)

We know something of the operation of the powers under the Act – they are not operating to improve the pension prospects of 99 per cent of women. This means that the pension prospects of divorced women will depend on the ability of divorced women to make pension provision for themselves. It has become a matter of great urgency that social science begins to address the question of whether they are in fact doing so.

Conclusion

Changing family forms pose many challenges for pension provision in a social world constructed to accommodate men working long hours in the labour market and women providing supporting roles in care and in financial contribution. First, there is a dramatic increase in lone mothers, who are severely constrained in labour markets that exploit rather than accommodate their needs for financial independence. Second, there is an increase in cohabitation without marriage, where there is no legal protection for women who sacrifice the extent of their involvement with paid work to unpaid work in the home. Third, where
there is legal protection, in the operation of divorce law, it fails to secure women's financial autonomy and well-being in old age. Virtually nothing is known about the pension accumulation of women — or indeed men — in these different marital statuses.

Successive governments have failed directly to address the poverty of older women resulting from their economic dependence on men through the medium of family life, on their low wages and their low participation in pension schemes, all of which are connected. At the same time, the higher courts in binding judgments have shown a consistent bias against considering the longer-term financial consequences of divorce for women, in favour of terminating wives' financial dependency on their former husbands.

Neither result is surprising. Legislation relating to pensions in the UK has been deeply gendered in its effects on those of working age in the accumulation of pensions, with an assumption of virtually complete financial dependency by women on husbands in later life, and this has barely changed within pension policy 'logics' since the 1950s. This inequality is supported by a gender-culture which manifests itself in financial inequalities in the private realm of the household. Domestic arrangements between men and women are exposed on marital or relationship breakdown, and in the same way that lone motherhood is seen as a paradigm to illustrate the gender bias of state welfare regimes, financial provision on divorce is equally revealing.

Working lives and pension accumulation are and will be circumscribed by national employment and pension structures. Before divorce and after, the ability of men and women to build pension provision, and particularly to build that all-important private pension provision, depends in large part on the way the State and private pension systems are designed and implemented. Women in the breadwinner-caregiver model are not meant to need pensions of their own. This creates considerable problems for women who do, indeed, need pensions of their own, when they have played the 'caregiver' role expected of them in the UK as wife and/or mother, with the earnings and pension sacrifices that this entails. Divorced women often fall squarely into this category.

The selection of the law of divorce as the solution to the 'problem' of poverty for older divorced women is itself revealing. This is a private law, with hearings held in private, and applied on a case-by-case basis to the private circumstances of each couple. It is in keeping with the liberal ideology underlying welfare in Britain, whereby state and family
are kept distinct. The liberal insistence on separation of state and family is key to many gendered outcomes. Here, this choice of vehicle marginalises the wider institutional processes of the state whereby divorced women as a group are disadvantaged in pension outcomes.

The power of the law as a social institution has been examined here through its treatment of pension rights on divorce. The ‘law’ is not neutral or independent. It is interpreted and implemented by individual judges, who use their discretionary power to reinforce and embed the strength of the breadwinner/homemaker model in its deliberations, and thereby assist in the assurance of its reproduction. This is not only by encouraging the same cultural norm in second marriages, but by leaving many women without financial support as they age, meaning that the gender-system encourages re-partnering and financial dependence once again on a male partner as the easiest route to escape from poverty.

The mobilisation of the middle classes to seek pension sharing has not resulted in any institutional or macro-level change in the role of women. In Pfau-Effinger’s (1999) terms, the change in the law and the political process by which it was negotiated did not reflect a change in the gender culture, nor in the gender system, and so is relatively ineffectual in changing the position of most women.

Embracing the law as a vehicle for social change fails to conceive of the law as part of the institutionalisation of gender inequality. Nor does it take account of the changing demographics that render laws about marriage and divorce irrelevant to many people who cohabit. To effect change would require scrutiny of gender differences in the workplace and in the home, and understanding the cultural and institutional reasons for the financial dependency of women on men. It would also involve resolution of the competing ideologies of whether former husbands should support women who divorce and their children, or whether the state should do so, and consensus about the role to be played by legal marriage in long term financial provision. This in turn requires examination of the complex world of gender and welfare, and the state and private pension systems, and an understanding of the causes of poverty in old age. By implicitly reducing this social complexity to a new ‘pension sharing’ law the prospects in old age for divorced women, and indeed mothers who have never been married, must remain poor.
Two questions arise of considerable importance in this context, and they will be addressed in this thesis. To what extent do women within cohabiting and married relationships continue to be economically dependent on their partners? Secondly, given that women seldom emerge with any transferred pension rights after divorce, to what extent can they expect to be able to accumulate pensions before retirement?
5 Aims and Methods

In essence, the interaction between the public and social policies of the state and the behaviour of the individual is one of the central themes of sociological and social policy research, and has been a site of great interest for gender theorists. The characterisation of the UK as a liberal welfare regime has a number of implications for pension outcomes, particularly in the light of gendered analyses showing that in accordance with the tenets of this theory, family care is, in the UK, largely provided within the household rather than commodified. While this is the essential message, the more complex ways in which the literature outlined in Chapters Two to Four provides a conceptual framework for the consideration of the questions in this thesis will first be summarised. This will be followed by an exposition of the research questions to be pursued. The chosen methods for answering these questions will then be outlined, starting with the data source, then considering some important measurement issues, the construction of variables and the models specified.

Conceptual issues underpinning this research

Previous research has shown that the role of the state in pension policy lies not only in determining how much is spent in direct welfare transfers to those in old age, but also in influencing the structure of labour markets, creating tax regimes for the accumulation of savings, providing welfare transfers to those of working age, providing child and adult care programmes, and determining the framework for financial and property division on divorce. In the UK the recent role of the state in each of these respects has taken the following forms: reducing the state's direct provision of earnings related pension; increasing reliance on means testing in old age; giving those in paid work significant tax incentives to save in private pensions; encouraging the creation of short-hours, low paid part time jobs through tax policies, de-regulation and the diminishing power of the trade unions; encouraging employers to accommodate part time working for carers through legal frameworks; providing mothers of young children with income support without the obligation to enter the paid labour force; failing to provide or secure the provision of good, respected, affordable child and elder care; and failing to create effective policies to share pensions on divorce. The complex interaction of these diverse effects has led to the vast majority of women accumulating little or no private pension during their working life.
Within these societal structures, many researchers have shown the constraints which affect women's decision-making about their involvement in paid labour. These constraints are, as illustrated in previous Chapters, instigated and perpetuated by nation states and the institutions operating within them. In pension terms, involvement in paid labour is important because of the effective privatisation (with state subsidy) of much pension provision. While safety nets still exist, there is currently a consensus that fairly large amounts of private pension are now necessary to ensure an escape from poverty and from means-tested benefits in later life in the UK.

In another strand of research, women's involvement in paid labour is shown to be bound up with their gendered identities as mothers, home-makers, and paid workers. These identities have now been shown in a number of settings to be fairly dynamic - capable of change over time, in constant interaction with external constraints and pressures, but also informing decisions that impact on the remainder of the life course. These constraints and pressures may be structural, for example in the availability of paid work in a regional area, or of part time work; or in the expense of purchasing child or adult care from private providers. They may be social or cultural, for example in a particular location there may be a long history of women working full time, or within a particular network or neighbourhood stay-at-home mothers may be highly respected and full-time working mothers frowned upon. Or they may be normative in the sense of highly developed gendered views of how women ought to behave in balancing what are seen as their obligations to provide for home and family with paid work: views which affect men, employers, children and women themselves. In response to the complex context of men's and women's lives, there is increasing diversity in the experiences of women, according to their educational level and their social class.

Self-reinforcing cycles can emerge as a result - in the UK in particular, the long working hours of men reinforce the short working hours of women which reinforce the long working hours of men, and this cycle itself impacts on the structure of labour markets and on pay and working conditions for both men and women. Within these cycles gendered identities are constructed at an individual and societal level, which then impact on the use which men and women make of the money that comes into their households. Certain expenditures are seen as appropriate for women's incomes - particularly those relating to
child care and expenses for home and children. Men generally retain the role of breadwinner within families. Men’s and women’s earnings remain very unequal.

The extent to which partnerships are distinguished by the degree of equality of earnings between partners in current society is unclear, since almost all research is undertaken at an individual level. Nor indeed have the implications of earnings inequality within partnerships for financial outcomes in later life been explored. Theories of power within the household suggest that greater financial equality for women leads to greater control over both household and personal expenditure. There are therefore potentially serious implications for pension accumulation of the mediating effect of financial equality of earnings between men and women, the relatively rare financial breadwinning by women, and the continuing financial dependency of women on men.

Finally, there is widespread awareness of increases in the rate of partnership breakdown, whether of cohabiting relationships, or legal marriage. There is little awareness however of the long-term financial consequences of these breakdowns, with outcomes of the legal system rarely analysed, pension sharing a virtual policy irrelevance, and the implications of an ageing divorced population simply not known.

**Empirical questions arising: the aims of this thesis**

A number of issues arise for an understanding of current pension accumulation in Britain. First, and perhaps fundamentally, what is the extent to which women are currently participating in and accruing pension during their working lives? The working life is a socially constructed concept, but for the purposes of this kind of question, it can be considered as the time before State Pension Age – that is, the time before which the State conceives it as appropriate that its citizens will draw their income mainly from earnings from paid work into a household. As the household structure becomes more uncertain and more unstable, the pension accumulation of women becomes an increasingly important policy question for welfare outcomes in old age.

Previous work in this area has concentrated on private pension coverage among working-age households, but without distinguishing between those private pensions that are simply a replacement for the state pension (‘contracted out’ pensions), receiving no more than National Insurance rebates, and private pensions that are truly ‘third tier’, indicating
pension supplemental to the state systems. This distinction is important because private pensions that simply replace the state system are not likely to accrue sufficiently to enable those on lower than average earnings to escape means testing in old age. Private pensions that are truly supplemental to the state systems have the best chance of doing this. It is therefore important to construct a measure of pension coverage that distinguishes these factors.

Secondly, earnings analysis has hardly featured in the consideration of the likely value of women’s pensions. Until very recently, part time workers were very largely excluded from occupational pension schemes, meaning that many women with low earnings were simply not covered by occupational or private pensions. For the last decade, however, part time workers have largely been included in occupational schemes, following a European Court ruling that excluding them was unlawful sex discrimination. This means that occupational schemes now include many low earners – some of them very low earners. It has therefore become crucial to ask of those who are in such schemes, how much are they earning? Their accrual rates, contribution rates, and benefit rates will be directly related to their earnings.

With an appropriate measure of third tier pension coverage, and an analysis of earnings within that, two further questions arise. First, are things changing for younger cohorts of women? What degree of confidence can we have that women currently of working age will not have the difficulties in pension accumulation that is well documented for current generations of pensioners? Second, to what extent do social class and differing levels of education continue to divide men and women in their pension accumulation?

Given research findings about pension coverage in the late 1980s and mid 1990s, it is likely that we will continue to observe large gender differences in pension accumulation among the population at the start of the 21st Century. But changing forms of family formation raise further significant unanswered questions for pension acquisition. It is clear that both partnership and family formation affect the labour force behaviour of women, for the reasons outlined earlier. Being in a partnership is often a temporary stage in the individual life course of men and women. It may take the form of cohabitation before marriage, marriage, or cohabitation after separation, divorce or widowhood. Multiple marriages are becoming more common, as are multiple partnership breakdowns. Lone parents have often been partnered, before entering a phase of single parenthood through separation, divorce or widowhood.
Chapter Five - Aims and Methods

The financial circumstances of a partner can be an important enabler or constraint on the labour force participation of women; but on the other hand, the growth of dual-earner and workless households suggests that the interaction that individuals have with paid work is more complex than merely assessing whether there is a financial need for an adult in the household to participate in paid work. Taking a life course perspective, decisions made during a period of partnership – whether relating to family formation or participation in paid work – then impact on future decisions throughout the life course. Trajectories are influenced at every turn. It becomes important to ask, therefore, how do partners' earnings relate to each other? Does legal marital status matter? What impact does having children have for the relationship between the earnings of the parents? And what are the implications in the event of family breakdown? In considering how equal or unequal the earnings of partners are, do we again witness the polarisation of women into those with high educational qualifications and those with lower educational qualifications? An examination of earnings inequality within couples leads naturally to an examination of earnings inequality between couples. Fundamentally, in the context of this thesis, the question to be asked is, what are the implications of all this for pension acquisition?

Further, the implications of these issues for the financial status of women on family breakdown is little explored and I have argued that divorced women are extremely unlikely to emerge from the divorce process with any transferred pension rights. What then happens to divorced men and women after divorce? Are they able to accumulate pension rights? Does cohabitation or remarriage after divorce make a difference?

Sources of data

Answering these questions demands a number of requirements from any data source. First, it must be large. The analysis required is an analysis of sub-groups, in order to consider similarities and inequalities. Some of the sub-groups are small – once the population is divided by sex, marital status, marital history, the presence of children and so forth, cell counts will be reducing quickly. It is also clear that multivariate analyses will be essential to answer some of these questions, requiring large numbers to ensure that differences observed are statistically significant. Second, the dataset must contain many demographic details at an individual level, including marital histories and fertility histories. It must include detailed income and earnings data and detailed pensions data. Finally, in order to
analyse the relationships between couples' earnings, it must collect data from both partners in a couple, and enable them to be matched for analysis at this level.

Although a number of surveys fulfil some of these requirements, there are only two potential data sources that fulfil them all: the British Household Panel Study (BHPS) and the General Household Survey (GHS). Each has advantages and disadvantages. The BHPS is a longitudinal survey and would theoretically enable distinction between age and cohort effects, and to a greater extent, cause and effect. Because the GHS is cross-sectional, this only enables analysis at a point in time. It is unclear whether observations in a particular age group are related to changes that occur with age, or are particular to that birth cohort. Issues of cause and effect are particularly difficult to theorise, because only correlations can be observed.

The advantages of longitudinal analysis are such that there is a growing body of researchers who use these data in explaining and understanding of the social world, and a growing demand for analyses based on longitudinal datasets. Unfortunately there are also problems with longitudinal data (Johnson, 2002). In a panel study, the population is only ever representative of the population in the year in which the first panel was drawn. Further, panels then suffer from attrition, as people get tired of participating, or die, or leave households and are difficult to trace. Attrition is often selective rather than random, leaving the dataset providing poor population estimates, particularly for sub-groups in which attrition is more likely.

In the BHPS, the originally achieved response rate in Wave 1 in 1991 was 75% (partial household). Even though members of the original panel are followed in the event that they leave the household, of the original sample members, by 2001, only 60% remained in the study (Taylor et al., 2001: pA4.27 and Table 20). This meant that as at 2001, only 45% of the original random sample remain respondents. With attrition at this level, the extent to which weighting can compensate for the absence of respondents is unclear. Additionally, the sample was not that large to begin with - the original achieved sample was of 5,500 households, 10,300 individuals (Johnson, 2002), which is itself too small for much sub-sample analysis. Further investigation of the BHPS revealed further problems: separated and divorced men are likely to leave their original household, as housing stock is mostly retained by mothers and children after relationship breakdown. They have high attrition rates from the study, their attrition is almost certainly selective (those remaining in the
study are likely to be different in a number of ways to those who leave), yet they are a group of considerable importance to this research. Perhaps even more importantly, in the first two Waves of the study, the potential importance of pension questions was not appreciated, and only two very limited questions were asked: whether employed respondents were offered an occupational scheme, and if so, whether they were members. This was altered by Wave 3, when substantial questions about pension scheme participation were added, but a large amount of valuable information was not obtained in the first two Waves, which had the highest survey participation rates. Ultimately, despite the advantages that can be offered by longitudinal analysis, the data required for this particular piece of research was such that the BHPS — in particular the sizes of sub-groups — was not considered a suitable dataset.

The General Household Survey is a large annual household survey, with a stratified clustered probability design, taken from the postcode address file of Great Britain (Economic and Social Data Service, 2005). Although the GHS is a cross sectional study, it has in the context of the data requirements of this thesis a number of advantages. In each year, approximately 8,600 households are interviewed (out of about 12,000 eligible), comprising about 20,000 individuals (ONS, 2004c). Because the samples in consecutive years are completely independent of each other, years can be combined for analysis, yielding samples about twice the size. Very detailed questions about income and pensions are asked of those of working age and the retired. Complete marital and cohabitation histories are taken from all those under 60, and from women under 60, complete fertility histories. Being a household survey, individual questionnaires are completed by individuals and their partners. Finally, although beyond the scope of this thesis, because the GHS is an annual survey, the scope does exist for pseudo-cohort analysis to be undertaken by looking at repeated results over a long period of time.

For the analysis in this thesis, two recent years of the General Household Survey were combined, 2000/1 and 2001/2 (referred to hereafter as the 2001 and 2002 surveys respectively). The 'middle' response rates (a rate counting individuals from whom all or some data was obtained, including proxy data) were 72% and 69% respectively. This is a marked reduction from response rates of around 85% achieved in the late 1980s but

It began in 1971. There have occasionally been missed years.
reflects a trend in all large scale surveys (ONS, 2004c). The combined data set yields a sample of 10,314 men and 11,087 women aged between 20 and 59, and 2,829 men and 3,543 women aged 65 or over. People living in institutions are not included in the survey, which means that the sample of older people excludes this group.

Included in these GHS data is information about the earnings of 5,772 partnered men and 6,141 partnered women aged 20 to 59. Many of these men and women are of course partnered with each other as this is a household survey. Detailed information about each person's partner has been matched with his or her own data, allowing construction of variables representing data about couples. To avoid duplication of partnered households in the analysis, all such variables have been created and analysed at the level of the partnership rather than the individual. In analysis of couples focussing on men and women separately, each partnership is selected only once.

The General Household Survey thus succeeds in fulfilling all of the data requirements of this project, including, by the combination of data collected in two successive years, yielding a large enough sample for the effective statistical analysis of sub-groups. However, the interpretation of the results is limited by the nature of cross-sectional data, as will be discussed throughout this thesis.

Non-response, Weighting and Census Data

Stratification in the 2001 survey used regional divisions, the proportions of households with no car, social class, and the proportion in a household who are pensioners. This has improved precision in the survey estimates.

In addition, the GHS introduced weights for the first time in 2001, combining in a single weighting variable, weights for household and item non-response (Barton, 2001). This can be problematic when small population sub-groups are being examined, as the assumption being made is that a response from persons in a sub-group is representative of how the whole sub-group would have responded to the question. If this assumption is not correct then the importance of the answers given by those who did respond is amplified disproportionately and will result in a biased population estimate (Crockett, 2004). When

\* Same sex partnerships are excluded from the analysis.
dealing here with some very small sub-groups such as divorced older men, for example, it is questionable whether this assumption of comparable responses from responders and non-responders can be met.

Further, the statistical package SPSS version 11 – the latest package available for use when this analysis was undertaken – is not capable of correct weighted data analysis, because it systematically under-estimates standard errors when weights are used, leading to spurious statistical significance (Crockett, 2004; Wathan, 2004). When multivariate analysis controls for many of the demographic distinctions that would have been used to generate weights, as is the case for most of the analysis in this thesis, the use of weights is of course less important in any event. This is particularly so where sub-groups are being compared.

In this thesis, unweighted data have been used. Barton’s (2001) analysis of the sensitivity of a number of outcomes to weighting in the General Household Survey showed typical differences of between 0% and 1% on variables such as housing tenure, ownership of consumer durables, SEG of head of household and geographical mobility in the previous year. On individual level variables, similar very small differences were evident for ethnic group, education level, economic activity of men and women by age group, limiting long-standing illness, GP consultations, and smoking and drinking for men and women. Marital status weights show a slight (3.3%) under-representation of never married adults, and a slight over-representation of married spouses living together (3.2%), with other marital status categories differing only by tiny amounts.

Generally these findings are encouraging for the use of unweighted GHS data, particularly for sociological analyses where differences of fractions of a percent are not likely to lead to different theoretical or empirical conclusions. To assess further the implications of the observed differences in marital status with weights, a more detailed comparison of the unweighted data for 2001 with the Census, also gathered in 2001, was undertaken. The results are shown in Table 1.

The comparison reveals that the over-representation of married people living with their spouse applies pretty much to all age groups, and is similar for men and women, with percentages in the GHS about 3 per cent higher – the largest gap is among those in their late 20s. The proportion of those cohabiting but unmarried is reasonably accurately represented in the GHS, as is the proportion who are separated and divorced. Never
Table 1: Comparison of population proportions aged 20 to 59 from Census Data 2001 (C) and General Household Survey 2001 (GHS) by sex, age group and marital status, row percentages (rounded)

<table>
<thead>
<tr>
<th>Age Grp</th>
<th>Married C</th>
<th>GHS</th>
<th>Cohabiting C</th>
<th>GHS</th>
<th>Single C</th>
<th>GHS</th>
<th>Separated C</th>
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<td>10</td>
<td>100</td>
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Source: Census 2001 (ONS, 2003a) and GHS 2001, author's analysis
Notes: Widows and widowers have been excluded, as there are very few in these age groups

married men and single women are substantially under-represented in their late 20s. For never married women, all other age groups appear reasonably accurate; for never married men, the under-representation is apparent throughout their thirties and forties.

For aggregated data, these small distortions need to be borne in mind. However, for much of the analysis in this thesis, however, statistics are analysed controlling for age and marital
status and other demographic variables – effectively entering these variables on the right hand side of modelling equations – or are presented separately for each sub-group. In these circumstances, weighting becomes much less important in any event (Crockett, 2004).

**Measurement issues**

*Asking questions about pensions*

Central to many of the questions in this thesis is participation in private and occupational pension schemes – a topic on which there is serious concern at the highest levels about the quality of data (ONS, 2002b; Pensions Commission, 2004b; Tily et al., 2004). The substantial problems in collecting statistics about pensions are too complex to examine here, but it is important to note that there are considerable difficulties in the collection of valid and reliable information from individuals about their pension accrual through surveys. These are rarely, if ever, alluded to in government reports on pensions based on interview survey data (see for example Field & Prior, 1996; McKay et al., 2000). Yet we have an extraordinarily complex pension system in the UK that is known to be barely comprehensible to most people (even experts struggle), which must raise alarm bells for reliability of survey research.

In 1999, the then Department of Social Security conducted a methodological study testing the wide variety of pension questions in social surveys through a review and evaluation of existing questions, the conduct of a number of focus groups, and the testing of questions using cognitive interviewing techniques (Mortimer et al., 1999). Even when they tested improvements to questions, the results were not encouraging. The researchers concluded that the bewildering complexity of different pension arrangements combined with the lack of knowledge and information that individuals possess about their own pension arrangements meant that there were limits on the extent to which reliable data could ever be collected through individual surveys.

Mortimer et al.’s (1999) study established that while individuals may know that they are in a company pension scheme, there is considerable confusion as to what type of scheme it is. In particular individuals may refer to their occupational schemes as company schemes, occupational schemes, superannuation, personal pensions, and private pensions. Many people with personal pensions were sure that they were occupational pensions because the
arrangements had been made through their employer. Individuals generally have no idea whether their occupational scheme is 'contracted in' or 'contracted out' of the State Earnings Related Pension (now the State Second Pension). Answers given to questions about this were so unreliable when compared with documented data sources that the researchers recommended that the question is not asked in surveys. Also, there is considerable confusion about the Basic State Pension and SERPS (a finding also obliquely made in the study by Field and Prior (1996) on women and pensions). However, people with personal pensions who had 'contracted out' of SERPS were more knowledgeable about the matter. Also, people generally understood correctly that they were current members of a scheme if their employer was making contributions even if they themselves were not.

My own analysis of the ways in which people answered questions about pensions in these two years of the GHS confirms a base level of confusion about the technical details of pension schemes, with large numbers of respondents describing combinations of current pension scheme participation which were not legally possible at the time.

Coding pension status for analysis

These limits have been carefully considered in the preparation of this research, in particular in the ways in which answers to pensions data have been coded and analysed.

The following decisions were therefore made:

(iii) Those with no earnings would be treated as not currently participating in a pension scheme. Until October 2001, this assumption would have been necessarily true for those out of the labour market, for whom it would have been illegal to be members of a scheme without earnings. For the self-employed, they would have had to have been in declared profit over the tax year to have been making any pension contributions, and so if they were declaring no earnings it is unlikely that they would have been participating in a scheme.

(iv) Those who were earning below the Lower Earnings Limit in each year would be classified separately, regardless of whether they were participating in a pension scheme. This is because firstly, they are not accruing rights to the basic
state pension or the state second pension by definition.90 Because of annual limits on the percentage of their earnings that they could contribute (15 per cent for employees), any contributions they were making to private schemes would be really tiny. It is unlikely that such low earners would commit to pension contributions in any event, but if they do, then their pension accrual is de minimus.

(v) Everyone who was employed and earning above the Lower Earnings Limit would be assumed to be in the State Earnings Related Pension subject to the following:

- If they were in an occupational scheme, they would be treated as if they had either contracted in or contracted out, but that the occupational scheme would bring them more in retirement than SERPS alone would have done;
- If they were not in an occupational scheme, but said that they were in a contracted out personal pension scheme, then this answer is assumed to be correct and they are assumed not to be in SERPS.

(vi) The self-employed would be treated as having the basic state pension only, if they were earning above the relevant Lower Earnings Limit. They would only be treated as having additional private pension if they said that they did.

The above categorisation avoids the fine distinctions that have been shown to cause methodological problems in the reporting of pensions data through survey interviews, while retaining meaningful distinctions for analysis. This is because it allows important distinctions to be made via separation into those with basic state provision only, only state supplemental or equivalent private provision, and third tier voluntary provision.

Third tier provision is a category that will be used throughout this thesis, and includes only provision that is over and above the mandatory state system or its compulsory private equivalent – it is voluntary additional pension saving. Third tier provision is the largest stratifier of pension outcomes in the UK, as detailed in Chapters Two and Three.

90 Except in the relatively rare instance of voluntary payments of National Insurance to preserve pension rights in the Basic State Pension.
Harmonisation of pensions data

Unfortunately, the GHS changed the wording and routing of their pension questions between the two surveys meaning that a strategy was need to amalgamate the data. Using the strata detailed above, in both the 2001 and 2002 datasets, a number of groups were identified, before combining the datasets. Table 2 shows how individuals were coded before the data merge, and also to which pension tier those individuals were ultimately assigned once the data had been merged.

<table>
<thead>
<tr>
<th>Code</th>
<th>Consists of:</th>
<th>Pension Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>-99</td>
<td>Missing/Dependent Child/No earnings data</td>
<td>Missing</td>
</tr>
<tr>
<td>0</td>
<td>No earnings or only unpaid work</td>
<td>None/First tier only through HRP or other deemed credits</td>
</tr>
<tr>
<td>1</td>
<td>Works, earns below the Lower Earnings Limit</td>
<td>None/First tier only through HRP or other deemed credits</td>
</tr>
<tr>
<td>2</td>
<td>Self-employed, basic state pension only</td>
<td>First Tier</td>
</tr>
<tr>
<td>3</td>
<td>Employed, SERPS/S2P or contracted out rebates only</td>
<td>Second Tier</td>
</tr>
<tr>
<td>4</td>
<td>Self-employed, basic state pension plus private pension</td>
<td>Third Tier</td>
</tr>
<tr>
<td>5</td>
<td>Employed, SERPS/S2P/contracted out, plus employers scheme of some sort</td>
<td>Third Tier</td>
</tr>
<tr>
<td>6</td>
<td>Employed, SERPS/S2P/contracted out, plus private pension not provided through employer</td>
<td>Third Tier</td>
</tr>
<tr>
<td>7</td>
<td>Employed, SERPS/S2P/contracted out, plus employers scheme of some sort, plus makes extra contributions</td>
<td>Third Tier</td>
</tr>
</tbody>
</table>

Measuring marital status and marital history

The growth in cohabitation as a pattern of household formation has been until quite recently occluded in much sociological research, which has tended to analyse coupledom, without distinguishing marital status so finely (see, for example, Laurie and Gershuny (2000) on money-management and domestic work amongst couples, Taylor (2000) on
employment patterns, and Davies and Joshi (1998) on income inequality). Writers may
even refer to 'husband' and 'wife' or 'married men/women' to include cohabitants, as
Irwin (1999) does in comparing earnings levels between partners across twenty years and
as Arber and Ginn (1995c) do in analysing the employment status of partners. Jarvis and
Jenkins (1997), whilst recognising that marriage and cohabitation are essentially different
statuses, considered the relationship between 'marital' breakdowns and personal incomes
without distinction between marriage and cohabitation, and Kiernan and Mueller (1998: 2),
in an examination of the determinants of divorce 'use divorce as an inclusive term to
include separations from marriages and separations from cohabiting unions'. Similarly,
the categories 'divorced' and 'separated' are almost invariably aggregated in research. In a
qualitative study which aimed to analyse problems facing separated couples who had been
married, no distinction was made between those who at the time of interview were
divorced and those who were still legally married (Perry et al., 2000).

A tendency to distinguish only whether people are part of a couple or are living alone has
been particularly evident in studies of lone parenthood and poverty and of the employment
rates of lone parents. Here, the status of single parenthood is considered irrespective of
Yet, whereas at one time, lone parenthood was largely the result of illegitimate births and
widowhood, this is not so now: divorce and separation are the primary routes leading to the
formation of lone parent households (Chambaz, 2001; Crow & Hardy, 1992; Walker et al.,
2001). Differences between adults according to whether they were always single, or were
part of a cohabiting union that has broken down, or are temporarily separated from a
spouse, or are divorced, or widowed, have rarely been studied or analysed.

Distinguishing categories of marital status

The issue of classification by marital status raises theoretical and empirical problems. In
analysing inconsistencies between sources of quantitative data on cohabitation status,
Murphy (2000) has cautioned that no 'objective' measure of cohabitation exists. Marsh
and Arber (1992: 9) have pointed out that marital status is an area 'bedevilled by
conceptual and definitional issues'; Crow and Hardy (1992: 149) describe the transition
from coupledom to lone parenthood for many people as a 'lengthy transition', and Haskey
(2001b) shows that for roughly a quarter of cohabitants, the duration of their relationship is
not co-terminus with accommodation sharing – the relationship often ends, while former
partners remain in the same household. Separation can be part of the process of relationship breakdown, or can be because of force of circumstance, for example through employment, or imprisonment. Chandler (1991) describes the ambiguities in the lives of many women who live in husband-absent marriages, while Smart and Neale (1999: 29) warn of the dangers of considering trends in cohabitation when in years past, cohabitation was an illicit activity that would not necessarily have been admitted to. The boundaries of a marriage or cohabitation may be difficult to define, and be defined in diverse ways by different participants or observers.

**Classification of marital status and marital history**

For the research questions considered in this thesis, it is important to capture both marital history - the myriad pathways through which individuals may have arrived at their current status - and their marital current status. For the reasons outlined above, the classification is not without its problems. Also, not everyone is willing to describe their marital, cohabitation and fertility histories in detail, particularly if interviewed in the presence of their partner (Lilly, 2000). About 8 per cent of the sample either refused the marital and fertility history sections, or were proxy interviews.

The GHS recognises some of the possible ambiguities in husband-absent marriages: if a person says that they are (legally) married and living with their spouse, but the interviewer notes that the spouse is not resident at the time, they are asked why their spouse is not there. Is it because of temporary absence, or because of marital breakdown? This elicits a number of responses indicating that the parties are in fact separated, even though 'separated' was an option rejected by the interviewee initially, and some respondents then refuse to answer the more detailed question. The original GHS 'marital status' variable is not however changed, and so it is important to re-classify these as separated, rather than married, people for the purposes of analysis, or to exclude them as status 'not known'. Also, people who originally say that they are married are later asked if they are in fact cohabiting, without being married, leading to a number whose original selection of 'married, living with spouse' to be technically incorrect. Again, the coding of the original marital status variable is not changed. Some of these people were originally routed into the

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91 Highly correlated with respondents who refuse the income and earnings sections, and so many would have been excluded from the analysis for this reason.
question about why a spouse is not present, which then becomes an answer about why a cohabitee is not present – a question not asked of other cohabitants.

Other ambiguities exist in the way that people answer. People who originally say that they are never married might later report past marriages when asked in detail about their family histories. People may describe themselves as legally married, but later give details of a recent separation or divorce. Some people who describe themselves as separated (i.e. not divorced) later indicate that they have in fact remarried, implying that they must have divorced, or that their later ‘re-marriage’ is in fact a cohabitation without legal marriage.

For reasons such as these, where ambiguities could not be sensibly resolved, 20 people were excluded from the analysis for missing answers that were crucial to determining their current status, and a further 87 because of answers that were sufficiently inconsistent to make any assumption quite unreliable. In addition, 98 partnered men and women living in the same house did not give consistent answers for their current partnership status: in each case one partner described themselves as ‘separated’ and the other as ‘married, living with spouse’, or ‘cohabiting’. This should be expected from the considerable ambiguity in people’s lives surrounding the process of separation, but the factor itself poses interesting challenges to the way that we perceive marriage and separation. Are these couples more like married couples – sharing expenses and a roof, or are they separated, with all the connotations of lone parenthood and personal crisis that that might imply? These couples have also been excluded from analysis.

The remaining individuals were classified according to how many marriages they had had, how each had ended, their cumulative marital history, and their current status.

Education

The classification into educational level also poses coding difficulties due to the constantly changing qualifications that are available, considering that the oldest cohorts in the GHS are over 90. There are also currently a plethora of available qualifications. From the pages of educational data collected, the GHS coders provide two derived variables for use by

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92 Out of 21,399. 1,761 were proxies or missing.
93 Out of 6,141 couples.
researchers: EDLEV00 and HIQUAL. EDLEV00 is a grouped variable roughly giving an estimate of GCSE, A-level and degree equivalence. HIQUAL provides 41 educational classifications.

For this research HIQUAL was recoded to match the divisions used for the analysis of data from the Census 2001, resulting in four 'levels' of education, with Level 1 being the lowest, and Level 4/5 being the highest. The classification is set out in Table 3.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>All GCSEs/O levels below Grade C; CSEs below Grade 1; NVQ Level 1; Foundation GNVQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2</td>
<td>O levels/CSEs Grade 1; GCSEs Grade A*-C; AS levels; School Certificate; NVQ Level 2; Intermediate GNVQ; BTEC/SCOTVEC first or general diploma or first certificate or SCOTVEC modules; RSA below Level 3 or equivalents</td>
</tr>
<tr>
<td>Level 3</td>
<td>1+A levels; Higher School Certificate; NVQ Level 3; Advanced GNVQ; RSA advanced/higher diploma or diploma; Other higher qualification below Level 4/5 OND, ONC BETEC, SCOTVEC etc national, or equivalents</td>
</tr>
<tr>
<td>Level 4/5</td>
<td>First Degree, Higher Degree, NVQ Levels 4-5; HNC, HND, qualified teacher/doctor/dentist/nurse, midwife, health visitor or equivalents</td>
</tr>
<tr>
<td>Other</td>
<td>For example, trade apprenticeships, City &amp; Guilds</td>
</tr>
<tr>
<td>None</td>
<td>No academic, vocational or professional qualification</td>
</tr>
</tbody>
</table>

Other derived variable classifications

Other coding was less problematic and the coding strategy is fairly obvious. Women under 60\textsuperscript{94} were classified according to whether they had ever had a child, and if they had, the age of their youngest child living in their household. A small number of women were

\textsuperscript{94} Fertility histories are not taken from those over 60, nor from men.
excluded for inconsistencies between answers on fertility questions within the survey (n=32) and 605 women declined to give fertility histories.

For a social class classification this thesis uses the Registrar General’s Social Class. Between the two surveys used here, the Office for National Statistics introduced the NS-SEC, or National Statistics Socio-Economic Classification. This was a change agreed following a major review of government social classifications as reflecting current theoretical and empirical understanding of social class in modern Britain (Rose & Pevalin, 2003). While undoubtedly providing a superior measure of the construct of ‘social class’, at the time my research was undertaken, no algorithm was available for conversion of social class data from the old to the new NS-SEC in the 2001 dataset. There remains a high correlation between the two measures.

Where earnings position has been considered, those in paid work have been divided into deciles, quintiles, quartiles and tertiles. Similarly, for analysis that explores the joint earnings of couples, the earnings of each partner in the couple have been combined. If between them the couple have any earnings, then they have been positioned on a ‘joint earnings’ quintile, quartile or tertile. Where measures of inequality of earnings have been constructed within couples, these are simply the ratio of the respondent’s own earnings to the joint earnings of the couple: a ratio of 0.5 implies that the couples have equal earnings. All earnings are measured as weekly gross earnings from all forms of paid work.

**Modelling pension outcomes**

The aim of some of the analysis is descriptive and exploratory. Where two or three variables are considered the principal method is via cross-tabulations – i.e. conditional probabilities, statistical controls and appropriate tests for population inference from a sample. Multivariate modelling in this thesis takes two principal forms: logistic regression and loglinear analysis.

**Logistic Regression**

Logistic regression analysis is used to model a binary outcome in a categorical response variable where the predictors are either categorical or continuous, and where the
independent variables do not satisfy the multivariate normality assumption. In this thesis, two binary response variables are used:

```
does not have third tier pension coverage/ has third tier pension coverage
in paid work/not in paid work
```

with the models specified to predict those who have such coverage, or are not in paid work.

Where there are $k$ predictors denoted by $X_1, X_2, ..., X_k$ for a binary response $Y$, the model for the logit of the probability that $Y = 1$ takes the form

$$ \log \text{it} = \alpha + \beta_1 x_1 + \beta_2 x_2 + ... + \beta_k x_k $$

where the logit is the log of the odds, i.e.

$$ \log \left( \frac{\pi}{1 - \pi} \right) = \alpha + \beta_1 x_1 + \beta_2 x_2 + ... + \beta_k x_k. $$

The parameter $\beta_i$ refers to the effect of $X_i$ on the log odds that $Y = 1$, controlling for other $X$s. So $\exp(\beta_i)$ is the multiplicative effect on the odds of a 1-unit increase in $X_i$, at fixed levels of the other $X$s. Where a predictor $X$ is a categorical variable with $I$ levels, the model fits $I - 1$ dummy variables, representing the effects of $X$ through parameters for each level save one, which is redundant (and can be set to zero). A maximum likelihood procedure is used to obtain the parameter estimates (Agresti, 1996; Sharma, 1996).

The likelihood ratio statistic

$$ -2 \left( \log L_0 - L_1 \right) $$

yields a chi-squared distribution with $k - I$ degrees of freedom where $k$ is the number of explanatory variables. This tests whether certain parameters in the model equal zero, by comparing the maximised log likelihood ($L_1$) for the model to the maximised log likelihood ($L_0$) for the simpler model that deletes those parameters. Differences in this statistic can be used to interpret the significance of the effect of the inclusion of an
explanatory variable in the model. The significance of an individual coefficient is evaluated via its asymptotic t statistic. (Dougherty, 2002).

The most intuitive way to interpret parameter estimates produced through a logit analysis is via their effect on the odds of the increase in probabilities (odds ratios) (Agresti, 1996). For a model with one explanatory variable, taking the antilog of each side of the logistic regression equation gives the odds of a response 1 as

\[ \frac{\pi}{1-\pi} = \exp(\alpha + \beta x) = e^{\alpha} \left( e^{\beta} \right)^x \]

The exponential relationship provides an interpretation for \( \beta \). The odds increase multiplicatively by \( e^\beta \) for every one unit increase in \( x \). That is, the odds at level \( x + 1 \) equal the odds at \( x \) multiplied by \( e^\beta \). When \( \beta = 0 \), \( e^\beta = 1 \) and the odds do not change as \( x \) changes. Thus the antilog of \( \beta \) is the percentage change in the estimated odds, or the odds ratio. The transformation applies equally to logit models with categorical predictors: antilogs of the parameter estimates are multiplicative effects on the odds. (Agresti, 1997).

Here, the models will be interpreted using odds ratios, comparing the odds of third tier pension provision (or being out of work) at different levels of several categorical variables to a category defined as \( \text{odds}=1 \), holding other variables in the equation constant.

**Loglinear Models**

The analysis in Chapter Seven makes use of loglinear models for multi-way contingency tables. Loglinear analysis resembles a correlation analysis more than a regression analysis, focussing on the study of relationships between pairs of variables rather than modelling the response on one of them in terms of the others. The models specify how the size of a cell count depends on the levels of the categorical variables for that cell, with the nature of the specification relating to the association and interaction structure among the variables (Agresti, 1996; 1997; Gilbert, 1993). The model is used here to examine the associations and interactions for men and women separately between the degree of earnings equality in their relationship (P), their marital status and history (M), the age of the youngest dependent child in the family (C) and their own age group (A).
Chapter Five - Aims and Methods

The general loglinear model for a three-way table with variables X, Y, Z (easily extended for a four-way or higher dimension multi-way table, not shown for complexity) is

$$\log \mu_{ijk} = \lambda + \lambda_i^X + \lambda_j^Y + \lambda_k^Z + \lambda_{ij}^{XY} + \lambda_{ik}^{XZ} + \lambda_{jk}^{YZ} + \lambda_{ijk}^{XYZ}$$

where $\mu_{ijk}$ is the cell expected frequency in the contingency table. (The superscripts are variable labels, not ‘power’ exponents, representing, for example, the effect of classification in row $i$ for variable $X$). The single factor terms represent the marginal distributions, the two factor terms represent partial associations between variables, and the three factor term the three-way interaction between variables. This model, the saturated model, permits the odds ratio between any two variables to vary across levels of the third variable. The saturated model therefore provides a perfect fit to the data (Agresti, 1996; Halpin, 2002). In the four-way tables analysed in Chapter Seven, with variables P, C, A and M (as set out above) the saturated model includes all two way associations, all three way interactions PCA, PCM, CAM and PAM, and the four way interaction PACM.

Tests of partial associations are conducted by comparing different loglinear models with association terms and interaction terms omitted, since the null hypothesis of no partial association between X and Y states that the $\lambda^{XY}$ term equals zero, the null hypothesis of no three way interaction between X, Y and Z states that the term $\lambda^{XYZ}$ equals zero, and so forth. The omission of associations and interactions from a model that remains a good fit to the data allows interpretation of the impact of the associations between variables on the outcomes of interest (Agresti, 1996; Gilbert, 1993; Halpin, 2002). Here the models have been fitted starting with only single factor terms, then only two factor and single factor terms, then three-factor, two factor and single factor terms, for comparison with the saturated model. When a well-fitting model is found, terms that do not make significant contributions are removed (comparing nested models) until the most parsimonious well-fitting model is observed.

In essence, fitting a loglinear model is a process of deciding which associations are significantly different from zero while other associations are controlled for; these terms are included in the final model to explain the observed frequencies. Terms that are excluded from the model go into the residual or error term, which then reflects the overall badness of fit of the model. The models were fitted using the GENLOG command in SPSS.
likelihood ratio test compares the models by the difference of the $G^2$ goodness of fit statistics – the comparison of the model of interest to the saturated model (and the statistic that is minimised in maximum likelihood estimation). A probability of more than 0.05 for the test of model fit indicates a model that is not significantly different from the ‘real world’ (as observed in the GHS). At $p=0.05$ or above we can be 95%+ confident that the model is a good fit to the data.

**Selection of predictor variables**

The selection of independent variables for modelling pension outcomes has been informed by the theoretical and conceptual approach outlined at the start of this chapter. The effects of social class, earnings, partnership status, children and education are of particular interest, and the impact of the degree of earnings inequality within partnerships on pension acquisition forms the particular focus of the logistic regression analysis in Chapter Eight.

**Conclusion**

As with all secondary data analysis, where the data collection was not designed with my particular research questions in mind, the selection of a dataset and the analysis of data presents a number of interesting challenges (de Vaus, 1996). Variables have been coded and analysed with these limitations in mind. Extensive use has been made of statistical techniques developed for categorical data analysis, particularly well suited to sociological research. This enables the study of the relationships between variables of interest, helping to explain and predict the complex social world of pensions, gender, and the life course. This analysis of the GHS data will begin in the next chapter.
6 Pension Accumulation in a Gendered World

Introduction

Structural influences such as the type of work available, the type of employer, and sex-segregation in the labour market, impact on whether people work, how many hours they work, what jobs they have, their earnings, the availability of pension schemes, and the financial incentives offered to induce membership of a pension scheme. At an individual level, factors affecting labour force participation, type of employment and earnings include accumulated human capital, but also questions of domestic roles such as whether a person is a parent, whether they have dependent children in the household, whether they live with a partner, whether they are married, and their marital and partnership history.

Bearing these underlying influences in mind, pension acquisition is largely a function of three things: (1) the extent to which individuals participate in paid work, (2) the amount they earn, and (3) the extent to which they participate in private and occupational pension schemes. These three factors are connected too. For example, working hours affect earnings not only because of differences in accumulated hours of pay, but also through part-time work being primarily available in particular sectors and jobs, and pay discrimination against part-time workers; the number of hours worked can limit participation in private or occupational pension schemes because of the lack of availability of good pension schemes to those working fewer hours.

In considering this matrix of influences earnings are particularly important, for a number of reasons. First, higher human capital and longer work hours lead to higher earnings. Second, higher earnings imply a higher disposable income, with on average, more money to spare for savings. Third, pension contributions and pension benefits are directly structurally related to earnings, so that the contributions made to a pension fund are effectively a percentage of earnings. In absolute terms, therefore, when in an occupational pension scheme, the higher earnings are, the more is being contributed to the fund, and the higher pension benefits will be. In private schemes too a percentage of earnings is almost always contributed, and the limits on contributions are defined as a percentage of earnings.
Partnership status can be expected to affect earnings and pensions in a number of ways, apart from the most obvious link with the likelihood of having children in the home. Most people who marry intend their marriage to last for life and legal rights against the property of a spouse are only acquired on legal marriage: both factors can be expected to influence the financial behaviour of partners when married. The lack of maintenance and property claims between cohabitants may be an implicit or explicit feature of a relationship, and might be expected to influence men to feel less pressure as breadwinners, but women to feel less secure in their anticipation of any joint financial future. Those previously married will bring the experience of their marital breakdown with them and this can be expected to influence the financial decisions that they make within any later relationship or if living alone. People who separate after marriage breakdown are likely to be relatively young, with young children. There are likely to be acute financial strains for women immediately post-separation before a divorce is finalised. The converse of this is that separated men may not yet have had to divest themselves of income or assets to support a former wife or children, and may benefit financially from the transitional state, compared with divorced men. These matters might lead us to think that married women will make less pension provision than cohabiting or divorced women, with separated women particularly vulnerable. We might expect married men to make more pension provision than cohabiting or divorced men, as part of the breadwinning role associate with marriage.

The following questions arise:

- To what extent and via what mechanisms are women disadvantaged in pension provision overall?
- How, explicitly, are these disadvantages associated with having children to care for?
- Does partnership status have any bearing on these questions over and above the issue of caring for children?

In this chapter, first, evidence will be presented of the current gendered distributions of pension scheme participation and earnings among men and women aged 20 to 59 in Great Britain, according to the coding scheme developed in Chapter Five. The results are not, however, constant across age groups, and the chapter will go on to highlight the effects of age on pension acquisition and how age impacts differently for men and women. The
impact of motherhood on pension scheme participation and on earnings, and on earnings
within pension schemes, will be revealed. Finally, a multivariate analysis controlling for
these factors, as well as social class and educational level, will investigate the relationship
between partnership status and third tier pension acquisition.

**Pension scheme participation and gender**

For this analysis, people have been classified into six categories - reduced from the seven
categories described in Chapter Five because the self-employed with only the basic state
pension have been combined with others who have only the basic state pension. The
categories are:

(i) Those not earning;
(ii) Those earning below the Lower Earnings' Limit (LEL); and the self-employed
with only the basic state pension;
(iii) Those who are either in the State Second Pension Scheme (S2P) or who only
have a compulsory private alternative;
(iv) Those who have an additional private pension scheme, independent of an
employer, and above the compulsory level in (iii) above;
(v) Those in an employer's pension scheme;
(vi) Those who are in an employer's scheme but also make additional contributions.

Those in categories (i) and (ii) may be receiving deemed credits to the basic state pension.
Categories (i) and (ii) are referred to in this thesis as 'first tier' pension provision.
Category (iii) is referred to as 'second tier' pension provision. Those with pensions in
addition to the compulsory pensions that the law requires fall into one of the last three
groups: (iv), (v) and (vi). These three groups are referred to collectively here as
participating in 'third tier' pension schemes. It must be remembered that classifying
pension scheme participation in this way does not tell us about the size of pension fund
being accumulated, but only about the type of pension being accumulated.

Figure 3 shows gender differences in current participation rates in all six categories
outlined above. Although it must be borne in mind that this is cross-sectional data, the
results clearly shed light on consequential pension income for men and women, as accumulated over time.

The proportion of women with no earnings at all (31 per cent) is much higher than that of men, as is the proportion of women earning below the Lower Earnings Limit (9 per cent). Apart from possible deemed credits to the very low basic state pension (not measured here) these two groups are currently accumulating no pension – either state or private. They are the poorest in terms of current pension acquisition. As at 2002, 40 per cent of women between the ages of 20 and 59 fell into these categories – no state earnings related or second pension, no occupational or private pension, and rather alarmingly, possibly not even the Basic State Pension.

Second tier pension scheme participation is rarely measured in the way presented in Figure 3. Here, men and women who have private pensions that do nothing more than replace the state second tier pension are grouped together with those in the state second pension

![Figure 3: Pension scheme participation by gender, age 20 to 59](image)

Source: GHS 2001 and 2002, author's analysis; p<0.001.
scheme, rather than with those who have third tier ‘private’ pensions. In this way women in particular who have nothing more than a state-replacement pension are not counted as if they are accumulating additional private pension. Most people who accumulate only second tier pensions over their working life are at very high risk of means testing in retirement (Rake et al., 2000). Approximately 23 per cent of both men and women participate in second tier schemes only - there is virtually no gender difference in this category. This means that cumulatively while 48 per cent of men fall into one the lowest three categories of pension scheme participation, more than 62 per cent of women do.

There are marked gender differences among those in third tier pension schemes. Fifty-three per cent of men contribute either to an additional private pension, an employer’s scheme, or both, compared with 38 per cent of women. Within this broad grouping, women are much less likely than men to have additional private pensions, and are only half as likely (6 per cent) as men (11 per cent) to be in an employer’s scheme and be making additional contributions (the light grey at the very top of the column). Thus even women who are in third tier pension schemes are much less likely than men to be making contributions in excess of the basic contributions made by their employer or deducted from their salary.

**Pension size: an examination of pension schemes and earnings**

Those without earnings or low earnings tend not to be contributing to additional pensions, and if they do, the value of these is minimal. Among those who do paid work, earnings distributions can be expected to vary with type of pension scheme. Those who have only the State Second Pension can be expected to have lower average earnings than those who participate in an employer’s scheme, and also have a private pension, for example. Most of those with no earnings are women, but there are also profound gender differences in earnings amongst those in paid work. These large differences in earnings will translate in time to large differentials in pension receipt because of the structural links between earnings and size of pension contributions, outlined previously.

This analysis begins by illustrating, in Figure 4, the gender composition of each earnings decile. Essentially, all of those in paid work have been divided into ten equal groups, so
that the lowest-earning 10 per cent are in decile 1, the next 10 per cent in decile 2, and so on. The top 10 per cent of earners are in decile 10.

Figure 4: Gender composition of each earnings' decile

Source: GHS 2001 and 2002, author's analysis; p<0.001.

Figure 5: Pension scheme participation in each earnings’ decile according to gender, aged 20 to 59

Source: GHS 2001 and 2002, author’s analysis; p<0.001.
While there may be few surprises here, it is depressing viewing for those interested in gender equality. The lowest two earnings deciles are comprised almost entirely of women. Women form the majority of each of the lowest four deciles, and the minority of each of the highest five deciles. Over 80 per cent of the earners in the top decile are men.

The impact of these findings on participation in third tier pensions is made clear in Figure 5. Here, the pension scheme participation of men, on the left, and women, on the right, is shown, controlling for earnings deciles. This shows, for example, how the participation rates of the men in say the fifth, or tenth, decile of earnings compare with the participation rates of the women in the fifth, or tenth, decile of earning. The surprising result is that in each decile of earnings, women have higher participation rates in third tier pension schemes than men do. In some deciles the difference is quite marked – for example, 64 per cent of women in the 4th decile have third tier pensions, compared with 49 per cent of men in the 4th decile.

This means that the low rates of participation by women in pension schemes shown in Figure 3 can be largely explained by their non-participation in the labour market, and when they do participate, their low earnings. For the same level of earnings, women are more active participants – they are more likely to hold pensions – than men. But the implication of these findings is that rates of pension acquisition by women will not be improved simply by telling women that they need pensions. When they have the economic means, they are actively acquiring pensions. Put simply, pensions are an individual not a household purchase, and women do not have the sufficient earnings.

The concentrations of women in the lower deciles of earnings negates the effect of their higher rates of pension scheme participation – in the lowest three deciles, people are earnings less than £11,000 per annum. It is highly unlikely that out of such low income sufficient pension provision will be made to sustain income adequacy in retirement.

These earnings distributions have important implications in considering the size of pension 'pot' that individuals are accumulating through the life course. Pension scheme participation alone only tells part of the story. It becomes necessary to consider how much
those participating are earning, within each category of pension scheme membership. If the women within any particular category of pension coverage are earning much less than the men, then their contributions will be much lower – perhaps so low that they will not be lifted out of means-tested benefits when older, despite participating in additional pension schemes.

Figure 6 illustrates, for those in paid work, the gendered earnings distributions within each category of pension scheme, using box and whisker plots. These findings show that analysis of data by pension scheme membership alone does indeed elucidate the pension disadvantage for women, but obscures its severity. Here, the extent of women’s double disadvantage can be seen. Within each pension scheme category, the women who contribute to that type of pension scheme earn substantially less than the men. The top of each box (showing the 75th percentile) on the criss-crossed box-plots (women) is either well within the range of the second quartile (25th to 50th percentile) of the solid grey box-plots (men), or at best, equivalent to men’s median earnings for that category. The differences are substantial as shown in this graph: median earnings of women in all third tier schemes (the three right most pairs of boxes) are only £288 per week, which is well below the 25th percentile of earnings for men in these schemes (£325 per week), and within this group, even those women on the 75th percentile (£416 per week) are earning less than the median for men in these schemes (£438 per week). In 2002, half of all women in third tier pension schemes were earning less than £15,000 per annum gross.

This graph illustrates three main points:

- A clear hierarchy of financial advantage represented by the categories of pension scheme membership shown.
- Within each category of pension membership, women are making the same type of contribution as the men, but from much lower average earnings.
- Even within the same category of contributions, since pension contributions are usually a fixed percentage of earnings, it is reasonable to infer that the women will be making on average lower contributions than the men and thus, while acquiring the same type of pension provision, will be acquiring a smaller amount of pension.
It is also notable that the earnings distributions for women who either have their own additional private pension, or are in an occupational scheme but do not contribute anything extra, are very similar to the earnings distribution for men who have only the State Second Pension or its compulsory equivalent. These are men who are usually thought of as relatively low earners, with earnings insufficiently high to accrue substantive private pension.
Age, gender and pensions

Thus gender is of itself highly significant in any examination of pension scheme participation, but other factors are important too. Even though savings invested in pension schemes have a long time to grow if invested while young, pension investment peaks later in the 40s and 50s, at a time when pension receipt has moved into a foreseeable time frame and thus become salient, but when pension contributions have less time to grow. Younger people tend not to save in pensions, which may be because they have debt (especially now, student debt), because their (on average lower) earnings are heavily committed elsewhere, for example on young families and house purchases, or, more fundamentally, because they do not see pensions as relevant at their age. In a study combining quantitative and qualitative research, Anderson et al. (2000) found that few people under the age of 50 had given 'much thought' to retirement, and that in in-depth interviews, many younger respondents explicitly said that retirement was not something they would think about seriously until their 50s.

The effects of age\textsuperscript{95} on pension scheme membership are different for men and women. Figure 7 shows participation in the different levels of pension outlined earlier by age group for men, and Figure 8 for women. The three areas at the top of the graphs illustrate the probability of acquiring third tier pensions in any age group.

For men, non-participation in the labour force is highest, and for those in work, pension acquisition lowest, at the two extremes of the age groups shown here. In the age group 20 – 24 this reflects a combination of those still in education or training, unemployment, employment for low pay that is less likely to carry a pension benefit, as well as the lack of importance attached to pension acquisition. In the age group 55 – 59, it reflects something quite different. Ill-health and disability are small factors (Banks et al., 1998). Those better off may have taken early retirement, and those less well off may have been forced into early retirement (Mann, 2001). Early retirees may have expected to be able to find alternative employment, but then face ageism in the labour force.

\textsuperscript{95} Some of these effects may be cohort effects
Chapter Six – Pension Accumulation in a Gendered World

Figure 7: Pension coverage by 5-year age group. Men aged 20 to 59, stacked percentages.

Source: GHS 2001 & 2002, author’s analysis

Figure 8: Pension coverage by 5 year age group. Women aged 20 to 59, stacked percentages.

Source: GHS 2001 & 2002, author’s analysis
Men's third tier pension coverage peaks at age 35 – 44, with about 64 per cent participating in some form of additional pension acquisition in these age groups. But third tier pension coverage for women never reaches 45 per cent in any age group. And the peak rate, of just under 45 per cent, occurs later than for men, in the age group 40 – 49. Moreover, for men, third tier pension coverage rates rise steadily from age 20 to 44, then do not tail off much until 55; there is a pretty steady coverage rate for men in all age groups from the early 30s to the mid 50s.

For women, however, there is little change from age 20 to 40, with non-participation in the labour force and in pensions rising even more steeply in their late 50s than it does for men. While the youngest women will also be affected by extensions of full-time study and unemployment, women now in their late 30s have lower pension participation rates than both younger and older women. This might be a cohort effect with women in their early 30s more likely to participate in pension schemes than those five to ten years older were at the same age, but the ‘dip’ in the late 30s is likely to correlate with having young children in the household and be a consequence of the caring role of motherhood. Women also have a much more tapered 'tailing off' than men towards the end of the working life, beginning at the younger age of 45. While again, it is possible that this is a cohort effect, with the ‘tail’ simply growing older, it may also be associated with the caring roles that women undertake in mid-life, for example for spouses, grandchildren, parents and parents-in-law (Arber & Ginn, 1995b; Evandrou & Glaser, 2003), and particularly for women, gendered ageism in the workforce making it difficult to find employment (Duncan & Loretto, 2004).

These data show that women are less likely than men to be accumulating third tier pensions at an age when pension funds have a long time to accrue or grow. Their pension coverage rates rise later in their working lives with the consequence that for those entering pensions at this stage for the first time or after a long gap, invested funds do not have a long time to mature, and they are at far greater risk than long term investors from the volatility of the market. If they are in final salary schemes that are based on their accumulated years of service, then they are not accruing large numbers of accumulated years, particularly when the risks of early retirement are also considered.
Pension coverage is thus related to age in different ways for men and women. Men currently of working age have fairly consistent rates of pension scheme participation over the age of 30, with increases in the proportions making additional contributions to their employer-schemes as they approach retirement age. Women's rates are reasonably flat across the age span and never high, with only very small proportions in the top category in any age group.

Maternal status, earnings and pension scheme participation

Cross sectional evidence cannot prove that things are not changing much for younger women in terms of pension accumulation, but the data strongly suggest that the situation remains extremely worrying. Figure 9 shows earnings (a vital factor in considering pensions) for women aged 20 to 50 according to the age of their youngest child. As just seen, we would expect there to be some variation in both earnings and pension scheme participation as people age. Among men, this effect is pronounced – earnings increase with age, and pensions become more salient as people approach their prospective retirement. But if the argument is that younger women participating in the labour force more than their older counterparts is the solution to all women's pension problems, then we would expect to see younger women, and particularly younger mothers, earning more and participating more in pension schemes than those a decade or so older. With the greater variation now in timing of first childbirth, the position could become confused with the age of the youngest child, and it is important to separate this effect out.

Women in three ten-year age groups are shown here, controlling for the age of their youngest child. Those who have no earnings from paid work are included in the analysis. When looking at those who have never had children, we do indeed see that while women in their twenties have comparatively lower earnings, women in their 30s earn more than women in their forties, with median earnings of about £330 a week. For women with children however, this pattern is not repeated. Women in their twenties earn the least, and there is no difference in the 30s and 40s for women with children under 5, with median earnings of just £63 a week. It is only women in their 40s with children at home who have median earnings of between £100 and £150 per week. Even here, earnings are so modest that it must be questionable whether these mothers would or should be committing money to pensions at all.
Comfort should not be taken from the higher median earnings for women in their 20s and 30s who have never had a child. With the average age of mothers at first and second births moving slowly and steadily upwards, these women are still likely to have children with the apparent dramatic impact on their average weekly earnings.

The effect of ever having had a child is equally dramatic. Women may be returning to work after child-birth, but these data show that this is at nothing like the average earnings level that they enjoyed prior to having had children. These effects look as if they may persist into middle age – a time when, as already stated, other types of caring commitments can impact heavily on women’s lives.

Figure 9: Median weekly earnings according to motherhood and age of youngest child. Women aged 20 to 49.

![Median weekly earnings graph](image)

Source: GHS 2001 & 2002, author’s analysis. Mothers whose dependent children live elsewhere and those looking after others’ children have been excluded. All women, whether in paid work or not, are included in the analysis.

Figure 10 shows that it is really those women who have never had children who are primarily members of occupational schemes or are making voluntary private pension contributions – i.e. participating in third tier pension schemes. More than 60 per cent of childless women in their 30s and 40s are in third tier schemes. What is instantly noticeable is the kind of evenness of the other bars representing the proportion of mothers in any age group so participating. As with earnings, those in their 30s who have never had children have very slightly higher participation rates in pensions than among the childless in their forties, but as just noted, some or even many of these women will still become mothers.
Only 30 per cent of mothers of very young children in their 40s are in pension schemes – certainly no higher than in other age groups. This general slight increase in the participation rates of mothers in their forties is no reason to be complacent. Apart from the issue of contributing out of low earnings, if this increase represents women who have just joined a scheme for the first time, or who have little accumulated pension prior to this time, the forties can be late to enter pension schemes – there are not many years of contributions left and investments do not have long to grow.

![Figure 10: Percentage in third tier pension schemes, women age 20 to 49 by maternal history and age group](image)

Source: GHS 2001 & 2002, author’s analysis; p<0.001. Mothers whose dependent children live elsewhere, and those looking after others’ children have been excluded.

Nor are there reasons for cheering when the earnings of those relatively few mothers who are contributing to third tier pension schemes are examined, in Figure 11. The median earnings for mothers in these schemes is around £250 per week gross, if they have or have ever had a child – just £13,000 per year. A typical five per cent contribution to a pension scheme would be just £650 per year, for example – hardly the sort of contribution that will lead to adequate retirement income. It is also noteworthy that the earnings distributions
among all mothers who are in third tier pension schemes is almost identical, regardless of whether their children are very young, at school, or grown up.

Figure 11: Boxplots showing earnings distributions of those in third tier pension schemes; women aged 20 to 59, according to maternal status.

These data suggest that if things are changing for younger mothers, they are not changing much. Also, that there is little variation in the earnings of mothers who participate in pension schemes, regardless of their own age, or the age of their youngest child – there is little variation in the median, the interquartile range, or indeed the entire earnings distribution. This includes mothers whose children are no longer dependent. There is also perhaps surprisingly little variation in the proportion of mothers who contribute to third tier pensions at any one time, regardless of the age of the mother, or the age of her youngest
dependent child. Apart from women who have never had a child, cross-overs between cohorts are absent.

**Age, marital status, and marital history**

While pension acquisition therefore varies with age, partnership status also, perhaps rather obviously, varies with age. Those never married will be younger than those previously married, those in second marriages tend to be older than those in first marriages, widows and widowers will be even older on average, and so forth. These patterns are necessarily related to age. Some of these differences, however, are not about age per se, but doubtless are about the social effects of growing up in a different era – older men and women are part of a different generation.

Thus, cohabitation prior to marriage is now very common whereas it was not so a few decades ago, when the older men and women in this dataset were young adults. Older people might be more likely to be married not because of their age but because when they were young, getting married was the norm. Similarly, divorce is now commonplace among young adults, where again, this would have been less likely when those now in their 50s and 60s were younger.

When considering differences between people of varying marital status, it is important to note that they differ by age, and also by the presence of children. In societal terms, we are not comparing like with like. We have already seen the important impacts that these two variables have on pension acquisition. In preparation for the consideration in the remainder of this thesis of the relationship between marital status and pension acquisition, it is necessary first to understand the associations between marital status, age, and the presence of children.

Figure 12 shows the proportions of men and women in each 5-year age group from 20 to 59 in each partnership status, according to their marital history and their current marital status. Men and women of the same age have both their age and the time during which

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90 Same sex cohabitants have been excluded
they live in common, and at first glance the broad trends in partnership status appear to be similar. The various shaded areas at the tops of each Bar graph denotes those who have experienced the dissolution of at least one legal marriage. The lowest two stacks represent those who have never been married (lone and cohabiting). The dotted white portion in the middle represents those currently in a first marriage and living with their spouse.

Figure 12: Classification of population aged 20 to 59 according to marital status and marital history, by sex and five year age groups

By the late 50s, around 90 - 95 per cent of the population is or has been married. Cohabitation without ever having been married is a feature of younger age groups – this category tails off considerably after the age of 45. Even if this is a cohort effect, this is probably only in part. Evidence from the British Household Panel Study suggests that although first marriage is being delayed by younger cohorts, it is likely that the proportions
who marry eventually will not be that much lower than in previous generations – it is just taking longer because of intervening cohabitations. A simulation model estimated that by age 45, 83 per cent of the cohort born between 1963 and 1976 will have married at least once, compared with a rate of 89 per cent for the cohort born between 1950 and 1962 (Ermisch & Francesconi, 2000a).

The divorced and separated populations increase with age until the late 40s/early 50s, as do the proportions of the population in second or subsequent marriages. Thus the proportion of people who have experienced a first marriage is quite substantial. In the age group 40 to 44 for example – very important in terms of pension scheme participation – 28 per cent of men and 33 per cent of women have experienced the dissolution of a marriage partnership. In the age group 50 to 54, the figures are 31 per cent and 37 per cent respectively.

Men and women differ in their partnership status in a number of important respects. While women are more likely than men to be married or cohabiting under the age of 30, they are more likely than men to live without a partner after 30, with the largest differential (4 to 5 per cent) in the late 30s and early 40s. Among those without a partner, while women are less likely than men to have never been married (single), they are much more likely to be divorced or separated. Even at their most equal, in the age group 40 – 44, women are still almost 30 per cent more likely than men to be divorced or separated. In their early 30s women are more than twice as likely as men to be divorced or separated, rising to three times as likely in the late 30s.

Previously married women in their 30s and 40s are likely to have dependent children, and therefore be lone parents, with the attendant difficulties in employment, childcare, lack of child or spousal financial support from their former husbands and resulting high risk of poverty. In terms of pension acquisition, they have lost a vital form of financial dependency. They are at a crucial age for pension investment. The high proportions of women separated and divorced through these important years make understanding the associations between gender, marital status and pension acquisition central in considering the financial well-being of future ageing populations.
<table>
<thead>
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<th>Women</th>
<th>Never married, lone</th>
<th>Never married, cohabiting</th>
<th>In first marriage</th>
<th>Sep from first marriage, lone</th>
<th>Div from first marriage, lone</th>
<th>Div from first marriage, cohabiting</th>
<th>In second marriage</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
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</tr>
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<td>30</td>
<td>63</td>
<td>29</td>
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<td>31</td>
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<td>Youngest 6-15</td>
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</tr>
<tr>
<td>All (home or gone)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>3</td>
<td>45</td>
<td>1</td>
<td>42</td>
<td>17</td>
<td>52</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>n=</td>
<td>1,746</td>
<td>849</td>
<td>5,131</td>
<td>341</td>
<td>650</td>
<td>281</td>
<td>813</td>
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<tr>
<td>Men</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No children in fu*</td>
<td>98</td>
<td>31</td>
<td>63</td>
<td>31</td>
<td>33</td>
<td>46</td>
<td>73</td>
</tr>
<tr>
<td>Youngest 0-5</td>
<td>1</td>
<td>29</td>
<td>27</td>
<td>31</td>
<td>25</td>
<td>35</td>
<td>4</td>
</tr>
<tr>
<td>Youngest 6-15</td>
<td>1</td>
<td>36</td>
<td>8</td>
<td>37</td>
<td>26</td>
<td>42</td>
<td>14</td>
</tr>
<tr>
<td>All children in fu* 16+</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>41</td>
<td>17</td>
<td>51</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>n=</td>
<td>2,017</td>
<td>823</td>
<td>4,451</td>
<td>154</td>
<td>351</td>
<td>230</td>
<td>725</td>
</tr>
</tbody>
</table>

Source: GHS 2001 & 2002, author's analysis; p<0.001 for association between each sex and dependent children.

* Family Unit

Notes: Mothers whose dependent children live elsewhere and those looking after others’ children have been excluded.
Since dependent children have been shown to have such an impact on earnings and pension acquisition, it is important to understand how women's maternal status relates to partnership status. Table 4 shows the population proportions with dependent children by marital status, also showing the mean age of those aged 20 to 59 in each sub-group. For women, proportions are shown according to their history of child-bearing, enabling us to distinguish those women who have never had children from those whose children have grown up and are no longer dependent (some of whom remain living in the family home). Unfortunately, the GHS does not collect fertility histories from men, and so men are shown according to the age of the youngest child in the family unit  men with adult children cannot be distinguished.

The presence of dependent children remains highly correlated with marital status  even more so for men than for women. Married men are by far the most likely to have a dependent child  67% of men in their first marriage and 63% of men in their second marriage. Just over half of cohabiting divorced men have a child in their household, but only a little more than a third of cohabiting men who have never been married. Only ten per cent of lone divorced men care for a dependent child, three quarters of whom are of school age97. It is virtually unheard of for a lone, never married, man to care for a child. In comparing the pension behaviour of say, married and single men, it is important to bear in mind that they have different family profiles, and of course, different age profiles.

For example, while never married cohabiting men are on average 31 years old, divorced cohabiting men are on average 44 years old. This means that when considering for example the pension behaviour of cohabiting men, those who have never been married and those who have been married and divorced are in different phases of their life course. The older men are in or approaching mid-life, when pensions would be becoming salient for temporal reasons. The younger men are the most likely group to have a child under six in the household (27 per cent), but of all cohabiting and married men, they are by far the least likely to have an older child in the household. This means in turn that where a cohabiting

97 Only about 3 per cent of lone divorced men have a child under 11 in the household: author's analysis of GHS 2001 and 2002.
couple (never married) has a child, their labour force behaviour is likely to be influenced by the presence of a baby or toddler, needing care of one sort or another full time.

There is much less variation among women in relation to child-rearing according to marital status, but there are some important differences. The age profiles of divorced lone women and divorced women who are cohabiting are very similar, but divorced lone women are more likely to have a child under 16 (48 per cent as opposed to 42 per cent) and also more likely to have a child who is over 16 (13 per cent as opposed to 8 per cent). As with men, there are substantial age differences between those in second marriages, cohabiting divorced women and cohabiting women who have never been married. Never married cohabitants are more likely to be childless (63 per cent), but more than a quarter have a child under six at home. A quarter of never married lone women have a child under 16 to look after - a smaller proportion than in any other sub-group, but substantial nevertheless. More never-married lone mothers have a child under six to care for than do divorced lone mothers. It is already well known from research that having a pre-school age child has a great impact on women's labour force behaviour.

One of the aims of this thesis is to uncover and assess the impact of partnership status on participation in third tier pension schemes; clearly, as the above shows, both age and the presence of children needs to be controlled in any analysis.

**Partnership status and pension scheme participation**

We have already seen that the probability of third tier pension scheme participation for women is low, and falls even lower if they have children, or have ever had children. For men, the probability of participating in third tier pensions is relatively high. But what is the relative position of men and women according to their partnership status? The simple bivariate association between partnership status and third tier pension scheme participation is presented in Table 5. Although the variation among women is not that great, lone women are much less likely to have current pensions than partnered women (27 - 35 per cent, compared with 38 - 45 per cent), and among partnered women divorced cohabiters are the most likely to be contributing (45 per cent). Men in a first marriage are by far the most likely to be in a pension scheme (65 per cent), followed by separated men (58 per cent) and divorced cohabiters (58 per cent), men in second marriages (56 per cent) and
never married couples (52 per cent). Never married men and divorced lone men are far less likely to be participating (36 per cent and 40 per cent respectively).

Table 5: Percentage in third tier pension schemes according to partnership status, men and women aged 20 to 59

<table>
<thead>
<tr>
<th>Partnership Status</th>
<th>Percentage in third tier pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never married, lone</td>
<td>Women: 35</td>
</tr>
<tr>
<td></td>
<td>Men: 36</td>
</tr>
<tr>
<td>Never married, couple</td>
<td>Women: 40</td>
</tr>
<tr>
<td></td>
<td>Men: 52</td>
</tr>
<tr>
<td>First marriage</td>
<td>Women: 40</td>
</tr>
<tr>
<td></td>
<td>Men: 65</td>
</tr>
<tr>
<td>Separated (1st mar), lone</td>
<td>Women: 29</td>
</tr>
<tr>
<td></td>
<td>Men: 58</td>
</tr>
<tr>
<td>Divorced (1st mar), lone</td>
<td>Women: 33</td>
</tr>
<tr>
<td></td>
<td>Men: 40</td>
</tr>
<tr>
<td>Divorced (1st mar), couple</td>
<td>Women: 45</td>
</tr>
<tr>
<td></td>
<td>Men: 58</td>
</tr>
<tr>
<td>Widowed (1st mar), lone</td>
<td>Women: 27</td>
</tr>
<tr>
<td></td>
<td>Men: 47</td>
</tr>
<tr>
<td>Second marriage</td>
<td>Women: 38</td>
</tr>
<tr>
<td></td>
<td>Men: 56</td>
</tr>
<tr>
<td>Complex history (2+ mar ended)</td>
<td>Women: 35</td>
</tr>
<tr>
<td></td>
<td>Men: 39</td>
</tr>
</tbody>
</table>

Source: GHS 2001 & 2002, author’s analysis

Note: separated men and women who are cohabiting, and cohabiting widows and widowers are excluded for small numbers; those with complex histories include both lone men and women, and couples, who have lived through the breakdown of at least two marriages.

The need to control for age group and children when considering this relationship has already been shown. Table 6 and Table 7 present the results of a logistic regression analysis, where the predicted outcome is whether the respondent participates in a third tier pension scheme. The odds ratios presented compare the odds of participation for men and women in other marital statuses to those in a first marriage, where the odds have been set to 1. Age group, fertility history or presence of dependent children, gross earnings quartile, social class and highest educational level have been controlled with dummy variables, and again odds ratios are presented compared with the reference group (age 40 – 49, having a child aged 0-4 in the family, lowest quartile, social class III (Manual), and Level 3 in education). Nested models are presented, with the predictor variables added.

---

98 This predictor provided a better model fit than the continuous variable.

99 See Chapter Five for details of these categories: Level 3 includes those with one or more A-levels, or equivalent.
Table 6: Odds ratios for participation in third tier pension schemes. Women aged 20 to 59.

<table>
<thead>
<tr>
<th>Partnership status</th>
<th>n</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never married, lone</td>
<td>1,514</td>
<td>0.67 ***</td>
<td>0.63 ***</td>
<td>0.64 ***</td>
<td>0.64 ***</td>
</tr>
<tr>
<td>Never married, couple</td>
<td>771</td>
<td>0.92</td>
<td>0.65 ***</td>
<td>0.66 ***</td>
<td>0.66 ***</td>
</tr>
<tr>
<td>First marriage</td>
<td>4,534</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Separated (1st mar), lone</td>
<td>284</td>
<td>0.65 **</td>
<td>0.57 **</td>
<td>0.57 **</td>
<td>0.58 ***</td>
</tr>
<tr>
<td>Divorced (1st mar), lone</td>
<td>581</td>
<td>0.73 ***</td>
<td>0.64 ***</td>
<td>0.66 ***</td>
<td>0.67 ***</td>
</tr>
<tr>
<td>Divorced (1st mar), couple</td>
<td>260</td>
<td>1.02</td>
<td>0.79</td>
<td>0.81</td>
<td>0.83</td>
</tr>
<tr>
<td>Widowed (1st mar), lone</td>
<td>139</td>
<td>0.56 **</td>
<td>0.80</td>
<td>0.85</td>
<td>0.87</td>
</tr>
<tr>
<td>Second marriage</td>
<td>735</td>
<td>0.86</td>
<td>0.80</td>
<td>0.81 *</td>
<td>0.82</td>
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<table>
<thead>
<tr>
<th>Age group</th>
<th>n</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 - 29</td>
<td>1,835</td>
<td>0.49 ***</td>
<td>0.47 ***</td>
<td>0.46 ***</td>
<td>0.45 ***</td>
</tr>
<tr>
<td>30 - 39</td>
<td>2,725</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>40 - 49</td>
<td>2,372</td>
<td>1.13</td>
<td>1.17 *</td>
<td>1.17</td>
<td>1.17 *</td>
</tr>
<tr>
<td>50 - 59</td>
<td>2,237</td>
<td>0.62 ***</td>
<td>1.15</td>
<td>1.12</td>
<td>1.18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fertility history</th>
<th>n</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never had a child</td>
<td>2,818</td>
<td>3.33 ***</td>
<td>0.86</td>
<td>0.91</td>
<td>0.93</td>
</tr>
<tr>
<td>Dependent child 0-4</td>
<td>1,574</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Dependent child 5 - 15</td>
<td>2,113</td>
<td>1.13</td>
<td>0.66 *</td>
<td>0.71 **</td>
<td>0.72 *</td>
</tr>
<tr>
<td>Child 16+, home or gone</td>
<td>2,664</td>
<td>1.65 ***</td>
<td>0.72</td>
<td>0.80</td>
<td>0.86</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross earnings, £ per week</th>
<th>n</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest quartile</td>
<td>934</td>
<td>26.36 ***</td>
<td>17.98 ***</td>
<td>16.83 ***</td>
<td></td>
</tr>
<tr>
<td>Second quartile</td>
<td>1,395</td>
<td>12.50 ***</td>
<td>9.45 ***</td>
<td>8.99 ***</td>
<td></td>
</tr>
<tr>
<td>Third quartile</td>
<td>2,065</td>
<td>5.34 ***</td>
<td>4.71 ***</td>
<td>4.67 ***</td>
<td></td>
</tr>
<tr>
<td>Lowest quartile</td>
<td>2,268</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>No earnings</td>
<td>2,507</td>
<td>†</td>
<td>†</td>
<td>†</td>
<td>†</td>
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</table>

<table>
<thead>
<tr>
<th>Social Class</th>
<th>n</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>281</td>
<td>2.65 ***</td>
<td>2.15 ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II</td>
<td>2,664</td>
<td>2.40 ***</td>
<td>2.06 ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IIIIM</td>
<td>3,282</td>
<td>2.01 ***</td>
<td>1.92 ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IIIM</td>
<td>786</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td>1,654</td>
<td>1.18</td>
<td>1.21</td>
<td>1.21</td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>502</td>
<td>0.79</td>
<td>0.89</td>
<td>0.89</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Highest Educational Level</th>
<th>n</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 4/5 (highest)</td>
<td>2,499</td>
<td>1.26 *</td>
<td>1.26 *</td>
<td>1.26 *</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>1,355</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
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</tr>
<tr>
<td>Level 2</td>
<td>2,233</td>
<td>1.04</td>
<td>1.04</td>
<td>1.04</td>
<td></td>
</tr>
<tr>
<td>Level 1</td>
<td>687</td>
<td>0.86</td>
<td>0.86</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td>No qualifications</td>
<td>1,819</td>
<td>0.69 ***</td>
<td>0.69 ***</td>
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<tr>
<td>Unknown</td>
<td>576</td>
<td>0.84</td>
<td>0.84</td>
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<table>
<thead>
<tr>
<th>-2LL</th>
<th>change in -2LL df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,793</td>
<td>7,262</td>
<td>7,142</td>
</tr>
<tr>
<td>535</td>
<td>4,531</td>
<td>120</td>
</tr>
<tr>
<td>14</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: GHS 2001 & 2002, author’s analysis
Notes: * p<0.05; **p<0.01; ***p<0.001; † probability of third tier pension provision defined as zero.
Same sex cohabitees, separated women cohabiting, and widows cohabiting have been excluded due to small numbers; those with complex marital histories whereby more than two marriages have ended are not shown due to conceptual difficulties in analysis.
one by one, to see the effect at each level on the association between marital status and third tier pension scheme participation. Social class and highest educational level are well known mechanisms leading to variation in earnings among women. The purpose of adding them last to these models is not to understand their mediating effects as prior determinants of earnings, but to assess whether, once effects on earnings have been controlled, there are any differences in the residual additional effect of social class and education on the third tier pension scheme participation of women in different partnership statuses.

**Women**

Table 6 presents the results for women. The first model shown, Model 1, controls for age group and fertility history, the importance of which has already been noted. Model 1 shows the importance of fertility history, with the odds of contributing to a third tier pension 3.3 times higher for a woman who has never had a child than a woman who has a pre-school child at home, and twice as high as for a woman whose youngest child is now 16 or over (3.3 compared with 1.6). Similarly, the low participation of women at the extremes of the age range is highlighted, with the odds of contributing to a third tier scheme in the 20s and 50s about half the odds in the middle age ranges (30 to 49), controlling for children.

Model 1 shows an apparently clear distinction between women who live alone, and those who live with a partner, once the presence of children and child-bearing history has been controlled. Lone women (never married, separated, divorced and widowed) are much less likely than married women to have third tier pensions (odds ratios of 0.67, 0.65, 0.73 and 0.56 respectively), whereas there are no statistically significant differences between cohabiting women, whether never married, in a first marriage, divorced, or in a second marriage.

When earnings are controlled (Model 2), the very great difference that earnings make to third tier pension scheme participation is obvious, with the odds for a woman in the highest quartile of earnings 26 times higher than for a woman in the lowest quartile. Controlling

\[100 \text{ At } 5\%\]
for earnings explains the differences in odds ratios for women in their 50s, and for women who have never had a child and those with grown up children. It does not explain the lower odds for women in their 20s, confirming that this is an age-related factor. After controlling for earnings, it is shown that women with a school age child are the least likely to have third tier pension provision.

Controlling for earnings (Model 2) serves to accentuate the distinctions between women of different partnership statuses, showing that never married women, divorced women and women in second marriages are all on average higher earners than first-time married women, after controlling for age and children. Thus when earnings are controlled, the odds ratios for all these women contributing to pensions compared with married women fall even lower than in Model 1. For lone separated women, the odds ratio is 0.57, for lone divorced women 0.64 and for lone never married women, 0.63. Controlling for earnings also shows that, like for like on other controlled factors, cohabiting women who have never been married are also much less likely than married women to have third tier pensions, with an odds ratio of only 0.65. The differences between odds for married women, cohabiting divorced women, and women in a second marriage remain statistically non-significant.

Class differences and educational differences between women in different marital statuses do not account for these findings. As Models 3 and 4 show, while there are some residual effects of social class and degree level education on the pension scheme participation of women, controlling for social class and for highest educational qualifications does not alter the coefficients for the partnership status variables, which are in fact fairly robust throughout the models presented.

The analysis in Table 6 shows that the way that children have such an adverse effect on women’s earnings whatever their marital status – both while dependent and after – is extremely important in pension accumulation. It also suggests that it is important to think of the ways in which having children might affect women’s pension accumulation apart from a simple effect on earnings – if mothers return to paid work when their children are at school, social norms about how mothers spend money on child care and children while they are dependent (or beyond) may be diverting women’s earned income towards children at the expense of their pensions, thus explaining the robust lower odds of third tier pension
scheme participation for women with children of school age. Women’s exit from paid labour and lower earnings in their fifties – which is likely to be for social reasons as well as labour market reasons – has a further deleterious effect on their pensions.

Partnership status and partnership history are also important. Lone women are much less likely than those in couples to make pension provision, and the reasons are unrelated to their earnings, social class or educational attainment. Lone separated and divorced women, despite earning more than married women (controlling for age and children) are not ‘catching up’ in pension building. It would seem that the financial constraints on their lives are such as to prevent their securing a financial future for themselves through the acquisition of third tier pensions.

Cohabiting women who have never married are higher earners than other women, but for the same earnings, married and divorced cohabiting women are more likely to have third tier pension provision. This implies that there is something about having been in or through a marriage that focuses women’s minds on pension accumulation; within that, being part of a couple seems to act as an enabling mechanism for third tier pension participation when compared with lone women who have suffered marital breakdown.

Men

We have already seen that partnered men are the most likely to make pension provision with men in first marriages having the highest probability of all (Table 5). Multivariate analysis in Table 7 shows that this operates largely through these men in first marriages having the highest earnings, controlling for age and the presence of children in the family unit. As children grow up men become more likely to contribute to pension schemes; this effect is largely because they are more likely to become higher earners. In general though, the difference that having a child makes to men’s pension provision is really slight, compared with the impact on women, once age group is controlled. Relative earnings are very important in predicting men’s pension scheme participation, with the odds of men in the highest earnings’ quartile making third tier pension provision almost 60 times higher than men in the lowest quartile of earnings.
Table 7: Odds ratios for participation in third tier pension schemes. Men aged 20 to 59.

<table>
<thead>
<tr>
<th>Partnership status</th>
<th>n=</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never married, lone</td>
<td>1,663</td>
<td>0.40 ***</td>
<td>0.75 **</td>
<td>0.74 **</td>
<td>0.74 **</td>
</tr>
<tr>
<td>Never married, couple</td>
<td>666</td>
<td>0.68 ***</td>
<td>0.89</td>
<td>0.92</td>
<td>0.92</td>
</tr>
<tr>
<td>First marriage</td>
<td>3,673</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Separated (1st mar), lone</td>
<td>125</td>
<td>0.71</td>
<td>0.79</td>
<td>0.81</td>
<td>0.81</td>
</tr>
<tr>
<td>Divorced (1st mar), lone</td>
<td>295</td>
<td>0.35 ***</td>
<td>0.72</td>
<td>0.75</td>
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<td>190</td>
<td>0.71 *</td>
<td>0.75</td>
<td>0.77</td>
<td>0.79</td>
</tr>
<tr>
<td>Second marriage</td>
<td>601</td>
<td>0.67 ***</td>
<td>0.69 **</td>
<td>0.69 **</td>
<td>0.70 **</td>
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<tr>
<td>20 - 29</td>
<td>1,560</td>
<td>0.45 ***</td>
<td>0.44 ***</td>
<td>0.42 ***</td>
<td>0.41 ***</td>
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<tr>
<td>30 - 39</td>
<td>2,173</td>
<td>1.00</td>
<td>1.00</td>
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<tr>
<td>40 - 49</td>
<td>1,879</td>
<td>0.95</td>
<td>1.16</td>
<td>1.21 *</td>
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<tr>
<td>50 - 59</td>
<td>1,843</td>
<td>0.50 ***</td>
<td>1.18</td>
<td>1.23 *</td>
<td>1.35 **</td>
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<table>
<thead>
<tr>
<th>Dependent children</th>
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<tbody>
<tr>
<td>No children in family unit</td>
<td>4,090</td>
<td>1.24 **</td>
<td>1.07</td>
<td>1.02</td>
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<tr>
<td>Dependent child 0-4</td>
<td>1,328</td>
<td>1.00</td>
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<td>Dependent child 5-15</td>
<td>1,266</td>
<td>1.21 *</td>
<td>1.16</td>
<td>1.15</td>
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<tr>
<td>All dep children in family unit 16-18</td>
<td>771</td>
<td>1.37 **</td>
<td>1.14</td>
<td>1.16</td>
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<th>Gross earnings, £ per week</th>
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<tr>
<td>Highest quartile</td>
<td>2,443</td>
<td>59.15 ***</td>
<td>49.18 ***</td>
<td>48.03 ***</td>
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<tr>
<td>Second quartile</td>
<td>2,053</td>
<td>24.96</td>
<td>26.63</td>
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<tr>
<td>Third quartile</td>
<td>1,239</td>
<td>10.40</td>
<td>11.75</td>
<td>12.04</td>
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<tr>
<td>Lowest quartile</td>
<td>529</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
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<tr>
<td>No earnings</td>
<td>1,201</td>
<td>†</td>
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<td>I</td>
<td>600</td>
<td>2.48 ***</td>
<td>2.08 ***</td>
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<tr>
<td>II</td>
<td>2,399</td>
<td>1.86 ***</td>
<td>1.62 ***</td>
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<tr>
<td>III/IIIM</td>
<td>2,152</td>
<td>2.16 ***</td>
<td>1.95 ***</td>
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<tr>
<td>IV</td>
<td>971</td>
<td>1.22 *</td>
<td>1.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>381</td>
<td>0.69 *</td>
<td>0.70</td>
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<td>Level 2</td>
<td>1,284</td>
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<td>Level 1</td>
<td>417</td>
<td>1.00</td>
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<tr>
<td>No qualifications</td>
<td>600</td>
<td>0.71 **</td>
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<tr>
<td>Other/Unknown</td>
<td>1,204</td>
<td>0.72 **</td>
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<table>
<thead>
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<th>-2LL</th>
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<tr>
<td>change in -2LL</td>
<td>570</td>
<td>3,402</td>
<td>118</td>
<td>18</td>
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<tr>
<td>df</td>
<td>14</td>
<td>4</td>
<td>5</td>
<td>5</td>
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</tbody>
</table>

Significance: ***; **p<0.01; **p<0.001; † - probability of third tier pension provision defined as zero
Same sex cohabitees, separated women cohabiting, and widowers have been excluded due to small numbers; those with complex marital histories whereby more than two marriages have ended are not shown due to conceptual difficulties in analysis.

Source: GHS 2001 & 2002, author's analysis
Lone never-married men, and lone divorced men are particularly disadvantaged in pensions, mostly through lower earnings, or not being in the paid labour force. Before controlling for earnings, the odds of a lone divorced man contributing to third tier schemes compared with a married man are only 0.35 (p<0.001) changing to 0.72 (ns) after the earnings control. Cohabiting men and men in a second marriage are also less likely than men in a first marriage to be in third tier pension schemes, with odds ratios of 0.68 and 0.67 respectively before earnings are controlled (p<0.001). While for cohabiting men this is largely because of lower earnings, this is not true for men in second marriages, where the odds ratio remains robust to the earnings control. As with women, social class and educational variables operate mostly (although not entirely) through earnings. They do not explain the differences between men in different marital statuses, for which coefficients remain virtually unchanged in Models 3 and 4.

The differences in third tier pension scheme participation between men of differing marital statuses do not fit so neatly into the lone/partnered dichotomy as it appears they do for women. It is possible that legal marital status and particular marital history legacies assume far more significance for men than for women, whether through selection effects or particular trajectories related to the entry and exit from marriage for men. We note a hierarchy, with men in first marriages at the top, and men separated from first marriages not far behind. While separated women seem to be severely disadvantaged and are the most likely of all women to have dependent children to care for, separated men have only just emerged from marital breakdown – it is likely that legal arrangements concerning finances have not been resolved yet – and they seem able to preserve their relatively privileged position.

Men cohabiting but never married tend to be lower earners than married men, which is sufficient to explain their lower participation in pension schemes, but earnings are not the explanation for divorced cohabiting men having lower participation\(^{101}\), nor for men in second marriages. Here lower participation might reflect financial constraints for men who have suffered marital breakdown, for example housing needs, after the marital home has

\(^{101}\) The odds ratios for divorced cohabiting men change little through the various statistical controls and it is 90% likely that they reflect the population: p=0.1 in Model 6.
been transferred to a former wife after divorce, pay child support, or be supporting a second family. It may also reflect a different attitude to long term saving for men affected by the process of divorce – a difference in breadwinning norms and expectations of the new partnership.

Lone never married and lone divorced men are the most disadvantaged – for both groups of men this is explained by the likelihood of their being much lower on the earnings distribution.

Conclusions

Pension acquisition is highly gendered, with 40 per cent of women not currently acquiring third tier pensions. When in employer’s pension schemes, women are only half as likely as men to be making third tier contributions to their pensions. Among those in work, earnings’ distributions within each category of pension scheme participation are highly gendered too. For the same earnings, women are in fact more likely than men to have third tier pension schemes, but women do not have the same earnings as men. They earn much less. This means that not only are far fewer women than men participating in third tier pension schemes, but when they do, they or their employers will be making contributions based on far lower average earnings than the men in the same type of scheme. Thus women’s non- and low participation in the labour market leads them to be disadvantaged in pension acquisition, and even for those who do work for higher pay, still disadvantaged by their relatively lower earnings compared with men.

The data presented here have shown some of these effects at an individual level. Women who have children are not only low earners while their children are young, but also once their children have grown up. Similarly, low proportions of women with children contribute to third tier pension schemes, again, not only when their children are very young, but particularly when they are at school, and also when their children have grown up. Data presented here do not show much cause for optimism among younger cohorts of mothers, who may have returned to work, but they are not earning much and have very low participation rates in pension schemes.
It is reasonable to assume that decisions about these matters are taken within a family context. Multivariate analysis showed that legal marital status within coupledom might be an important factor, at least for men, while for women the dichotomy between lone women and women who are part of a couple seems more important than formal legal categorisation.

What of couples themselves? These results are highly suggestive of the continued dominance in Britain of the breadwinner/caregiver model of partnership. In order to assess this, we need to move inside the household, to examine how the earnings of partners in couples relate to each other, what impact this has on pensions, and what the implications might be for those who suffer relationship breakdown. We will start to investigate these issues as they relate to relationships between partners in couples in more detail in Chapter Seven and proceed further with this analysis of couples in Chapter Eight. Lone women and lone men have been shown here to be particularly disadvantaged in their pension accumulation, and these findings will be further explored in Chapter Nine.
7 Partnerships and Inequality

Introduction

In the traditional breadwinner/homemaker family, women relied on men for income whilst of working age, and on their husband’s pension income in retirement. So far, this research has shown that even at the turn of the 21st century, women in the UK are still far behind men in the accumulation of private supplementary pension provision, that mothers appear to have low rates of participation in third tier pensions, however old their children are, and that lone mothers and cohabiting mothers with young children are particularly disadvantaged. The risks and consequences for old age of partnership breakdown for women who have had children are severe. The price of financial dependence on men, especially for women who separate or divorce, and do not re-partner, can be high.

At the same time, it is clear that expectations of partnership are changing. Women now have their children later, on average, after spending some years in higher education and full time work. They return to work faster after having children. In most partnerships, both men and women earn in the labour market, and both contribute to household and family spending, albeit possibly not equally. Mortgage borrowing for home ownership, and other consumption and debt patterns are such that many women feel compelled to return to paid work in order to fund or maintain a particular family lifestyle. The previous chapter showed that the chance of women contributing to additional pensions is directly related to their earnings, and that this is so whether they are partnered or not.

When examining individuals in this way, though, an important part of their lives is not accounted for. Women who are earning may well also have a partner who is earning, and financial decision-making and behaviour necessarily takes place in this household context. Not only will there be some economies of scale that reduce relative expenditure for couples (over singles) but there might also be some element of subsidy from one partner to another. Also, although this thesis has focused on the financial risks to men and women of living alone in middle age and later life, many
people do of course remain partnered. If a man as a 'breadwinner' accumulates a pension, providing some element of income sharing takes place, this does benefit his partner. As a corollary of this, if a woman accumulates a private pension, and her partner is also accumulating a pension, then provided that they remain together (and alive), it is likely that she will escape the extreme poverty of many older women through her partner's pension (or, possibly, inherited pension) even if her own pension is small.

Many questions arise from these factors. If the pure form of the 'breadwinner/homemaker' model is evidently breaking down, does this lead to women being financially independent by earning sufficiently, and by building some future financial autonomy into their lives by participating in additional pension schemes? Or is the breakdown on some lesser scale, such that men still remain primary earners and that among couples, the investment in pensions still tends to be men's investment? Are younger cohorts more equal? And does the form of cohabitation and marital history matter? To what extent are inequalities exacerbated by better off women partnering with better off men, becoming a 'well off couple', so that working age couples become 'pension rich' as couples, compared with couples where neither has a pension?

Analytically, these questions raise two substantive issues: first, the extent of gender inequality in earnings from paid work within couples, and second, the pension effects of such inequality. This chapter will consider the first issue: the extent of men's earnings dominance among modern couples. There is of course much variation in the extent of earnings equality, and some of the reasons for this variation are examined. The important influence of age is shown – possibly reflecting cohort differences, but also likely to be a function of life-course patterns. Then, the analysis illustrates the influence of motherhood and having young children in a family, and variation according to educational attainment. Finally, the question of whether marital status among couples matters is tackled, through multivariate loglinear analysis. The pension consequences of gender inequality within partnerships will be considered in Chapter Eight.
Data

The General Household Surveys of 2001 and 2002, being household samples, provide valid data about the earnings of 5,772 men and 6,141 women aged 20 to 59 and the earnings of their partners. Many of these men and women are of course partnered with each other; also, someone under 60 may have a partner over 60, and this information has been included where relevant. Detailed information about each person’s partner has been matched with his or her own data, and derived variables combining each person’s data provide data about couples. To avoid duplication of partnered households in the analysis, all combined variables have been created and analysed at the level of the partnership\textsuperscript{102} rather than the individual. In analysis showing men and women separately, each partnership is selected only once\textsuperscript{103}.

For this analysis, the earnings’ quintile into which the individual’s gross earnings fall is shown. That is, the working (earning) population aged 20 to 59 has been divided into five equal groups, with Group 1 being the highest earners. For these purposes, those with no earnings have been excluded, and placed in a separate category. Then a couple’s earnings from paid work have been combined. Where either or both partners have earnings from paid work, their combined earnings have also been divided into quintiles, showing where, on the earnings’ scale, a couple would stand as compared with the combined earnings of all other couples; couples who have no earnings between them are in a separate category. It is thus possible, particularly for women, to be in the lowest earnings’ quintile themselves, or have no earnings, but be in the highest quintile of joint earnings for couples, based on their partner’s high earnings. Finally, each person’s earnings have been calculated as a percentage of the total earnings of the couple to give a measure of inequality. The cut points for these divisions are shown in Table 8.

\textsuperscript{102} For details see Chapter 5: methodology; a ‘partnership’ file was created for this purpose using the household grid information collected by the interviewer

\textsuperscript{103} Same sex partnerships are excluded from the analysis.
Table 8: Cut points for earnings' quintiles

<table>
<thead>
<tr>
<th>Categories</th>
<th>Individual earnings' quintiles – those in paid work</th>
<th>Joint earnings' quintiles – either or both in paid work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest quintile</td>
<td>£500 - £30,000</td>
<td>£892 - £31,146</td>
</tr>
<tr>
<td>2nd quintile</td>
<td>£346 - £500</td>
<td>£646 - £892</td>
</tr>
<tr>
<td>3rd quintile</td>
<td>£250 - £346</td>
<td>£489 - £646</td>
</tr>
<tr>
<td>4th quintile</td>
<td>£150 - £250</td>
<td>£329 - £489</td>
</tr>
<tr>
<td>Lowest quintile</td>
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<td>£1 - £329</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th>No earnings</th>
<th>Neither party earns</th>
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</table>

Average earnings' contribution to joint quintile

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<th>Women</th>
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<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Median</td>
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<td>Highest quintile</td>
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<td>2nd quintile</td>
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<td>£490</td>
</tr>
<tr>
<td>3rd quintile</td>
<td>£385</td>
<td>£381</td>
</tr>
<tr>
<td>4th quintile</td>
<td>£302</td>
<td>£308</td>
</tr>
<tr>
<td>Lowest quintile</td>
<td>£136</td>
<td>£150</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2 author’s analysis

For the loglinear analysis, variables have been categorised as follows. Marital status of partnered men and women is either never married, in a first marriage, divorced from a first marriage, or in a second marriage; maternal status includes women who have never had a child, their youngest child is 0 – 5, 6 – 15, or 16+; for men, this category relates to the youngest child in their own family unit, who may be 0 – 5, 6 – 15, 16+, or there may be no children at home; inequality is measured according to whether an individual earns 0% of their joint earnings, between 0% <20%, 20% < 40%, 40% < 60%, 60% < 80% or over 80% (partnerships where neither earns have been excluded); and respondent's age is by ten year age groups.
The modern breadwinner

The male earnings trajectory is that of a man who starts off at the bottom of a career ladder, improves his position by promotions and better jobs until mid-life, when his earnings level off, and/or he retires. This typical individual pattern is clearly represented in the population data shown in Figure 13. In their early forties, over 40 per cent of partnered men are in the highest quintile of earnings. As an indicator of early retirement patterns prevalent in the UK, those not in the paid labour market increase to almost 30 per cent of partnered men in their late 50s.

Immediately apparent by looking at Figure 13, the earnings distribution across age group is completely different for women and men. From age 24 to 54, for women there is barely any change – particularly at the top end of the graph. Between 20 and 30 per cent of partnered women in this age range are out of the labour market. A
further 10 to 25 per cent are in the lowest quintile of earnings at any given time. Less than ten per cent of partnered women are in the top quintile of earnings and this is not age dependent. A further ten per cent or so are in the second quintile, and again, save for a higher figure in the late 20s (17 per cent) and lower figure in the late 50s (5 per cent) this is not age dependent. The proportion of women in the top 40 per cent earnings bracket hardly changes from the early 30s to the mid 50s.

Such data must be interpreted with care given that it is cross-sectional. But if the 'male pattern' trajectory is being replicated by some partnered women, they are insufficient in number to be affecting population level data. If the numbers of women in their 40s in the top quintile reflects increases in earnings with age, then they started from a very low base. It remains to be seen whether women observed currently in their twenties and thirties will improve their relative positions when they are ten years older, or whether there is indeed a large amount of instability in women's earnings over the life course, even among high earners.

At almost any age, approximately two thirds of partnered women are either not earning, or are earning less than £13,000 per year gross (in the lowest two quintiles i.e. the lowest 40 per cent). Such an income might make an important difference to the lifestyle of a couple, but it is only at the lower end of the joint earnings distribution that it would be the major financial contribution to the partnership income. This pattern of non-earning or relatively low earning is prevalent across the age groups. In particular there is no apparent change (whether relative to men or other women) for younger women. They are not imitating or beginning to imitate the male pattern of working life on any substantial scale. Indeed, 70 per cent of partnered women in their late 30s are either not earning, or earning less than £13,000 p.a. gross.

That the contemporary breadwinner is as decidedly male as his predecessor is shown in Figure 14 and Figure 15. In Figure 14, the mean ratio of own earnings to joint earnings has been calculated for each five-year age group. Men earn about two thirds of joint earnings across all age groups, varying from 64 per cent in their late 20s and late 50s to more than 72 per cent in their early 40s. The late 20s represents the most (although still not a very) equal period in men's and women's lives - before gender pay gaps are much in evidence and before many women have begun having children.
The late 50s is more likely to represent a time of early or semi-retirement for men while their (often younger) partners are still working. Their partners are also quite likely to be working full time, as children have grown up or left home.

The pattern for women in Figure 14, as expected, largely shows the converse, although not a precise mirror image because women are likely to be younger than their partners. Even in their twenties, women are not equal earners, providing on average only a third of joint earnings. This drops to less than 30 per cent in the late thirties. The highest contribution, of just over 40 per cent, is evident only among those in their late 50s, as stated above, likely to be the result of men’s ill health or early or semi-retirement for other reasons.

While the increased equality of couples in their 20s may also reflect a cohort change in attitudes to earnings equality, it is difficult to discern any evidence here of cohort changes in the balance of earnings among couples over different age groups. There is little difference between partnered women in their 20s and in their 40s. The U-shaped pattern implies strongly that the dip from age 30 – 44 is related to child rearing and not cohort changes. Women age 30 – 35 for example cannot realistically be considered as materially different in education, training, attitude and partnering patterns to women aged 20 – 29.
Figure 15: Mean ratios of own earnings to joint earnings for men and women by joint earnings' quintile and age group. Partnered men and women aged 20 to 59.

Source: GHS 2001 & 2002, author's analysis; couples with no earnings between them have been excluded.
Chapter Seven – Partnerships and Inequality

Among wealthier couples, men’s earnings are even more dominant with age. Figure 15: Mean ratios of own earnings to joint earnings for men and women by joint earnings’ quintile and age group. Partnered men and women aged 20 to 59. Figure 15 shows mean ratios of own to joint earnings across age groups, for each quintile of joint earnings. In the highest quintile category are couples with combined earnings of over £46,300 per annum gross. In their late 20s, women in these couples are contributing almost 40 per cent to joint earnings, but this ratio then drops in their thirties and forties to under 30 per cent, and never really recovers. This is echoed in the men’s graph by an almost horizontal line across the right hand side of the graph at around 70 per cent. A fairly similar pattern is evident among couples in the second quintile of earnings – that is, those whose combined earnings are between £33,600 and £46,300 per annum.

In the third and fourth quintiles of joint earnings (couples earning between £17,100 p.a. and £33,500 p.a.) women contribute just over a third of joint earnings at the beginning and end of the working life course, again dropping to under 30 per cent in the 30s and early 40s (at its lowest in the fourth quintile at 22 per cent). It is only amongst the poorest couples (earnings less than £17,100 per annum combined) that we see something approaching equality in contribution, and then again, only after age 40. Among these couples, in their late 50s, women become the major contributors. This is probably largely because their partners are non- or low earners because of retirement or disability. They are on average earning much less than women higher up the joint earnings’ distribution (see Table 8), but because their partners are low earners or do not earn at all, their own low earnings become a higher proportion of joint earnings.

This is not to say that there are not some high earning women (we have seen that almost 10 per cent of women are in the top earnings quintile in all age groups), or that there are no couples where there is earnings parity, and these rarer combinations will be examined in due course. But the dominant pattern at each income level is that women earn about a third of joint earnings, with a noticeable dip in the 30s and early 40s to an even lower proportion. Albeit that this is cross-sectional data, there is no evidence here to suggest much change among younger cohorts.
Motherhood and inequality within couples

Earnings differences within couples will reflect the gender pay gap and gender segregated labour markets. But as the interaction with age just shown suggests, and as Figure 16 makes explicit, these persistent-looking patterns of earnings' inequality between partners are to a large extent the result of child care and allied household responsibilities which women still take on to such a substantial degree in the UK. In Figure 16, the extent of women's contributions to the joint household earnings is shown by joint earnings' quintile and by maternal status in 10 year age groups. The solid line in each graph denotes women who have never had a child. The next two lines represent the age of the youngest child in the family unit: either 0 - 5 or 6 - 15. The final line shows that the youngest child is either still at home but over 16 or has left home - i.e., these are women who have had children, but none of their children, save in exceptional circumstances, could be considered as in need of daytime care.

The impact of motherhood on gender inequality among couples is clearly shown. In each graph the solid line floats well above the others. Women who have never had children (which will of course be a diminishing group with age) are contributing between 40 and 50 per cent of joint earnings on average within each age group (an even higher percentage in the lowest quintile). Whilst clearly not representing equality between the sexes, it is, in historical context, a reasonably close approximation. And interestingly perhaps, there is no really noticeable dip among childless couples with age, which would suggest that changes in society in the sense of expectations of dual earning among couples are impacting as much on the financial relationships between mid-life childless couples as younger couples.

The effect of having children, and particularly the changing effect of children on inequality as the children age, depends to some extent on which earnings bracket a couple falls into, although the broad picture is similar across all joint earnings' quintiles. Women whose youngest child is under 6 contribute between 24 per cent and 29 per cent to joint earnings in all age groups in the highest two quintiles. Women in mid-earnings couples (3rd quintile) in their 40s with young children are contributing only 13 per cent to joint earnings (an average contribution of only £72...
Figure 16: The impact of motherhood on earnings' equality within couples. Women aged 20 to 59 living with a spouse or cohabiting.

Source: GHS 2001 & 2002, author’s analysis
Couples with no earnings between them have been excluded
Chapter Seven – Partnerships and Inequality

per week). In the lowest two quintiles, the contributions of women in their twenties and thirties are reasonably constant at around 20 per cent, but, for the lowest earning couples (couples with combined earnings of less than £17,100) women’s contribution rises sharply if they are in their 40s, reaching 41 per cent. As will be shown in a moment, this again is a reflection largely of the low earnings of their partners, rather than their own higher earnings. Women in their 40s with a youngest child aged 0 – 5 in the lowest joint earnings quintile contribute on average just £90 a week, or £4,680 per year.

With very young children, women in the two highest joint earnings categories are contributing a slightly higher proportion on average than women in other categories, which is likely to be a factor in the classification of the couple into those higher earnings brackets in the first place. But they are not anywhere near equal contributors, and the differences in proportions among the women at different points in the dual-earnings distribution shown here are surprisingly slight. The low average percentage of joint earnings of women with a child under six years old is of course in part a reflection of the higher likelihood that mothers of such young children will be out of the paid labour market (p=0.345), but as Table 9 illustrates, neither are those who are in the labour market, on the whole, high relative contributors. The sharp rise in the proportionate contribution of women in the lowest joint earnings quintiles noted above is illuminated: here 15 per cent of women with a young child are the major breadwinners in their families (over 80% of earnings). This disproportionate contribution of women in the lowest quintiles is even more pronounced in other maternal categories, and for those who have never had children (data not shown). Relying on a woman’s income means a couple is more likely to be at the lowest end of the joint earnings’ distribution.

Although there is some improvement towards equality where the youngest child in a family is at school (aged 6 – 15), this is not marked (Figure 16). For example, in the highest joint earnings’ bracket, a differential is seen in the 30s, with mothers of children over 16 contributing 32 per cent, down to mothers of children 6 – 15 contributing 28 per cent, and then mothers of children under 6 contributing about 24
Table 9: Percentage contributed to joint earnings by partnered women aged 20 to 59 with a youngest child aged 0 – 5 years old, by joint earnings quintile, column percentages (rounded)

<table>
<thead>
<tr>
<th>Joint earnings' quintile</th>
<th>Highest</th>
<th>2nd quintile</th>
<th>3rd quintile</th>
<th>4th quintile</th>
<th>Lowest</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Joint earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No earnings</td>
<td>27</td>
<td>19</td>
<td>25</td>
<td>36</td>
<td>63</td>
<td>35</td>
</tr>
<tr>
<td>1% - 20%</td>
<td>21</td>
<td>17</td>
<td>20</td>
<td>18</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>20% - 40%</td>
<td>25</td>
<td>33</td>
<td>32</td>
<td>30</td>
<td>11</td>
<td>26</td>
</tr>
<tr>
<td>40% - 60%</td>
<td>20</td>
<td>23</td>
<td>20</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>60% - 80%</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Over 80%</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>n=</td>
<td>241</td>
<td>230</td>
<td>226</td>
<td>274</td>
<td>253</td>
<td>1224</td>
</tr>
</tbody>
</table>

Source: GHS 2001 & 2002, author’s analysis; p<0.001
Couples with no earnings between them have been excluded per cent. In their 40s, there is no differential at all at 28 per cent for all mothers, and hardly any difference again in their 50s (27 to 30 per cent). This ‘stepped’ pattern in the 30s can be seen in all but the lowest quintile, and it is also seen in the 40s in all but the highest quintile, to a greater (as in the 3rd) or lesser (as in the 4th) degree.

The impact of ever having had a child is more difficult to interpret. Again, apart from the lowest quintile, women who have ever had a child do not in any age group contribute more than 35 per cent to joint earnings, and there is no evidence here to suggest change for younger cohorts. The lasting impact of child-bearing appears to be pervasive.

While the highest quintile might stand out for its persistent inequality for mothers of all ages and with children of all ages, the lowest quintile stands out for the degree of
earnings equality among couples where a woman is over 40, regardless of the ages of her children. This is most likely a 'needs must' situation – with relatively low earning women partnered with men who are not earning or are themselves low earners.

**Education**

Policy on gender equality, driven by the liberal agenda of equality of opportunity, has largely focused on reducing discrimination in education and at work. The theory is that if women are as well qualified as men and workplace discrimination reduced, then equality between the sexes will follow. But as just shown, earnings inequality between the sexes within partnerships remains manifest, especially where there are children as child care is a strongly gender-specific role within our male-breadwinner society. Lack of available affordable child-care and ungenerous maternal/paternal leave policies could in theory lead to an earnings sacrifice by either parent, but in practice, it is women’s earnings that are sacrificed, from a young age, and for a long time. In line with the equality agenda just described, the question arises whether this inequality is evident for the most educated women too.

Patterns of educational homogamy in marriage and partnership can theoretically lead to educated women being more likely to sacrifice a career for child-rearing, or for part time work, if they have high status, high earning, partners who can maintain the family. In other words, the very fact of a woman’s higher education, leading to her being more likely to have a partner with high earnings potential, may lead to her not earning, or working few hours, and thus being a low relative contributor to joint earnings, or at least lower than would have been expected from her high educational attainment.

Figure 17 and Figure 18 show the relationships between women’s highest education level, their age group, and the degree of earnings inequality in their relationships. In Figure 17 the degree of equality is shown dependent on maternal status and educational level, the interaction with age is shown by four lines. In
Figure 17: Mean ratio of own earnings to joint earnings by maternal status, educational qualifications and age group. Partnered women aged 20 to 59.

Source: GHS 2001 & 2002, author’s analysis; those in partnerships where neither party earns are excluded; also excluded are cells where n<15, and those with unclassifiable or unknown qualifications.
Figure 18: Mean ratio of own earnings to joint earnings by educational qualifications, maternal status and age group. Partnered women aged 20 to 59.

Source: GHS 2001 & 2002, author’s analysis; those in partnerships where neither party earns are excluded; also excluded are cells where n<15, and those with unclassifiable or unknown qualifications.
Figure 18, the same data is shown dependent on maternal status and age group, with the interaction with educational level shown by five lines.

Figure 17 shows that earnings inequality within relationships is closely connected with the age of the youngest child in the family unit, but also influenced by the educational attainment of women. The clusters of lines are situated fairly closely together in each case. The impact of educational attainment is shown by the way the lines in each cluster tend to slope upwards from left to right, with the left most data points representing those with no qualifications, and the right most data points women with high qualifications such as degrees.

The extent of equality of earnings in relationships varies little according to educational attainment for women who have never had a child, with women generally contributing about 40 to 50 per cent of family earnings, and indicating a relatively high degree of partnering homogamy. With a young child under 6 in the family, in each age range, women with higher education are more equal than those with lower education. However here, even women with degree level education are contributing only around 30 per cent – they earn on average less than half of the earnings of their partners, while their children are young. With children this young, educational attainment has a notable stepped impact on equality within the household – higher education implies greater equality, but the base is very low indeed.

Women with degree level education are also the most equal in terms of earnings within their partnerships when they have children at school, but the mean ratio of their own to joint earnings is still only about a third. They are the most equal controlling for age group when their children have grown up too, but it is only among degree educated women in their fifties that virtual equality of earnings is reached, with the mean share contributed by highly educated women in their forties with grown up children not reaching 40 per cent.

Moreover, it is only degree level education that has this effect once children are of school age. While women with no qualifications at all are always on average lower contributors to household earnings, among other women with school age or older children, qualifications make little difference to equality, whatever the age group.
This is made clearer when the same data is looked at another way, in Figure 18. It is only among the cluster of women with children under 6 that the lines relating to education are clearly separated and hierarchical. In other clusters of women who have had children, the highest educated float slightly above other women, but there is no discernable hierarchy apart from that. Similarly, the effect of being in a particular age group differs depending on level of education and maternal status, for those with children at school. For those whose children have grown up, the left to right slope across all educational ranges indicates that women in their fifties are more equal in earnings than women in their forties. This is likely to be a reflection of the earnings of their partners as much as of their own earnings status.

Thus for women, having degree level education leads to greater earnings equality in relationships, but not as much as one might think. Degree-educated women with young children and children at school suffer from marked inequality in earnings at home, whatever their age, and it is only if they do not have children, or their children have grown up, that this is not the case. Women with lower levels of education are not clearly differentiated in the extent of earnings inequality by their educational attainment, nor by their age – the most important influencing factor is the presence of dependent children in the household, or having ever had a child.

**Partnership and inequality: marital status and marital history**

The partnered men and women that we have been discussing have varied marital histories. Table 10 shows that four histories in particular account for approximately 97.5% of partnered men and women aged between 20 and 59, namely that they have never been married, they are currently in either a first or second marriage, or they are divorced from a first marriage.

Do these differing histories, and variation in current marital status matter when thinking about inequality of earnings? In days when cohabitation and divorce were relatively rare, the prevailing understanding, especially of women, was that those in partnerships who 'chose' not to marry were displaying a particular type of independence associated with ideas that partnerships should be more equal than they had historically been. Implicit in
Table 10: Marital history of currently cohabiting men and women aged 20 to 59

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=</td>
<td>%</td>
</tr>
<tr>
<td>Never married cohabitants</td>
<td>828</td>
<td>12.9</td>
</tr>
<tr>
<td>First marriage</td>
<td>4,462</td>
<td>69.5</td>
</tr>
<tr>
<td>Separated from first marriage</td>
<td>46</td>
<td>0.7</td>
</tr>
<tr>
<td>Divorced once</td>
<td>230</td>
<td>3.6</td>
</tr>
<tr>
<td>Widowed once</td>
<td>10</td>
<td>0.2</td>
</tr>
<tr>
<td>Second marriage</td>
<td>726</td>
<td>11.3</td>
</tr>
<tr>
<td>More than two marriages have ended (either married or cohabiting now)</td>
<td>114</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>All cohabiting</strong></td>
<td>6,416</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2, author’s analysis

Note: Proxy interviews for men in the GHS account for much of the difference in sample numbers of men and women for whom marital history data are available, as no histories are taken for proxies.

This kind of analysis, and hypothesis, is the idea that cohabiting women are 'more equal' in their partnerships than married women, and cohabitation in Britain was previously associated with having higher educational qualifications (Kiernan, 1999; 2004a). As cohabitation has become more common (indeed, now the norm before marriage: Ermisch & Francesconi, 2000a), this is no longer the case (Seltzer, 2004).

The rise in cohabitation as a form of family formation is widely attributed to a transition to individualisation and growth in options of personal choice (Amato, 2004; Cherlin, 2004). The implication is that cohabitation is based on a form of egalitarianism, with more choice about the gender division of labour within the household. Cherlin (2004: 857) for example speculates that if we were to return to marriage as a social institution this would probably require a 'decrease in women’s labor force participation and a return to more gender-typed family roles'. In America, the issue of cohabitation is highly politicised, related as it is to the privileging of marriage as a form of family union, and also to issues of ethnicity and socio-economic status (Amato, 2004; Smock, 2004). In the UK, the question is less about whether cohabitation is 'better' than marriage or visa versa. We tend to ask, rather, what it is that we need to understand about cohabitation versus marriage in order to form welfare maximising policies (Kiernan, 2004a).
Chapter Seven – Partnerships and Inequality

The changes in family structure of the last two to three decades have made this a complex question. Cohabitation is now the norm before marriage, and there has been rapid growth of cohabitation after divorce (as distinct from second marriages). Half of all children in the Millennium Cohort were born to cohabiting couples (Kiernan & Smith, 2003). Does this mean that any association that might previously have existed between ‘equality’ and the marital status of cohabitants is no longer relevant, or is not relevant for younger cohorts of women? The impact of marital status on the degree of equality in partnerships from men’s point of view is also obscure, theoretically and empirically.

The following section examines the question of earnings equality within partnerships for men and women, focusing on those partnered men and women in the four most prevalent groups outlined above, namely those who have never been married, those currently in either a first or second marriage, or cohabitants divorced from a first marriage.

The association between marital history and earnings equality (as measured by the mean ratio of own to joint earnings) is shown in Figure 19, and would at first sight bear out the thesis of association of cohabitation with increasing individualisation. This suggests that marital history as well as current status might be an important predictor of equality in current relationships. For men, legal marriage is associated with the most unequal relationships – particularly so for men in first marriages, with these men earning on average 70 per cent of joint earnings. Couples where the man has never married are the most equal, and fairly similar to those where the man has been divorced. Women show the converse effects with similar conclusions: women in first marriages are the least equal, earning less than a third of joint earnings. Never married women earn almost 38 per cent of joint earnings, with divorced women in a similar position. Women in second marriages, as with men, lie somewhere in between the first-married and the divorced in terms of earnings equality.

Looking at the mean ratio of own to joint earnings necessarily obscures how people are distributed within the scale of inequality. This is particularly so for women, for whom

104 Note that this does not necessarily follow, as the marital history of partners may be, and often is, different.
there is much more variation in their contributions to joint earnings than there is among men. It cannot be gleaned from the mean ratio, therefore, whether the differences are for example in women not earning at all, or in the degree of inequality amongst those who do earn within the partnership. Table 11 shows that for women, it is both extremes that contribute to the mean ratio differences in inequality between marital statuses. Married women in first and second marriages are the most likely to be earning nothing, the most likely to be earning less than 20 per cent of joint earnings, and the least likely to be approximately equal earners (i.e. earning 40 per cent - 60 per cent of joint earnings). Divorced women are less likely to be earning less than 20 per cent of joint earnings, and more likely to be equal earners. Never married women are relatively unlikely to be earning less than a fifth of joint earnings, and over 40 per cent of never married cohabiting women are equal earners.

For men, marital status is barely relevant at the lower end of the 'equality' distribution – the differences in mean ratios among different categories of male cohabitants occur because married men are much more likely to be earning the extreme of 80 per cent - 100 per cent of earnings than never married or divorced cohabiting men. Divorced men are more likely than married men to be equal earners, but never married men are the most likely (38 per cent) to have approximate equality with their partners.
# Table 11: Degree of earnings inequality among partnered men and women aged 20 to 59 by marital history. Column percentages.

<table>
<thead>
<tr>
<th></th>
<th>Partnered Women</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Never married</td>
<td>First marriage</td>
<td>Divorced once</td>
<td>Second marriage</td>
<td>All</td>
</tr>
<tr>
<td>0% of joint earnings</td>
<td>15</td>
<td>21</td>
<td>14</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>1% - 20% of joint earnings</td>
<td>7</td>
<td>17</td>
<td>14</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>21% - 40% of joint earnings</td>
<td>28</td>
<td>29</td>
<td>30</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>41% - 60% of joint earnings</td>
<td>41</td>
<td>21</td>
<td>28</td>
<td>22</td>
<td>24</td>
</tr>
<tr>
<td>Over 61% of joint earnings</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>N=</td>
<td>648</td>
<td>3895</td>
<td>217</td>
<td>603</td>
<td>5363</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Partnered Men</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Never married</td>
<td>First marriage</td>
<td>Divorced once</td>
<td>Second marriage</td>
<td>All</td>
</tr>
<tr>
<td>0% of joint earnings</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>1% - 40% of joint earnings</td>
<td>7</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>41% - 60% of joint earnings</td>
<td>38</td>
<td>21</td>
<td>31</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>61% - 80% of joint earnings</td>
<td>26</td>
<td>30</td>
<td>32</td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td>Over 81% of joint earnings</td>
<td>25</td>
<td>39</td>
<td>26</td>
<td>37</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>N=</td>
<td>690</td>
<td>3673</td>
<td>193</td>
<td>585</td>
<td>5141</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2, author’s analysis

Women: Cramer’s V=0.095, p<0.001; Men: Cramer’s V=0.091, p<0.001

Couples with no earnings have been excluded, as have widow(er)s, the separated and those who have experienced two or more marriage breakdowns.

What are the causes of such variation in equality of earnings with marital status? Are they in some sense normative, reflecting individual freedoms and choices within social frameworks that encourage ‘breadwinner’ behaviour within legal marriage, and its rejection outside of marriage, or is the observed relationship largely caused by one of the
co-variants of marital status such as age of the parties, or the presence of children in the family, or the age of the youngest child in the family unit?

We have already observed (in Chapter 6) the complex interaction in modern society between current age, marital status, and the presence of children in the family unit for both men and women. In order to show how these factors are related to the inequality of earnings between partners, and whether these differ for men and women, a loglinear analysis of cohabiting people was undertaken. The loglinear model estimates parameters for each cell count in the four-way contingency table including variables for age group (A), marital status (M), presence of children in the family unit (men) or maternal history (women) (C) and the degree of earnings equality in the relationship (P). By constraining the model in different ways, those two way associations and three way interactions that are necessary to reasonably explain the degree of variation observed in the data can be isolated. In essence, fitting a loglinear model is a process of deciding which associations are significantly different from zero while other associations are controlled for; these terms are included in the final model to explain the observed frequencies. Terms that are excluded from the model go into the residual or error term, which then reflects the overall badness of fit of the model. The models were fitted using the GENLOG command in SPSS. The likelihood ratio is used to test model fit, as this is the statistic that is minimised in maximum likelihood estimation.

For women, the test of model fit in each case is shown in Table 12. A probability of more than 0.05 indicates a model that is not significantly different from the 'real world' (as observed in the GHS). At p=0.05 or above we can be 95%+ confident that the model is a good fit to the data. The most parsimonious well fitting model has been highlighted.

The three way interaction between a woman's age, the age of her youngest child, and her marital status is an essential ingredient of the explanatory matrix. Holding this interaction constant, the observed association between marital status and inequality of earnings is shown to be spurious, nor is the interaction between marital status, children and inequality of earnings important. (The association M*P can be dropped from the model for a modest loss in model fit that is not statistically significant – a change in the likelihood ratio of just 23 for 15 degrees of freedom).
Table 12: Tests of model fit: loglinear models of partnered women aged 20 to 59 including variables age group (A), marital status (M), maternal history (C) and percentage of joint earnings earned (P).

<table>
<thead>
<tr>
<th>Description of model</th>
<th>Chi-square (Likelihood ratio)</th>
<th>Degrees of freedom</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturated model: A<em>C</em>M*P</td>
<td>0.001</td>
<td>0</td>
<td>1.000</td>
</tr>
</tbody>
</table>

All 3 way interactions:

- \( A^*C^*M + A^*C^*P + A^*M^*P + C^*M^*P \) 96 135 0.996

All 2 way associations:

- \( A^*C + A^*M + A^*P + C^*M + C^*P + M^*P \) 368 297 0.003

The important 3-way interaction is \( A^*C^*M \):

- \( A^*C^*M + A^*C^*P + A^*M^*P \) 144 180 0.978
- \( A^*C^*M + A^*C^*P + C^*M^*P \) 150 180 0.953
- \( A^*C^*P + A^*M^*P + C^*M^*P \) 202 162 0.018
- \( A^*C^*M + A^*M^*P + C^*M^*P \) 147 180 0.966

\( A^*C^*M + \text{all other two-way associations} \):

- \( A^*C^*M + A^*P + C^*P + M^*P \) 263 270 0.611

The important 2-way associations are \( A^*P \) and \( C^*P \):

- \( A^*C^*M + A^*P + C^*P \) 286 285 0.478
- \( A^*C^*M + M^*P + C^*P \) 424 285 0.000
- \( A^*C^*M + A^*P + M^*P \) 741 285 0.000
- \( A^*C^*M + C^*P \) 464 300 0.000

Source: GHS 2000/1 and 2001/2, author’s analysis

Couples with no earnings have been excluded, as have widow(er)s, the separated and those who have experienced two or more marital breakdowns.
Table 13: Tests of model fit: loglinear models of partnered men aged 20 to 59 including variables age group (A), marital status (M), age of youngest child present in the family unit (C) and percentage of joint earnings earned (P).

<table>
<thead>
<tr>
<th>Description of model</th>
<th>Chi-square (Likelihood ratio)</th>
<th>Degrees of freedom</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturated model: A<em>C</em>M*P</td>
<td>0</td>
<td>0</td>
<td>1.000</td>
</tr>
</tbody>
</table>

All 3 way interactions:

\[ A^*C^*M + A^*C^*P + A^*M^*P + C^*M^*P \]

<table>
<thead>
<tr>
<th>Description of model</th>
<th>Chi-square</th>
<th>Degrees of freedom</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A<em>C</em>M + A<em>C</em>P + A<em>M</em>P + C<em>M</em>P</td>
<td>111</td>
<td>135</td>
<td>0.933</td>
</tr>
</tbody>
</table>

Each 3-way interaction can be dropped from the model leaving a reasonable fit:

\[ A^*C^*M + A^*C^*P + A^*M^*P \]
\[ A^*C^*M + A^*C^*P + C^*M^*P \]
\[ A^*C^*P + A^*M^*P + C^*M^*P \]
\[ A^*C^*M + A^*M^*P + C^*M^*P \]

<table>
<thead>
<tr>
<th>Description of model</th>
<th>Chi-square</th>
<th>Degrees of freedom</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A<em>C</em>M + A<em>C</em>P + A<em>M</em>P</td>
<td>160</td>
<td>180</td>
<td>0.856</td>
</tr>
<tr>
<td>A<em>C</em>M + A<em>C</em>P + C<em>M</em>P</td>
<td>143</td>
<td>180</td>
<td>0.981</td>
</tr>
<tr>
<td>A<em>C</em>P + A<em>M</em>P + C<em>M</em>P</td>
<td>172</td>
<td>162</td>
<td>0.286</td>
</tr>
<tr>
<td>A<em>C</em>M + A<em>M</em>P + C<em>M</em>P</td>
<td>167</td>
<td>180</td>
<td>0.744</td>
</tr>
</tbody>
</table>

All 2 way associations:

\[ A^*C + A^*M + A^*P + C^*M + C^*P + M^*P \]

<table>
<thead>
<tr>
<th>Description of model</th>
<th>Chi-square</th>
<th>Degrees of freedom</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A<em>C + A</em>M + A<em>P + C</em>M + C<em>P + M</em>P</td>
<td>326</td>
<td>297</td>
<td>0.119</td>
</tr>
</tbody>
</table>

No 2-way associations can be dropped from the model: they are all important:

\[ A*M + A*P + C*M + C*P + M*P \]
\[ A*C + A*P + C*M + C*P + M*P \]
\[ A*M + A*C + C*M + C*P + M*P \]
\[ A*M + A*P + A*C + C*P + M*P \]
\[ A*M + A*P + C*M + A*C + M*P \]
\[ A*M + A*P + C*M + C*P + A*C \]

<table>
<thead>
<tr>
<th>Description of model</th>
<th>Chi-square</th>
<th>Degrees of freedom</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A<em>M + A</em>P + C<em>M + C</em>P + M*P</td>
<td>2739</td>
<td>306</td>
<td>0.000</td>
</tr>
<tr>
<td>A<em>C + A</em>P + C<em>M + C</em>P + M*P</td>
<td>1246</td>
<td>306</td>
<td>0.000</td>
</tr>
<tr>
<td>A<em>M + A</em>C + C<em>M + C</em>P + M*P</td>
<td>492</td>
<td>312</td>
<td>0.000</td>
</tr>
<tr>
<td>A<em>M + A</em>P + A<em>C + C</em>P + M*P</td>
<td>552</td>
<td>306</td>
<td>0.000</td>
</tr>
<tr>
<td>A<em>M + A</em>P + C<em>M + A</em>C + M*P</td>
<td>719</td>
<td>312</td>
<td>0.000</td>
</tr>
<tr>
<td>A<em>M + A</em>P + C<em>M + C</em>P + A*C</td>
<td>357</td>
<td>312</td>
<td>0.040</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2, author’s analysis
Couples with no earnings have been excluded, as have widow(er)s, the separated and those who have experience two or more marital breakdowns.
The two vital associations are those between the age of a woman's youngest child and inequality of earnings, and the association between a woman's own age and inequality of earnings. Taking into account her age and the age of her youngest child, her marital status and marital history are not distinguishing features.

For men, the story is a little different. This is illustrated by the models fitted in Table 13. This analysis shows that for partnered men each of the bi-variate relationships between age of respondent, age of youngest child at home, degree of equality of earnings in the relationship and marital status are important, and the data cannot adequately be explained without them. The three-way interactions here are not needed to show what is happening—that is to say, the two way associations are not dependent on another of the variables for their explanatory power. This means for example that the association between marital status and inequality of earnings holds even when all other associations are held constant. Once again, we have seen the importance of legal marital status for men. For men, the 'breadwinner' model is more closely associated with marriage than with cohabitation, and partnered divorced and never married men are more likely to have a more equal earning partner.

So for partnered women, the main determinants of inequality of earnings within their partnerships are their own age, and the age of their youngest child. They are more likely to tend towards equality of earnings with their partners in their 20s and in their 50s, regardless of their marital history or the presence of children. They are much more likely to be equal earners if they have never had children, and very unlikely to be so if they have a child under the age of 6 at home. Their legal marital status is strongly associated with their age and their maternal status (which are of course also associated with each other), but it is not an indicator of inequality of earnings.

The degree of earnings equality experienced by partnered men however is associated in turn with their own age, the age of their youngest child, and their marital status, and each of these effects holds independently. They are most equal in their twenties and fifties, and least equal in their forties. They have the greatest earnings discrepancies if there is a young child at home, and if in a first marriage. Partnered men who have never married
have the highest incidence of equality of earnings with their partners, followed closely by
divorced men, then those in second marriages, all other things here being equal.

Conclusions

On average women contribute about a third of earnings to partnerships, irrespective of
where they themselves are on the earnings’ distribution. If they are high earners, their
partners are likely to be even higher earners.

In our conception of the notion of earnings’ equality between the sexes, we need to
c consider homogamy of partnerships. Of course in partnerships where neither partner earns,
this is an equality of sorts. There are other groups of women who tend to contribute
equally or almost equally to partnership earnings, but rather than being the ‘high-flyers’ of
popular discourse these are women in the poorest households. They are equal or better
earners because their partners have equally low earnings, or are out of work. Those in the
lowest quintiles of joint earnings are the most likely to experience equality of earnings. Of
all age groups, women in their fifties are the most likely to experience near equality of
earnings, but this is probably a result of their partners’ low earnings or being out of the
labour market than their own higher earnings.

Women who have never had children are the highest contributors to partnership earnings,
often contributing almost half of joint earnings. For these couples, a woman’s earnings
will be very important in improving the position of the couple on the joint earnings
distribution. By contrast, women who have ever had children are far more reliant on men’s
earnings in determining their standard of living. Where women with children are major
earners in their relationship, the couple tends to be relatively poor.

Except in the lowest earning households, women who have ever had children remain quite
unequal earners in their partnerships even when their children are over 16 or have left
home (i.e. no longer require daytime care). The reasons for this cannot be gleaned from a
large-scale survey. They may be cultural, in that couples where there has long been a
‘home-maker’ in the form of a mother at home, not only caring for the children, but also
the house, her husband, and other family needs are reluctant to give up or change that
formula. It is a formula that supports men in achieving higher wages and good jobs
Chapter Seven - Partnerships and Inequality

(Bardasi & Taylor, 2005). It may also be that women who have been out of the workplace, or the competitive workplace, for some time are reluctant to enter it through lack of confidence, qualifications, or no desire to do so, particularly if their partners are high earners. Employers may discriminate against such women, viewing them as having redundant skills, or not being committed to the full-time labour market. It may be that the jobs that women might want pay insufficiently well, the terms and conditions are unsatisfactory, or they are insufficiently flexible for women to re-enter the full time labour market at a time when they may need to or be expected to undertake other forms of unpaid care. Or it may be that, after the considerable sacrifices made over time in human capital, women can only secure low paid work.

Education leads to greater earnings equality between men and women in the general population, but the extent to which this is true at the micro-social level of individual partnerships is relatively limited. Only degree-level education leads consistently to more earnings equality with a partner — and where there are dependent children in the family, even women with degrees contribute on average only 27–35 per cent to joint earnings, whatever their age group.

Marital status matters for men. Never married men and divorced men are more likely to be cohabiting with a partner with relatively equal earnings than are men in either a first or second marriage. Men in first marriages still take on the ‘breadwinner’ role to a greater extent than other men. For women however, the degree of variation in equality among women of different marital status is largely explained by their maternal status and maternal history. It is motherhood that is largely determinative of the degree of inequality in their partnerships.

It seems that inequality within partnerships is endemic in UK society, with its strong cultural and structural emphasis on child care within the home, and caring being so strongly gendered in this country. Social policies and labour markets do not support earnings equality, with poor provision of child and elder care, poor provision of maternity leave, and difficulties for women in returning to paid work after a break. Once earnings inequality has been established within a couple, it is easy to see that it may be a difficult pattern to break — rational economic decisions at a household level will always favour the higher earner being supported in his employment. Earnings inequality clearly has
consequences for those couples who separate or divorce, carrying with it a strong implication of financial dependence within partnerships. But it also has consequences for financial expenditure during the currency of the partnership, and its particular consequences for pension scheme participation will be shown in the next chapter.
8 The Present and the Future: Marital Status, Couples and Inequalities in Pension Provision

The data in the previous chapter have illustrated that earnings inequality within couples is persistent and pervasive, if they have children. It persists despite a prevailing idea that younger couples have far more equal gender arrangements, and despite the improved education of women. The 'breadwinner' model of family formation so prevalent historically in the UK has left its legacy. Even though women may be entering the labour market in greater numbers than ever before, and even though more mothers of young children have gone back to work, they are earning little in relation to their partners if they are mothers. This is so whatever their marital status and history.

For those on very low incomes, where joint earnings are in the lowest quintile of the distribution, there is much more equality in terms of earnings of each partner. For all other earnings strata, the breadwinner/carer or breadwinner/part-time-carer household is alive and well in Britain, with the earnings of men dominating partnerships with children. The resulting financial dependency lasts well beyond the time when the children have grown up.

While inequality of earnings among working age couples has been a subject little previously explored, in retired cohorts of pensioners it can be readily assumed that among pensioner couples there was widespread gender inequality of earnings when they were younger. In this chapter, I turn first to the pensions of older cohorts to examine the consequences of this assumed legacy. Since private pensions are the major source of inequality in later life, I examine the private pension income of current cohorts of pensioners according to marital status, before turning to the pensions of couples, to investigate whether polarisation between dual- and no-pension couples is part of the British pensions' landscape. I then proceed to the future pensioner population - those currently of working age. First, the relationship between intra-household earnings inequality between partners (observed in Chapter Seven) and pension acquisition will be investigated using logistic regression analyses. I finally look at the extent of inter-household pension inequality among couples of working age, to see whether it is reasonable to think that observed inequalities between couples in the older population will be repeated in future generations of retirees.
Chapter Eight – Inequality and Pension Provision

The pension income of older people

First, the position of older people (over 65) will be investigated; analysis of those of working age follows.

Data

The General Household Surveys 2001 and 2002 have been combined to provide information about the incomes of men and women over the age of 65. Within each household, data collected from those married to or cohabiting with each other have been matched. Thus information is provided about 2,829 men and 3,543 women aged 65 or over, of whom 2,034 men and 1,571 women are married or cohabiting. The partners of these men and women may be under the age of 65 (particularly, men tend to have younger partners). In these cases, the information about the younger partner has been included in any analysis of combined income. Valid information about the income of the respondent has been provided for 2,659 men and 3,320 women, and for those married or cohabiting where either partner is over 65, valid information about the incomes of both partners has been provided by 1,632 men and 1,266 women.

Marital histories are not provided by the GHS for older people. This means that the data is cross-sectional, with no breakdown available according to whether this is a first or subsequent marriage or for how long a couple have been married or living together. Nor is it possible, with the over 65s, to analyse the impact of child-bearing on their pensions.

Sources and amounts of income for older people

In the UK, the income of older people typically comes from a number of sources. Almost all individuals receive some state pension, accumulated from having made national insurance contributions during their working lives, or having been treated as having made such contributions, or having derived these benefits from their spouse or former spouse.

105 Two men who cohabit as a same-sex couple have been excluded from the analysis.

106 At the time of writing, there was no dataset that would facilitate this analysis; it is possible that the new English Longitudinal Study of Ageing (ELSA) will enable this in the future.

107 For a full explanation of the sources of state pension income, see Chapter Two.
On top of their state entitlement, people might have additional private pension income, investment income, earnings from paid work, or, in rarer cases, other sources such as rental income or spousal maintenance. If all of these income sources together do not exceed the means-tested thresholds defined by government, then individuals may be entitled to pension credit, which is a means-tested benefit. About a quarter to a third of older people entitled to means-tested benefits do not claim them\textsuperscript{108}.

Table 14 shows, for the population aged over 65, the percentage in each marital status in receipt of these various types of income. Almost all pension age men and women have some income from the state in the form of either national insurance pension or other non-means-tested and means-tested benefits. For women, income from the state is their most important source of income, with substantial proportions in receipt of no private pension, investment income or other income. Three quarters of partnered men have income from private pensions, and almost 60 per cent have some investment income. While about half of partnered women have some investment income, only 27 per cent have any receipt at all of private pension income. Married and cohabiting men have the highest income by far, with median income of £172 per week, and married and cohabiting women by far the least, with median income of only £53 per week. The vast majority of older married or cohabiting women have individual incomes well below the means-tested limits for state benefits for a single person.

Despite almost universal entitlement to some income from the state, as Table 15 show there are massive differentials in the amounts received from the state by partnered men and women. Married men’s state income is about twice that of married women at the 25\textsuperscript{th}, 50\textsuperscript{th} and 75\textsuperscript{th} percentiles, with men’s median income from this source £87 per week compared with married women’s £43.40. In these cohorts this reflects the likelihood that women have not accrued national insurance pension of their own, but are relying on the rule whereby a married woman with no or insufficient state pension can claim an entitlement to 60 per cent of her husband’s income.

\textsuperscript{108} Covered in Chapter Two
Table 14: Income of men and women over 65 by marital status.

<table>
<thead>
<tr>
<th></th>
<th>Percentage (rounded) of men and women over 65 in each marital status who are in receipt of each of these sources of income</th>
<th>Income of self and partner: men and women over 65 (partner may be under 65)**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N=</td>
<td>Income Support (new pension credit)* National Insurance Pension</td>
</tr>
<tr>
<td>Men</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married or cohabiting</td>
<td>1897</td>
<td>4</td>
</tr>
<tr>
<td>Single</td>
<td>167</td>
<td>10</td>
</tr>
<tr>
<td>Widowed</td>
<td>462</td>
<td>10</td>
</tr>
<tr>
<td>Divorced or separated</td>
<td>133</td>
<td>20</td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married or cohabiting</td>
<td>1470</td>
<td>1</td>
</tr>
<tr>
<td>Single</td>
<td>192</td>
<td>18</td>
</tr>
<tr>
<td>Widowed</td>
<td>1442</td>
<td>18</td>
</tr>
<tr>
<td>Divorced or separated</td>
<td>216</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2, author’s analysis. Same sex couples are excluded.

*The limits for pension credit are not the same as the limits for former types of income support, and so these proportions can be expected to have increased in subsequent years

**Does not include interest paid on current accounts, likely to be very small amounts only

***Combined incomes are provided for 1,632 men and 1,266 women

183
### Table 15: Married or cohabiting men and women over 65: income receipt from different sources

**Amount of income from the state for those in receipt: gross £ per week**

<table>
<thead>
<tr>
<th></th>
<th>25th percentile</th>
<th>Median</th>
<th>75th percentile</th>
<th>n=</th>
<th>% in receipt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>£78.46</td>
<td>£87.41</td>
<td>£111.28</td>
<td>1526</td>
<td>98</td>
</tr>
<tr>
<td>Women</td>
<td>£40.40</td>
<td>£43.40</td>
<td>£50.00</td>
<td>1205</td>
<td>96</td>
</tr>
</tbody>
</table>

**Amount of private pension for those in receipt: gross £ per week**

<table>
<thead>
<tr>
<th></th>
<th>25th percentile</th>
<th>Median</th>
<th>75th percentile</th>
<th>n=</th>
<th>% in receipt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>£42.46</td>
<td>£96.46</td>
<td>£200.00</td>
<td>1171</td>
<td>75</td>
</tr>
<tr>
<td>Women</td>
<td>£17.31</td>
<td>£35.42</td>
<td>£85.38</td>
<td>338</td>
<td>27</td>
</tr>
</tbody>
</table>

**Amount of investment income for those in receipt: gross £ per week**

<table>
<thead>
<tr>
<th></th>
<th>25th percentile</th>
<th>Median</th>
<th>75th percentile</th>
<th>n=</th>
<th>% in receipt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>£1.92</td>
<td>£7.12</td>
<td>£25.00</td>
<td>727</td>
<td>57</td>
</tr>
<tr>
<td>Women</td>
<td>£1.92</td>
<td>£8.87</td>
<td>£25.00</td>
<td>502</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2, author's analysis. Same sex couples are excluded. Note: Respondents are asked about their gross income from investments, without documentary confirmation. The amount of £1.92 per week represents an annual amount of £100 and is likely to indicate a large number of respondents estimating this figure. The figure of £25 per week for the 75th percentile is similarly likely to represent a rough estimate by a large number of people.

Table 15 and Figure 20 indicate that for those receiving some private pension income, the average receipt for partnered men is £96 per week, whereas even for the relatively few partnered women who are receiving private pension income, the amounts are low: only £35 per week. A quarter of partnered women receive less than £17 a week from their private pensions. The 75th percentile for women is well below the median income for men from this source. Fewer partnered women than men have any investment income, but those who do, receive similar amounts of income from this source to partnered men. As the figures in Table 15 indicate however, this source of income accounts for far less of total income than pension receipt; median amounts are in the region of £7 - £8 per week.
Chapter Eight – Inequality and Pension Provision

Figure 20: Boxplots of amount of private pension income received by married and cohabiting men and women over 65 who are in receipt of any private pension

Source: GHS 2000/1 and 2001/2, author’s analysis.
Note: Not all extremes for men are shown. Values extend to over £3,400 per week.

The very low accumulation of state and private pension receipt among the current cohort of married and cohabiting women over 65 indicates two things. First, there are very high levels of financial dependency by women on men within relationships. Second, this shows the individualised nature of pension accumulation as compared with other investment income. Despite what we know to have been substantial inequalities between men and women during their working lives, where they have income from investments, meaning bank accounts, stocks, shares, etc, it is very similar. Like the tendency to purchase property in joint names, this is likely to have resulted from some form of intra-household distribution in the form either of a joint savings account, or transfers of savings from men to women, or men subsidising the living expenses of their partners, enabling them to save. Yet pension accumulation, being essentially a ‘selfish’ accumulation paid from own earnings, reflects the inequalities of earnings over the life course between partnered men and women.
The reason that these 'within household' inequalities are opaque in almost all analysis becomes evident in the last three columns of Table 14. Here the incomes of partnered people have been combined, to show the joint income of the partnership. The substantial differences between partnered men and women all but disappear. The median joint income of partnered men is £255 per week, and that of partnered women is £244 per week. The fragility of the older women who lie behind these 'joint statistics' is immediately evident, and to a large extent reflected in the far lower median income of widows (who have in many instances inherited some pension) being only £116 per week.

Indeed, the impact of the financial dependency of women on men within marriage is also shown in Table 16. Here the median weekly private pension income of those over 65 is shown by marital status. Widowed and divorced women were previously married. Single women have never been married. In these cohorts, never married women were unlikely to have children and are likely to have worked full time for much of their working lives. Sixty two percent of single women have private pension receipt, and the median amount for those with this income (£78 per week) is higher than all but married men (£96). Just over half of widows have private pension income but much of this is likely to be inherited.

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Median Weekly Income £ per week</th>
<th>% in Receipt</th>
<th>Median Weekly Income £ per week</th>
<th>% in Receipt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married/cohabiting</td>
<td>£96</td>
<td>75%</td>
<td>£35</td>
<td>27%</td>
</tr>
<tr>
<td>Single</td>
<td>£65</td>
<td>55%</td>
<td>£78</td>
<td>62%</td>
</tr>
<tr>
<td>Widowed</td>
<td>£61</td>
<td>70%</td>
<td>£46</td>
<td>56%</td>
</tr>
<tr>
<td>Divorced</td>
<td>£62</td>
<td>53%</td>
<td>£50</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2, author's analysis. Same sex couples are excluded.

109 Means testing is carried out at the level of the partnership

110 There are no significant differences in the age distributions of partnered men and women over 65. The difference is likely to be accounted for by differences in the age of a respondent's partner. It is more likely that women have older, and therefore relatively poorer, partners. It is more likely that men have younger, and therefore better off, partners.
from their deceased husbands\textsuperscript{111} – the average amount for those in receipt is just under half of that for a married man (when inherited pension is often one half of the deceased’s pension). Their disadvantage as married women receives some small compensation in inherited pension.

Divorcees, however, have no inherited private pension. The 37 per cent in receipt is slightly but not much higher than the 27 per cent of married women in receipt. This could reflect one of two things – either women with private pensions were more likely to get (and remain) divorced, or married women, once divorced, began to accrue some private pension. The amounts received are also slightly higher – at £50 per week, but this is not much, and the extent to which this can lift divorced older women out of poverty depends on how much basic state pension they are entitled to.

The key to understanding the poverty of older widows and older divorcees is to understand that they were married, and it was during marriage that their relative disadvantage accumulated.

\textbf{Pensions in partnership: the pensions of older couples}

We have seen that three quarters of older partnered men have some private pension income, compared with under a third of partnered women. What becomes clear from further analysis of joint incomes of older couples is that these distributions are not independent of one another. If an older man has a private pension, his partner is more likely to have a pension than other women, and if a woman has a private pension, it is more likely that her partner has private pension income too.

Figure 21 shows that about a fifth of older couples have no private pension income between them. In about a quarter of couples, both parties have at least some private pension income. For the remaining 55 per cent of couples, one party only has a private pension, and in the vast majority – over 92 per cent – of these, it is the man. Women are the sole recipients of private pension income in few older couples. Thus 85 per cent of

\textsuperscript{111} Not all widows inherit private pension from their deceased husbands
men with no private pension income are in couples with no private pension receipt at all. If a man has no private pension, the couple is likely to be poor.

Figure 21: Over 65 partnerships: percentage with each pattern of pension receipt, by sex.

There are correlations too in the amounts received by each partner. Table 17 shows that if an individual’s own private pension is above average (median), then he or she is more likely to have a partner whose private pension income is also above average. The conditional probabilities are shown from both men’s and women’s perspective. While only 6 per cent of men with no pension have a wife or partner who herself has above average private pension income, this rises to 22 per cent of cent of wealthier men.

---

112 In the sense of having higher private pension income.
## Table 17: Conditional probability that each partner has private pension income (given as row percentage, rounded). Partnered men and women over 65*.

<table>
<thead>
<tr>
<th></th>
<th>Wife has no private pension</th>
<th>Wife has some private pension, amount not known</th>
<th>Wife's pension below median for partnered women over 65**</th>
<th>Wife's pension above median for partnered women over 65**</th>
<th>Row percent</th>
<th>N=</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Men</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No private pension</td>
<td>85</td>
<td>1</td>
<td>8</td>
<td>6</td>
<td>100%</td>
<td>382</td>
</tr>
<tr>
<td>Some private pension, amount not known</td>
<td>71</td>
<td>20</td>
<td>5</td>
<td>4</td>
<td>100%</td>
<td>79</td>
</tr>
<tr>
<td>Private pension income below median for partnered men over 65**</td>
<td>73</td>
<td>0</td>
<td>15</td>
<td>12</td>
<td>100%</td>
<td>585</td>
</tr>
<tr>
<td>Private pension income above median for partnered men over 65**</td>
<td>65</td>
<td>0</td>
<td>13</td>
<td>22</td>
<td>100%</td>
<td>586</td>
</tr>
<tr>
<td>All</td>
<td>73</td>
<td>1</td>
<td>12</td>
<td>14</td>
<td>100%</td>
<td>1632</td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No private pension</td>
<td>29</td>
<td>5</td>
<td>35</td>
<td>31</td>
<td>100%</td>
<td>912</td>
</tr>
<tr>
<td>Some private pension, amount not known</td>
<td>6</td>
<td>88</td>
<td>6</td>
<td>0</td>
<td>100%</td>
<td>16</td>
</tr>
<tr>
<td>Private pension income below median for partnered women over 65**</td>
<td>20</td>
<td>2</td>
<td>42</td>
<td>37</td>
<td>100%</td>
<td>169</td>
</tr>
<tr>
<td>Private pension income above median for partnered women over 65**</td>
<td>13</td>
<td>1</td>
<td>33</td>
<td>53</td>
<td>100%</td>
<td>169</td>
</tr>
<tr>
<td>All</td>
<td>25</td>
<td>5</td>
<td>36</td>
<td>34</td>
<td>100%</td>
<td>1266</td>
</tr>
</tbody>
</table>

Source: GHS 2000/1 and 2001/2, author’s analysis.

Men: Cramer’s V=0.263, p<0.000. Women: Cramer’s V = 0.268, p<0.000.

*Partners may be under 65. Terms 'husband' and 'wife' include cohabitants.

**Median weekly pension income for married or cohabiting in receipt: women = £35.42; men = £96.46
Chapter Eight – Inequality and Pension Provision

Indeed, men whose pension receipt is above average are the least likely to have a partner with no pension herself.

Also shown in Table 17, a woman over 65 who has some pension income, but less than £35 a week (median for partnered women), is most likely to have a partner who has pension income less than £96 per week (median for partnered men), whereas if she herself has income exceeding £35 she is most likely to have a partner whose income exceeds £96 per week. Overall, a third of women have a partner with above median private pension income, but for those women with above average pension income themselves, more than half also have partners with above average pension incomes. Level of joint pension income is very much associated with the pension income of the male partner. If he has none, they are very likely to be a couple with no private pension income. If he has below average pension income, his partner, if she has any pension income at all, is more likely than otherwise to have below average pension income herself. If he has above average pension income, then she is most likely of all women to have above average pension income.

Relatively few partnered older women – less than a third – have any private pension income at all. Those who do have an increased chance that their partner also has private pension income, and this chance gets better the higher their own pension income. If they are in the top half of pension income receipt for women, they have almost a 90 per cent chance that their partner also has private pension income. While only 37 per cent of women with lower pension receipt have partners with pension receipt above the median, this rises to 55 per cent for women who themselves have higher pensions, relative to other women.

In this way, pension inequalities observed among individual men and women are exacerbated by the financial circumstances of their partners. Couples where neither has any private pension are at one end of the scale, and couples where both have above average private pension income are at the other. These patterns are likely to reflect patterns of education, occupation, work and pension accumulation over the life course. Childless couples, who cannot be distinguished in these cohorts in GHS data, are more likely to have both been in paid work. We can infer that in the past women working in employment that accrued a pension were more likely to be married to or living with men who were accruing a pension, and visa versa. It is reasonable to infer further that women who were higher
earners had partners who were also likely to have been higher earners, and thus they both accrued higher than average pensions.

**The accrual of pension rights among working age couples**

The previous section has outlined gender inequalities, and inequalities according to marital status, in pension income in older cohorts among individuals and couples. The question arises to what extent we can expect similar inequalities among those of working age, when they retire in due course. If it is correct that gender inequality in earnings within households ‘forms the basis of fundamental inequalities in economic power between husbands and wives’ (Arber, 1999: 175; and see Vogler, 1998), and that this pattern of inequality appears resilient to change, then this has implications not only for women’s current dependencies but also for their financial futures. As discussed earlier in this thesis, in this respect, ‘dependency’ need not refer to the inability, in an absolute sense, to form an independent household – the meaning attributed in the term ‘welfare dependency’ or when talking of women who have no ability to form a financially autonomous household. In a typical modern household in the UK, where a woman works part time and her partner works full-time, the couple are likely to adjust their standard of living to their joint incomes. Women thus become dependent on men for their lifestyle, and often for their identity which is associated with that lifestyle. The dependency is associated with the inequality of contribution – the lower the proportion of financial contribution, the more a woman has to lose if the relationship were to end.

The previous chapter showed that women are squarely second earners in relationships where there are children, with serious implications for the types of jobs they have, the amount of money they earn, and what they, and their partners, feel it is appropriate for their money to be spent on. Although unexplored in sociological analysis, it is reasonable to suppose that the construction of the ‘breadwinner’ identity or norm carries with it a sense of obligation and/or preference to acquire pensions for the future provision of self and dependants. Conversely, economic dependence within such a relationship may carry the implication that a partner will provide a pension in the same way as the majority of living expenses are provided for. If this is so, then financial inequality within relationships will influence pension provision, with breadwinners more likely to make pension provision and dependents less likely to do so, simply by reason of the gendered relationship. But any
Chapter Eight – Inequality and Pension Provision

such norms will be constrained by external circumstances – for example, if there is insufficient income to contribute to a pension.

Partnership, dependency and pension provision

To elucidate the relationship between inequality within partnerships and the making of provision for additional private pension during the working life, Table 18 and Table 19 present the results of a multivariate logistic regression analysis for partnered men and women aged 20 to 59. The model once again investigates who is most likely to have third tier private pension coverage over and above the mandatory tiers. The results show the odds ratios for being in this privileged category relative to a reference category for which the odds have been defined as 1. In Model 1, the odds ratios are shown according to the extent and direction of earnings inequality within a relationship, with reference to the category ‘40% < 60%’, who for these purposes are considered ‘equal’ earners, while age group is controlled. Model 2 also controls for individual earnings and Model 3 for joint earnings. In Model 4, maternal status for women and the presence of children in the family for men are controlled, together with educational qualifications. This is to test whether, apart from their influence on individual earnings, joint earnings and degree of inequality within partnerships, these variables have any independent impact on participation in pension provision, and whether they affect the association between inequality and third tier pension scheme participation.

The primary question of interest here is the effect of gender inequality of earnings within couples on participation in voluntary additional private pension schemes. Although these models contain much other information, this analysis will comment only on the coefficients across models for the first category, that is the percentage of joint earnings (i.e. the degree of earnings inequality). As indicated on these tables, only 11 per cent of partnered men contribute less than 40 per cent to joint earnings, compared with 63 per cent of women. While over a third of men contribute more than 80 per cent to joint earnings, only 9 per cent of women provide this degree of ‘breadwinning’.

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### Table 18: Odds ratios for contributing to third tier pensions. Partnered men aged 20 to 59.

<table>
<thead>
<tr>
<th>Percentage of joint earnings</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 &lt; 20% [7% of men] 0.01 ***</td>
<td>0.64</td>
<td>0.51</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>20% &lt; 40% [4% of men] 0.53 ***</td>
<td>1.07</td>
<td>0.80</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>40% &lt; 60% [24% of men] 1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>60% &lt; 80% [29% of men] 1.37 **</td>
<td>0.95</td>
<td>1.24</td>
<td>1.25</td>
<td></td>
</tr>
<tr>
<td>80% &lt; 100% [36% of men] 0.97</td>
<td>0.73 **</td>
<td>1.21</td>
<td>1.16</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age group</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 – 29 0.37 ***</td>
<td>0.48 ***</td>
<td>0.49 ***</td>
<td>0.48 ***</td>
<td></td>
</tr>
<tr>
<td>30 – 39 1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>40 – 49 1.20 *</td>
<td>1.22 *</td>
<td>1.21 *</td>
<td>1.24 *</td>
<td></td>
</tr>
<tr>
<td>50 – 59 0.95</td>
<td>1.33 **</td>
<td>1.36 **</td>
<td>1.56 ***</td>
<td></td>
</tr>
</tbody>
</table>

**Earnings quintile: own earnings**

<table>
<thead>
<tr>
<th>Earnings quintile</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest 1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>2nd 0.45 ***</td>
<td>0.72 **</td>
<td>0.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd 0.22 ***</td>
<td>0.51 ***</td>
<td>0.60 *</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th 0.09 ***</td>
<td>0.26 ***</td>
<td>0.31 ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lowest 0.01 ***</td>
<td>0.03 ***</td>
<td>0.03 ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No earnings 0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Earnings quintile: joint earnings**

<table>
<thead>
<tr>
<th>Earnings quintile</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest 1.43 *</td>
<td>1.34</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd 1.00</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd 0.75 *</td>
<td>0.78</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th 0.56 ***</td>
<td>0.60 **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lowest 0.34 ***</td>
<td>0.37 **</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Family Status**

<table>
<thead>
<tr>
<th>Family Status</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>No children in the family unit</td>
<td>ns</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youngest in fu 0-5</td>
<td>1.17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youngest in fu 5-15</td>
<td>1.27 *</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All children in fu 16+</td>
<td>1.30 *</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Educational qualifications**

<table>
<thead>
<tr>
<th>Level</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 4/5 – highest (degree etc)</td>
<td>1.15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 3 (e.g. A-levels)</td>
<td>0.86</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 2 (e.g. O-levels)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 1 (basic)</td>
<td>0.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No qualifications</td>
<td>1.41 **</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other or unknown</td>
<td>0.69 **</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| -2LL | 5040 | 4209 | 4184 | 4134 |
| Change in chi square | 898 | 831 | 25 | 50 |
| DF | 7 | 5 | 4 | 8 |

* p<0.001  ** p<0.01  * p<0.05

- odds of contributing to a pension defined as 0
Source: GHS 2000/1 and 2001/2, author's analysis
Excludes couples where neither earns
## Table 19: Odds ratios for contributing to additional pensions. Partnered women aged 20 to 59.

<table>
<thead>
<tr>
<th>Percentage of joint earnings</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 &lt; 20% [35% of women]</td>
<td>0.04</td>
<td><strong>0.76</strong></td>
<td>0.35</td>
<td><strong>0.34</strong></td>
</tr>
<tr>
<td>20% &lt; 40% [28% of women]</td>
<td>0.49</td>
<td><strong>1.13</strong></td>
<td><strong>0.81</strong></td>
<td><em>0.80</em>*</td>
</tr>
<tr>
<td>40% &lt; 60% [24% of women]</td>
<td>1.00</td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
<td>1.00</td>
</tr>
<tr>
<td>60% &lt; 80% [4% of women]</td>
<td>1.15</td>
<td>0.85</td>
<td>1.17</td>
<td>1.14</td>
</tr>
<tr>
<td>80% &lt; 100% [9% of women]</td>
<td>0.40</td>
<td><strong>0.76</strong></td>
<td><strong>1.63</strong></td>
<td><strong>1.51</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age group</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 - 29</td>
<td>0.43</td>
<td><strong>0.41</strong></td>
<td><strong>0.42</strong></td>
<td><strong>0.40</strong></td>
</tr>
<tr>
<td>30 - 39</td>
<td>1.00</td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
<td>1.00</td>
</tr>
<tr>
<td>40 - 49</td>
<td>1.13</td>
<td>1.05</td>
<td>1.04</td>
<td>1.10</td>
</tr>
<tr>
<td>50 - 59</td>
<td>0.82</td>
<td>*</td>
<td>1.06</td>
<td>1.14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings quintile: own earnings</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>1.00</td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
</tr>
<tr>
<td>2nd</td>
<td>0.53</td>
<td><strong>0.87</strong></td>
<td>*</td>
<td>0.70</td>
</tr>
<tr>
<td>3rd</td>
<td>0.31</td>
<td><strong>0.57</strong></td>
<td><strong>0.64</strong></td>
<td><strong>0.64</strong></td>
</tr>
<tr>
<td>4th</td>
<td>0.14</td>
<td><strong>0.36</strong></td>
<td><strong>0.43</strong></td>
<td><strong>0.43</strong></td>
</tr>
<tr>
<td>Lowest</td>
<td>0.02</td>
<td><strong>0.10</strong></td>
<td><strong>0.12</strong></td>
<td><strong>0.12</strong></td>
</tr>
<tr>
<td>No earnings</td>
<td>0.00</td>
<td>~</td>
<td>0.00</td>
<td>~</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings quintile: joint earnings</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>1.13</td>
<td>1.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td>1.00</td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
<td><strong>1.00</strong></td>
</tr>
<tr>
<td>3rd</td>
<td>0.60</td>
<td><strong>0.63</strong></td>
<td><strong>0.63</strong></td>
<td><strong>0.63</strong></td>
</tr>
<tr>
<td>4th</td>
<td>0.46</td>
<td><strong>0.49</strong></td>
<td><strong>0.49</strong></td>
<td><strong>0.49</strong></td>
</tr>
<tr>
<td>Lowest</td>
<td>0.18</td>
<td><strong>0.20</strong></td>
<td><strong>0.20</strong></td>
<td><strong>0.20</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maternal Status</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never had a child</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youngest 0 – 5</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youngest 6 – 15</td>
<td>1.22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youngest over 16 (home or gone)</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational qualifications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 4/5- highest (degree etc)</td>
<td>0.94</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 3 (e.g. A-levels)</td>
<td>0.80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 2 (e.g. O-levels)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 1 (basic)</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No qualifications</td>
<td>1.43</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other or unknown</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| -2LL                              | 5540    | 4407    | 4333    | 4275    |
| Change in chi square               | 1741    | 1133    | 74      | 58      |
| DF                                | 3       | 5       | 4       | 8       |

* p<0.001 **p<0.01 *p<0.05

---

Source: GHS 2000/1 and 2001/2, author’s analysis

Excludes couples where neither earns

---

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Men in this highest category of breadwinning are more likely to be high earners – this is shown in Table 18 by the lowering of the odds ratio in Model 2 once personal earnings are controlled from 0.97 (ns) to 0.73 (p<0.01). This is not the case for women, as shown in Table 19. Female breadwinners are much more likely to be low earners. This is shown by the dramatic increase in the odds ratio for women providing over 80 per cent of joint earnings from 0.4 in Model 1 to 0.76 in Model 2, when the strong association between low earnings and low pension scheme participation is taken into account.

Men who provide more than 80 per cent of earnings find themselves (as a result of low or no contributions from their partners) slightly lower on the joint earnings distribution than men whose partners contribute more to the household, with the odds ratio for this group for contributing to additional private pensions changing from 0.73 (p<0.05) in Model 2 to 1.21 (ns) in Model 3 once joint earnings are controlled (Table 18). But women providing 80 per cent plus of earnings as well as being low earners themselves are also much more likely to be in the low end of the joint earnings distribution. Thus it is only when both personal earnings and joint earnings are controlled that we see the odds ratio for the pension contributions of these ‘breadwinning’ women jump from 0.76 to 1.63 (p<0.01), relative to an equal earner Table 19.

Model 3 shows that even holding personal earnings and joint earnings constant, the degree of earnings inequality in a relationship has a significant impact on whether women contribute to pensions. For the same individual earnings and the same joint earnings, women who are more financially dependent are less likely to contribute to additional private pensions. For women earning 0 – 20% of joint earnings, the odds are only a third of the odds for equal earners, and for those earnings between 20% and 40% of joint earnings, the odds ratio is 0.81. All other things being equal, women who are the major breadwinner are more likely than equal earners to make additional pension provision. But all other things are not equal – the starting odds ratio for women in couples where they are the major breadwinners is only 0.4 because these effects are counterbalanced by their higher probability of low earnings and low joint earnings where pension provision is very unlikely. The additional statistical controls of maternal history and educational qualifications do not affect these relationships.
For men, shown in Table 18, once personal and joint earnings are controlled for, the effects of inequality within partnerships on pension provision are similar to women, but less pronounced. Breadwinners are more likely to make pension provision than financially dependent men, but there is much less variation than among women. The differences between men no longer register as statistically significant at 5 per cent\textsuperscript{113}.

The results shown indicate that all other things equal, for both men and women financial dependence of itself implies less participation in pension provision. For men, if they are equal earners or better, then they are more likely to accumulate private pension. Breadwinning men tend to be relatively high earners. The most advantageous position for them is if their partner contributes between 20 and 40 per cent of joint earnings, presumably freeing up some of their own earnings for pension provision. But the few women who are breadwinners are most likely to be low earners themselves and/or in low earning households. Thus neither they nor their partners are likely to be accumulating private pension.

These results suggest that breadwinning is normatively associated with pension accumulation for both men and women, but subject to different financial constraints, which are highly gendered. The additional income into the household from a relatively low earning second earner acts as a financially enabling mechanism for men to contribute to private pensions. For women, the financial constraints associated with being a breadwinner due to low earnings, and partners having low earnings, are so severe that few ‘breadwinning’ women can overcome them. For men, being the major breadwinner is associated with making pension provision for their retirement. This is likely to have cultural roots (man-as-provider) as well as institutional parameters such as working conditions and pay. Women breadwinners tend to be poor and generally cannot afford private pensions.

\textsuperscript{113} The similar pattern to the effects on women after the major gender differences have been controlled suggests that they probably do represent underlying patterns in society. For the coefficient for men earning between 60% and 80% of joint earnings, p=0.069, and for men earning between 0% and 20% p=0.15.
Pension homogamy among partners

It is clear that own earnings, partner’s earnings and the degree of dependency are all important in explaining the accumulation of pension provision. It is also clear that married men with dependents are the most likely to be making third tier pension provision, through being the highest earners, and through being married. Married and cohabiting women are now more likely than other women to be making third tier pension provision (Chapter 6), but contributions are still made by only a minority of women; and all women with children or who have children grown up are most unlikely to be contributing to third tier pensions.

What the analysis so far has not shown is the household pension accumulation of those women of working age who do contribute to private pensions. Are they part of a privileged group of households, where two pensions are being accumulated, or, are they households where traditional gender roles are reversed, and women are breadwinners, providing the only third tier pension for the couple?

As the meaning of marriage has changed over time, as women have become more economically independent, and as the risks of marital and partnership dissolution have increased, (Cherlin, 2004; Somerville, 2000) are we witnessing a shift in the degree of reliance on men for pension income by women within relationships? Or does educational and class homogamy in partnership formation (Chan & Halpin, 2000) mean that relatively privileged women enhance their privileged status by partnering with even more privileged men, contributing to the polarisation of household income in old age.

In looking at the earnings of working age couples, those individuals in paid work have been divided into thirds or tertiles as follows: low earners are those earning between a penny and £200.00 per week, mid-earners earn between £200 per week and £370 per week, and high earners are those earning over £370.00 per week gross\textsuperscript{114}.

\textsuperscript{114} Earnings data from the GHS compares very well with earnings data from the New Earnings Survey.
Chapter Six showed that pension accumulation is closely related to earnings, and Chapter Seven explored earnings inequality as between men and women in couples, but to what extent are the earnings of couples related to each other? Figure 22 shows that there is a reasonably strong relationship between the earnings of individuals and their partners. Over 60 per cent of partnered men who are not in the paid labour market have partners who are also not earning, and a further 20 per cent have partners in the lowest third of the earnings distribution. Men with relatively low earnings are most likely to have a partner with low earnings. The 30 per cent of men with mid-level earnings (between £10,400 and £19,200 gross per annum) are the most likely to have a partner with mid-level earnings, very likely to have a partner with low or mid-level earnings, and the least likely to have a non-earning partner. At the other end of the scale, a man whose earnings are in the highest third of the distribution is as likely to have a partner also earning in the highest third as he is to have a partner who is not doing paid work. Of all men, he is more than twice as likely as any other group to have a high earning partner (p=0.212). Almost half of men in this category have a partner in the mid or high earnings brackets. This means that they are the most likely to have a substantive boost to their already higher than average earnings from their partners.

High earning women\(^{15}\) are extremely likely to have partners who are in the same earnings’ bracket. High earning women comprise about 15 per cent of women, but of these, almost 70 per cent have partners who are high earning men.

\textit{Impact on the pension accumulation of couples}

This association is similarly evident in the pension scheme participation of couples. Table 20 shows that of the 61 per cent of partnered men who have additional private pension provision, half have partners who also are making additional private pension provision, and 70 per cent have partners making some provision above the basic state pension. This

\(^{15}\) Here defined as in the top third of the earnings distribution for men and women aged 20 to 59 in the paid labour force, namely those earning over £370 per week (£19,240 per annum).
Figure 22: Association between own earnings and earnings of partner, men and women, 20 to 59.

Earnings position of men and their partners; all couples aged 20 to 59

- Men: not earning
  - Female partner: highest earnings: 16%
  - Female partner: mid-earnings: 12%
  - Female partner: lowest earnings: 29%
  - Female partner not earning: 43%

Earnings position of women and their partners; all couples aged 20 to 59

- Women: not earning
  - Male partner: highest earnings: 30%
  - Male partner: mid-earnings: 32%
  - Male partner: lowest earnings: 24%
  - Male partner not earning: 15%

Source: GHS 2001 and 2002, author's analysis
Table 20: Pension scheme participation of individuals and their partners, all partnered men and women aged 20 to 59, row percentages (rounded)

<table>
<thead>
<tr>
<th>% of partnered men</th>
<th>Men</th>
<th>Not earning</th>
<th>Earnings below Lower Earnings Limit</th>
<th>Self-employed with only basic state pension</th>
<th>State second pension or private equivalent only</th>
<th>Additional pension provision</th>
<th>Total</th>
<th>n=</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12%</td>
<td>64</td>
<td>6</td>
<td>1</td>
<td>13</td>
<td>16</td>
<td>100%</td>
<td>720</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>30</td>
<td>31</td>
<td>1</td>
<td>13</td>
<td>24</td>
<td>100%</td>
<td>261</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>23</td>
<td>9</td>
<td>13</td>
<td>21</td>
<td>34</td>
<td>100%</td>
<td>262</td>
</tr>
<tr>
<td>18%</td>
<td></td>
<td>26</td>
<td>9</td>
<td>1</td>
<td>33</td>
<td>31</td>
<td>100%</td>
<td>1,067</td>
</tr>
<tr>
<td>61%</td>
<td></td>
<td>20</td>
<td>9</td>
<td>1</td>
<td>20</td>
<td>50</td>
<td>100%</td>
<td>3,581</td>
</tr>
<tr>
<td>100%</td>
<td></td>
<td>27</td>
<td>9</td>
<td>2</td>
<td>21</td>
<td>41</td>
<td>100%</td>
<td>5,891</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of partnered women</th>
<th>Women</th>
<th>Not earning</th>
<th>Earnings below Lower Earnings Limit</th>
<th>Self-employed with only basic state pension</th>
<th>State second pension or private equivalent only</th>
<th>Additional pension provision</th>
<th>Total</th>
<th>n=</th>
</tr>
</thead>
<tbody>
<tr>
<td>29%</td>
<td></td>
<td>35</td>
<td>5</td>
<td>4</td>
<td>16</td>
<td>40</td>
<td>100%</td>
<td>1,759</td>
</tr>
<tr>
<td>10%</td>
<td></td>
<td>13</td>
<td>15</td>
<td>4</td>
<td>17</td>
<td>52</td>
<td>100%</td>
<td>601</td>
</tr>
<tr>
<td>2%</td>
<td></td>
<td>9</td>
<td>2</td>
<td>35</td>
<td>13</td>
<td>42</td>
<td>100%</td>
<td>104</td>
</tr>
<tr>
<td>21%</td>
<td></td>
<td>9</td>
<td>3</td>
<td>5</td>
<td>27</td>
<td>56</td>
<td>100%</td>
<td>1,309</td>
</tr>
<tr>
<td>39%</td>
<td></td>
<td>7</td>
<td>3</td>
<td>4</td>
<td>14</td>
<td>73</td>
<td>100%</td>
<td>2,520</td>
</tr>
<tr>
<td>100%</td>
<td></td>
<td>16</td>
<td>4</td>
<td>5</td>
<td>17</td>
<td>58</td>
<td>100%</td>
<td>6,293</td>
</tr>
</tbody>
</table>

Source: GHS 2001 and 2002, author's analysis
contrasts markedly with the partners of men who are not earning, over 70 per cent of whom are contributing either to no pension at all, or only the basic state pension.

If a woman is making an additional pension contribution, then there is a 73 per cent likelihood that her partner will also be making additional private contributions, and almost a 90 per cent chance that he will be accruing at the very least some pension rights in the additional state pension schemes. While more women than ever before are participating in additional pension schemes, at any given time, it is still fewer than four in ten women aged between 20 and 59 making these contributions. Where they do, if they have a partner, it is very likely that their partner is also making contributions. They are a partnership accumulating two pensions, thus extending the inequalities which exist between partnerships during the working life course into old age.

Earlier in this chapter we noted that among current cohorts of older people, a quarter lived in households where both partners had some pension income. Table 21 shows that in 30 per cent of partnered working age households, both partners are contributing to third tier pensions. Over the working life, this percentage is likely to be higher (as individuals will have periods when they are, and periods when they are not, contributing). Thus future cohorts of women pensioners will be more likely to have some private pension accumulated than current cohorts, and more likely to be in a two person pension household. But this reflects great diversity among women, according to their own earnings.

Table 21 shows the pension privileged position of high earning women. Women in the highest tertile of earnings comprise just 14 per cent of women, but 63 per cent of them are in households currently contributing to two third tier pensions, and a further 22 per cent are the only person contributing to a third tier pension. Far fewer women earning less than £200 per week – the modal group for women – are in double third-tier pension households, with 31 per cent in partnerships with no third tier pension provision being made, and 37 per cent dependent on their partners for third tier provision.
Table 21: Breakdown of pension accumulation in household by level of women’s earnings, partnered men and women aged 20 to 59, column percentages

<table>
<thead>
<tr>
<th>Pension accumulation in household</th>
<th>High £371+ pw</th>
<th>Mid £201-£370pw</th>
<th>Low £0.01-£200pw</th>
<th>None</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neither has third tier</td>
<td>7</td>
<td>13</td>
<td>31</td>
<td>59</td>
<td>31%</td>
</tr>
<tr>
<td>Man only has third tier</td>
<td>8</td>
<td>15</td>
<td>37</td>
<td>41</td>
<td>29%</td>
</tr>
<tr>
<td>Woman only has third tier</td>
<td>22</td>
<td>20</td>
<td>9</td>
<td>.</td>
<td>11%</td>
</tr>
<tr>
<td>Both have third tier</td>
<td>63</td>
<td>53</td>
<td>23</td>
<td>.</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>n=</strong></td>
<td><strong>880</strong></td>
<td><strong>1,456</strong></td>
<td><strong>2,117</strong></td>
<td><strong>1,661</strong></td>
<td><strong>6114</strong></td>
</tr>
<tr>
<td><strong>Row percentage total</strong></td>
<td><strong>14%</strong></td>
<td><strong>24%</strong></td>
<td><strong>35%</strong></td>
<td><strong>27%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: GHS 2001 and 2002, author’s analysis

**Other factors in pensions homogamy**

The final data considered in this chapter concern the question of pension saving homogamy that is not dependent on earnings homogamy. There are two types of influence that might lead a working age couple towards similar pension saving behaviour apart from their higher probabilities of being in the same individual earnings bracket. The first is structural – for example, men who work in the public sector may be more likely to have a partner who works in the public sector, making them both more likely to have third tier pension provision related to their employment, or they might have met at work, at a firm that offers a good occupational pension scheme, or both be self-employed. The second is personal – certain people may be more inclined towards thinking about long term saving, because of their up-bringing, their experience, their attitude towards risk, and so forth. They may be more likely to have a partner with similar views towards money, or, over time, they may influence their partner into having similar views towards money.

The General Household Survey contains very little information about structural labour force variables and none about attitudes towards money either during the working life or in
retirement. Neither of these hypotheses can be directly tested, but the data can be used to confirm that other factors are at work.

Table 22 presents odds ratios for third tier pension provision among partnered men and women, according to their own earnings, and holding their partners’ earnings and third tier pension provision constant. A variable has been coded to capture the interaction between a partner’s earnings and his or her third tier pension provision. Odds ratios are presented in contrast with a person whose partner is in the lowest quintile of earnings and has no third tier pension provision. The model holds own earnings quintile constant, to enable this effect to be taken out of the comparison.

A marked effect of a partner having a third tier pension on the individual’s own third tier provision is shown for both men and women, once own earnings are controlled. A man becomes progressively less likely to have his own third tier pension provision as his partners’ income increases, if his wife or cohabitee has no third tier pension provision herself. This is the ‘breadwinning’ effect noted above. But if a wife or cohabitee does herself have pension provision, then the odds of his having third tier pension provision are 1.6 to 4.3 times higher than if he has a wife or partner who has no such provision. For example, the odds are set to 1.00 if his wife/partner is in the lowest quintile of earnings with no third tier pension, and the odds ratio is 1.6 if his wife/partner is in the lowest quintile of earnings but has third tier provision. Similarly, if his wife or partner is in the highest quintile of earnings, the odds of his having a third tier pension are 4.3 times higher than if she has no third tier pension (2.03/0.48). For women the effects are similar and of a similar order, except that for women whose partner is in the lowest quintile of earnings, it makes no difference to her probabilities whether he has third tier pension provision or not.

This means that homogamy of pension provision for couples goes beyond homogamy or earnings, and reflects other, unobserved, similarities between partners in their third tier pension acquisition. This will further contribute to inequalities in pension provision in later life as between couples who remain partnered.
Table 22: Odds ratios for third tier pension provision among partnered men and women according to own earnings, and partner’s earnings and third tier pension provision.

<table>
<thead>
<tr>
<th>Partner’s earnings and pension provision</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner does not earn</td>
<td>0.81</td>
<td>1.11</td>
</tr>
<tr>
<td>Partner in lowest quintile of earnings, has no third tier pension</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Partner in 4th quintile of earnings, has no third tier pension</td>
<td>0.74 *</td>
<td>0.58 *</td>
</tr>
<tr>
<td>Partner in 3rd quintile of earnings, has no third tier pension</td>
<td>0.62 **</td>
<td>0.73</td>
</tr>
<tr>
<td>Partner in 2nd quintile of earnings, has no third tier pension</td>
<td>0.52 **</td>
<td>0.94</td>
</tr>
<tr>
<td>Partner in highest quintile of earnings, has no third tier pension</td>
<td>0.48 *</td>
<td>0.75</td>
</tr>
<tr>
<td>Partner in lowest quintile of earnings, has third tier pension</td>
<td>1.59 *</td>
<td>1.19</td>
</tr>
<tr>
<td>Partner in 4th quintile of earnings, has third tier pension</td>
<td>1.78 ***</td>
<td>2.00 **</td>
</tr>
<tr>
<td>Partner in 3rd quintile of earnings, has third tier pension</td>
<td>1.60 **</td>
<td>1.71 **</td>
</tr>
<tr>
<td>Partner in 2nd quintile of earnings, has third tier pension</td>
<td>1.47 **</td>
<td>1.84 **</td>
</tr>
<tr>
<td>Partner in highest quintile of earnings, has third tier pension</td>
<td>2.03 ***</td>
<td>1.84 **</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Own earnings</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>No earnings</td>
<td>0.00</td>
<td>0.00 ~</td>
</tr>
<tr>
<td>Lowest quintile</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>4th quintile</td>
<td>11.62 ***</td>
<td>5.91 ***</td>
</tr>
<tr>
<td>3rd quintile</td>
<td>28.53 ***</td>
<td>12.21 ***</td>
</tr>
<tr>
<td>2nd quintile</td>
<td>57.17 ***</td>
<td>19.43 ***</td>
</tr>
<tr>
<td>Highest quintile</td>
<td>128.70 ***</td>
<td>34.27 ***</td>
</tr>
</tbody>
</table>

-2LL       4,157       4,113
Change in -2LL 2,575      3,210
DF          15          15
Significance *** ***

Source: GHS 2001 & 2002, author’s analysis; men, n=5,072; women, n=5,411
* p<0.001  **p<0.01  *p<0.05
-odds of contributing to a pension defined as 0
Excludes couples where neither earns

Conclusions

The continuance of a culture where women with children are financially dependent on men has a number of consequences for the accumulation of third tier pensions. Firstly, financial dependency during the working life implies financial dependency in later life. For women, it is not only their own earnings and the earnings of a partner that determine whether they acquire pensions, but also the extent to which they depend on their partner for household income. Subject to affordability in the first place, a second income is less likely to be used to provide personal third tier pension than a primary income. This is yet another way in
which women providing second incomes become personally disadvantaged in the ways in which household money is spent.

This dependency effect is evident among those of working age today, but also serves to explain the very great gender divide in private pension income amongst older married and formerly married people — the vast majority of older people. The income gaps between married men and married women in old age are substantial indeed, and this explains in turn the parlous financial circumstances in which older widows and divorcees live. Widows are slightly better off than divorcees, and we can assume that this is because they have inherited some private pension. The amounts that lone, previously married, older women survive on are very low. The median for divorced women is below the official poverty line, and not much above it for widows.

Thus married women on average are individually poor in later life, with fewer than 3 in 10 in receipt of any private pension. When we examine the household circumstances of those older women that are in receipt of a private pension, it becomes apparent that not only are they likely to be personally better off than most other women, but they are very likely to have a partner with private pension receipt too. And the higher their own pension, the more likely it is that their partner has his own pension, and the higher their partner's pension is likely to be. Eighty-seven percent of partnered women over 65 in receipt of relatively high private pension (above the median for women) have a partner with private pension, and more than 60 per cent of these have a partner who is himself in receipt of pension above the median for men. Pension inequalities among older women are exacerbated by their household pension incomes, with pension inequalities between women therefore even greater when the pension income of a partner is taken into account. For the currently retired over 65, a quarter of partnered households have no private pension, and a further 50 per cent are in households where only the man has private pension income.

These effects are likely to be seen too in future cohorts of pensioners, to the extent that people remain partnered into old age or re-partner. Earnings homogamy is very rarely

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116 Analysis with the Family Resources Survey for the same year shows the median income of divorced women to be just above the poverty line. The differences can be largely accounted for by the practice of imputation of data in the FRS — for further details contact the author.
studied (for an exception see Arber & Ginn, 1995c), but is critical for the understanding of pension accumulation and financial well-being in later life. Here it is shown that among the working age population, men in the highest third of the earnings' distribution have the greatest chance of having a partner whose earnings are also in the highest third of the distribution. Looked at from the perspective of women, if a woman is in the highest third of the earnings' distribution, there is a 70 per cent chance that her partner will be too. Since these are the men and women most likely currently to be making third tier pension provision, earnings homogamy leads to pensions homogamy. If a woman is making third tier provision, there is a 73 per cent chance that so is her partner, and a 90 per cent chance that he will at least be making second tier provision. In contrast, almost 70 per cent of women earning less than £200 per week – the modal earnings group for women aged 20 to 59, with 35 per cent of women in this category – are wholly dependent on a man or the state for pension provision, and fewer than a quarter are in two-pension households.

Joint accrual of third tier pensions is not only related to earnings. There are other factors that make couples more likely to have similar third tier pension provision aside from earnings. These might be structural – related to the availability of pensions within regions, sectors, firms or industries – or psychological, or both. It is not possible to test these causes of pensions homogamy with GHS data, but it is possible to say that other factors are also linked to homogamous pension accumulation among couples. This inequality in accrual between households will also in due course reflect in inequality between retired couples.

Although the position looks less bleak than for current generations of pensioners, change is not dramatic. Among those currently of working age, partnered women largely remain dependent on men for pensions, with about 30 per cent per cent of women currently of working age in 'no pension' households, and a further 30 per cent in households where only the man is currently contributing to a third tier pension. Over the working life course, both proportions will be lower, as there will be more women who retire having ever contributed to a private pension than can be observed in a cross-sectional sweep. But the change is less dramatic than it seems - women's participation when they have children is low, and their earnings are low, and both remain low. Pension accrued out of earnings of less than £200 per week is unlikely to lift women out of poverty in retirement as the value
of the Basic State Pension continues to fall. Indeed, this is the threshold identified by the Pensions Commission (Pensions Commission, 2004b) at which private pension accumulation looks economically irrational and inefficient.
Before and After: the Pensions of the Lone, Separated and Divorced

The two previous chapters have established that among partnered couples, gender plays a large role in securing financial inequalities in pensions between men and women. Even among highly educated, childless couples, women are not on average equal contributors to the income in their households, with lower earnings than their partners. Once children are born, discrepancies in earnings among couples at all educational levels become quite profound. That women are second earners in relationships appears to have long lasting consequences, firstly for their own pension provision, and secondly for arrangements within the home that leave women financially disadvantaged relative to their partners long after children have grown up.

For women, earnings inequalities within partnerships are related to their having children, rather than the particular legal marital status that they occupy. Thus partnered women with children or whose children have grown up are much more likely to provide a 'second income' into the household than a primary or equal income, regardless of whether they have never been married, are divorced, or are married for the first or second time. The distinctions in legal status appear not to be important in determining the household arrangements for paid work and household labour. Yet they are important in the legal regime governing marriage and divorce, for cohabitants have no legal rights against each other \footnote{They have the statutory right to child support for any dependent children, which is usually not paid.} in the event of cohabitation breakdown, whatever financial sacrifices a cohabiting mother might have made. I have argued, in Chapter Four, that despite important legal rights to share pensions being extended to married women, the pension sharing laws are and will be little used to help divorcing women.

Those in relationships have a relatively high risk of relationship breakdown – four in ten for those married in the mid-1990s (Shaw, 1999), possibly higher than that now, and an even higher breakdown rate for cohabitants who are not married (Ermisch & Francesconi, 2000a). After marital or relationship breakdown, women with children are likely to spend
many years as a lone parent. Using data from the mid 1990s collected by the British Household Panel Study, Ermisch and Francesconi (2000b) estimated that half of single or divorced lone parents would have durations of more than five years as a lone parent, and of those who re-partnered, the partnerships would be quite unstable with over a quarter dissolving within the year, and half within two years. McKay (2002) adds that the duration of spells of lone parenthood might be increasing. Also, a quarter of his sample of divorced women had remained lone parents until their children were independent (with a further quarter still lone with dependent children at the time of the survey).

The chances of re-partnering reduce if women have children, especially if the children were born outside of legal marriage (either to lone mothers or in a cohabiting union) (Ermisch, 2001). In addition to reduced chances of re-partnering with children, chances of re-partnering reduce with age for women, as men still tend to form partnerships with women younger than themselves. In 1998, men marrying for the second time were on average 5 years older than their partners. For men, the average size of the age gap between themselves and their partners increases with age, and cohabiting partners typically have an even greater age difference than do marital partners (Hancock et al., 2003; Lampard & Peggs, 1999).

It is important in this context to conceptualise divorce or lone motherhood as a life course phase. The women who become lone mothers were more often than not previously in a cohabiting relationship. Haskey (2002), using cohabitation data collected in the General Household Survey showed that two thirds of lone single (i.e. never married) mothers had previously been in a cohabiting union. The gendered division of domestic labour, labour force structures, child care structures, and normative beliefs about child-rearing and the work-life balance for mothers apply just as stringently to women who become lone mothers as they do to partnered women. Many of these constraints on lone mothers are even greater, because of the loss of a usually higher income from a male partner into the household, the loss of child-care support from a male partner (often extensive – especially where atypical hours are worked (Le Bihan & Martin, 2005)), and often the loss of contact with the extended family of a father, who might previously have assisted with child-care and other household emergencies. Mothers may also feel that since children are often in an
emotionally vulnerable state after a separation, children have even greater need for their presence, so that paid work might be a lower priority for them than before\textsuperscript{118}.

Although it might be important to do so, constraints of the GHS data have prevented my distinguishing between those never married lone mothers whose children were born within a cohabiting partnership and those who were single at the time\textsuperscript{119}. Indeed, as will be outlined in a moment, the main focus of this chapter will be on the characteristics of married men and women who separate and divorce. But the constraints on women's pension accumulation apply to all lone mothers. Before turning to look at those mothers who have experienced the breakdown of a marriage, first, some general observations will be made concerning lone motherhood.

Rowlingson and McKay (2005) have recently questioned the practice of analysing lone motherhood as a distinct category. Their focus is on social class differences among lone mothers, but their argument is that working class lone mothers have more in common with working class partnered mothers than they do with middle class lone mothers. The point may seem obvious but it is almost invariably overlooked – women do not change their orientations, beliefs, experience and characteristics in the time that they transfer from being a partnered to a lone mother.

Rowlingson and McKay's point is well taken. My point is a slightly different one. All lone mothers are disadvantaged because the norms and structures of society, supporting women as 'second earners' do not support lone mothers becoming financially independent. Some, highly educated, without too much accumulated disadvantage in work experience when in their partnerships, may be better equipped than others to overcome the social and structural impediments to financial independence. But despite their educational or class differences, lone mothers have much in common. To understand lone motherhood after separation and divorce, we must view it in the context of what was happening when women were partnered. Indeed McKay (2002) has shown that rates of change in work status are low, whether the transition is into a lone parent household or out of it.

\textsuperscript{118} This was a common experience in my legal practice as a divorce lawyer, with this sentiment – i.e. that the children needed their mothers at home – expressed by fathers as well as by mothers.

\textsuperscript{119} Dates of birth are not given for children, nor their ages in single years, to maintain confidentiality.
Low rates of accumulation of pensions among partnered women with children is therefore important (Chapter Eight). The operation of the 'clean break' in divorce law (see Chapter Four), and the lack of any legal framework after the dissolution of a cohabiting union both have implications for the pension accumulation of women. The underlying policy assumption, and an assumption made daily in the resolution of divorce cases\(^{120}\), is that after cohabitation breakdown, separation, or divorce, in today's world of gender equality, women will be able to build their own pension provision. Since in the age range 20 to 59, almost 70 per cent of separated women, 60 per cent of lone divorced women, and half of cohabiting divorced women have children (see Chapter Six), it has become very important empirically to test this assumption (Ginn & Price, 2002).

Men are rarely looking after dependent children. Moreover, legal marital status and previous marital history seem important factors for men in considering the extent of inequality in their relationships (Chapter Seven), in their earnings, and in their contributions to third tier pensions (Chapters Six and Eight). Without longitudinal and attitude data it is not possible to say whether these are purely selection effects, whether a man's legal status and marital history themselves have an impact on these variables, or whether the dynamic interaction with women partners also has an effect. The very poor financial position of divorced men was noted in Chapter Six, and with the retrospective marital history data collected by the GHS, it is possible to explore some of the reasons for this outcome.

This chapter focuses on the pension accumulation of men and women after the breakdown of a first marriage\(^{121}\). First, the simple characterisations that quantitative analysts tend to employ for marital and partnership status will be rendered more complex using the historical data collected by the GHS. The accumulation by substantial proportions of the population of complex marital histories will be shown. To understand how this complex marital history relates to third tier pension scheme participation, the chapter then turns to consider the earnings and pension participation of lone mothers compared with partnered

\(^{120}\) In my practice as a barrister specialising in divorce work for fifteen years, it was this regularly encountered assumption that first led to my researching these issues.

\(^{121}\) Exploratory analysis, not shown in this thesis, indicates that those who have experienced the breakdown of two or more marriages may have different characteristics to those who have experienced the breakdown of only one.
mothers, before looking at the involvement in paid work and pension provision of men and women who have experienced marital breakdown. The impact of children on the pension scheme participation of lone women will then be examined. This focus on women tends to have as an underlying assumption that these issues are not important for men, but Chapter Six has shown that divorced men appear to be particularly disadvantaged. The final section of this chapter explores reasons for the low participation rates by lone divorced men in third tier pensions.

**Marital complexity and the life course**

Those who are married, those cohabiting, and those living alone are far from homogenous in their marital histories, although this dimension is often glossed over in quantitative research. These are in fact complex groupings of people with very different pasts. Figure 23 is a map showing the marital paths taken of those aged 16 to 59 for whom reliable marital history data is available in the last two years of the GHS. The numbers just outside each oval show the total number of respondents ever having passed through that phase. This graphic shows that while 8.6% (1,825 people) would show up in statistics as ‘divorced’ because they are currently divorced and have not re-married, in fact 3,592 people, or 17 per cent, have ever divorced from a first marriage. Of these, 1,520 (over a third) have not re-married, and of the 1,520 who are not married, 514 (a third) are cohabiting.

Of the 3,592 ever divorced from a first marriage, 428 – almost 12 per cent – divorced again after a second marital breakdown. Of these, 33 went on to divorce for a third time, and 2 for a fourth time. In addition, 9 people had divorced from a second marriage having been widowed in a first, and 3 people divorced twice having been widowed once. It is reasonable to expect that the experience of a second divorce is qualitatively different from a first, or that marital breakdown having been widowed in a first marriage feels different to marital breakdown without the previous experience of widowhood, or that serial marital

---

122 99.9 per cent of those giving a full interview – a few people who gave irreconcilable answers at different points in the survey or were missing on crucial questions have been excluded; those giving a full interview were 92 per cent of the effective sample.

123 The 2001 Census gives the percentage as 8.8%
Chapter Nine - Alone, Separated or Divorced

Figure 23: Marriage pathways for men and women aged 16 – 59, n=21,030

Source: GHS 2001 & 2002
### Table 23: Percentage within each marital status by number of marriages, men and women aged 20 to 59

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>85.11</td>
<td>13.64</td>
<td>1.14</td>
<td>0.10</td>
<td>0.01</td>
<td>100%</td>
<td>11,297</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cohabiting</td>
<td>70.30</td>
<td>25.35</td>
<td>3.91</td>
<td>0.37</td>
<td>0.08</td>
<td>100%</td>
<td>2,458</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separated</td>
<td>78.86</td>
<td>18.60</td>
<td>2.38</td>
<td>0.16</td>
<td>100%</td>
<td>629</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divorced</td>
<td>83.07</td>
<td>15.19</td>
<td>1.73</td>
<td>100%</td>
<td>1,211</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Widowed</td>
<td>87.34</td>
<td>12.23</td>
<td>0.44</td>
<td>100%</td>
<td>229</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: GHS 2001 and 2002, author's analysis

Notes: Cohabitants might be separated, divorced or widowed. Those classified as separated, divorced or widowed are not cohabiting.

### Table 24: Percentage of men and women aged 20 - 59 who after marital breakdown are not living with a partner, by marital status and ten-year age groups, with probability ratios

<table>
<thead>
<tr>
<th>Age 20 - 29</th>
<th>Age 30-39</th>
<th>Age 40-49</th>
<th>Age 50 - 59</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not cohabiting</td>
<td>Probability</td>
<td>Probability</td>
<td>Probability</td>
</tr>
<tr>
<td>Men</td>
<td>Women</td>
<td>Ratio W/M</td>
<td>Men</td>
</tr>
<tr>
<td>Separated from first marriage</td>
<td>1.03%</td>
<td>2.83%</td>
<td>2.75</td>
</tr>
<tr>
<td>Divorced from first marriage</td>
<td>0.16%</td>
<td>1.75%</td>
<td>10.75</td>
</tr>
<tr>
<td>Widowed from first marriage</td>
<td>0.19%</td>
<td>0.32%</td>
<td>1.70</td>
</tr>
<tr>
<td>2+ marriages ended</td>
<td>0.15%</td>
<td>1.49%</td>
<td>9.76</td>
</tr>
<tr>
<td>All</td>
<td>1.19%</td>
<td>4.81%</td>
<td>3.84</td>
</tr>
</tbody>
</table>

Source: GHS 2001 and 2002, author's analysis
breakdowns have particular personal, social and other consequences for individuals. The social meaning of the category 'divorced' therefore may vary according to its antecedents.

Table 23 shows the proportions within the traditional aggregated 'marital status' categories of married, cohabiting, divorced, separated and widowed who are in this status after a second or subsequent marriage.

Of non-married cohabitants, again routinely aggregated for data analysis, 70 per cent have never been married, about a quarter are cohabiting after a first marital breakdown, and about one in twenty are cohabiting after a second or subsequent marital breakdown. Among those not cohabiting, just over four fifths of those separated or divorced are in that state after a first marriage, with the balance having suffered a second or subsequent marital breakdown.

**Acquiring complex marital histories: the gender divide**

It is well known that within partnerships women tend to be younger than men (Hancock et al., 2003), and re-partnering rates after marital breakdown are higher for men than for women (Haskey, 1999; Lampard & Peggs, 1999). This has consequences over time for the population, in its acquisition of complex marital histories. A breakdown of current partnership status by marital history has already been shown in Chapter Six. As was to be expected, the likelihood of more complex marital histories increases with age for both men and women. Among those in their 20s, 2 per cent of men and 7 per cent of women have had at least one marriage breakdown. Yet among the population in their 50s, 31 per cent of men and 37 per cent of women have experienced the breakdown of at least one marriage, and 5 per cent and 6 per cent respectively have experienced the breakdown of at least two (Chapter Six, Figure 12).

In each age group, the proportions of women having experienced at least one marriage breakdown exceed those of men. Among those in their twenties, women are almost three times as likely as men to be in this category, among those in their
Figure 24: Percentage in each age group having experienced at least one marriage breakdown, men and women aged 20 to 59.

Source: GHS 2001 and 2002, author's analysis
30s, one and a half times as likely, and among those in their 40s and 50s, 20 per cent more likely.

In order to clearly show these and other gender differences, Figure 24 shows the percentage in each age group having experienced at least one marriage breakdown. Importantly, in each sub-group of those with a complex marital history, the proportion of women living without a partner in each age group is far higher than the proportion of men in that age group living without a partner. Table 24 summarises these differences.

The chances of being a divorced women living alone after a first marital breakdown are almost eleven times higher than the chances of being a divorced man living alone in your twenties (Table 24). Even in the thirties, the chances are twice as high for women, reducing only slightly to 1.6 times higher and then 1.3 times higher in the forties and fifties. If the proportions of people living alone after marital breakdown (whether first or subsequent) are considered in aggregate, then the gender ratio of probabilities for living alone is highest in the twenties at 3.84, remains high in the thirties at 2.23 and levels off in the 40s and 50s to 1.62. The chances of women living alone after marital breakdown are thus much higher than the chances for men. Understanding the pension provision of lone women is therefore increasingly important.

**Lone motherhood and pension provision**

Irrespective of their marital and cohabitation histories, lone mothers have lower earnings than partnered mothers and are far less likely on average than partnered mothers to be able to accumulate pension provision. Figure 25 shows the median earnings of mothers, compared with those who have never had a child, according to whether women live with a partner or are single.

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124 Here meaning not cohabiting with a partner – there may be other adults in the household

125 All women aged 20 to 59 have been included in the analysis, whether earning or not
The reduced earnings for women with a very young child are severe. Lone parents with a child under 5 have median earnings of £0, but even those who live with a partner, of whom more than half are now in paid work, have median earnings of only £70 per week. The median earnings of lone mothers with a child still under 16 never reach £100, but even among couples, median earnings for women with children never rise above £130 per week. The earnings disadvantage persists for women who have ever had children.

Some selection of working class women on low earnings into lone motherhood takes place (Rowlingson & McKay, 2005), which will in part account for the gaps in earnings shown. It is interesting to note though that the gaps are widest for those with children under ten; they then start to narrow, and by the time children are 16, there are no discernable differences in median earnings. This suggests that whatever differences there might be between lone and partnered mothers, these are exacerbated by having children, leaving relatively low earning mothers with very few options while children are young. It is also notable that the median earnings of lone mothers...
climbs steadily as children age, whereas the median earnings of partnered mothers are reasonably constant once children are at secondary school. This could indicate that lone mothers increasingly move into the paid workforce when the constraints upon them lessen, but although when the youngest child is over 16 there is no longer any earnings difference between single and partnered mothers, their median earnings are still under £120 a week.

Figure 26 shows that the percentage of mothers participating in third tier pension schemes never rises above 40 per cent, whether children are pre-school, primary school, secondary school or over 16. Within couples, participation rates do not vary much for women – from 31 per cent for those with a child under 5, to 38 per cent per cent for those with a child aged 10 – 15. What is notable is the severe lack of pension provision for lone mothers. Eighty-eight per cent of lone mothers with a child under 5 have no additional pension, and the proportion with third tier pension never gets much above 30 per cent for any lone mothers. By the time children are over 16, women are in their early fifties, on average (see Chapter Six) – far too late for pension building.

Figure 26: Percentage of women making third tier pension provision according to children and partnership status. Women aged 20 to 59.

Source: General Household Survey 2000/1 and 2001/2, author’s analysis; p<0.001
Mothers whose dependent children live elsewhere, and those looking after others’ children have been excluded
The experience of separation or divorce has serious pension consequences for mothers who until that time may have believed that they would share in a spouse’s income and pension. It increases the likelihood that they will spend a substantial period of their working life in a spell of lone parenthood, with all of the financial constraints that this implies. While all mothers are severely disadvantaged in the extent to which they participate in occupational or additional voluntary private pension schemes, lone mothers are particularly so. The pension future for women who have been lone mothers looks particularly bleak.

**Divorce and pension provision**

I have argued in Chapter Four that pension sharing on divorce, whilst a very important facility, is not a policy solution as it benefits very few people. I have argued that this is not likely to change much, and that pension sharing will never be a solution to the difficulties that the vast majority of separated and divorced women face in retirement (see also Price, 2003a; 2003b). In this light, we next turn to the question, to what extent do divorced women participate in the accumulation of third tier pensions? If divorced women cannot expect a share of their husbands’ pensions, what provision can they expect?

Figure 27 shows the impact of having children to care for on the third tier pension scheme participation of lone divorced women. Over half of lone divorced women who have never had a child participate in third tier pension schemes. This is higher than the average for lone mothers, and may indicate that the experience of divorce and loss of financial dependency makes women more likely to participate in pension schemes, and without children, they are able to do so. Alternatively, it may indicate that where there are no children, women with pension schemes, who are more financially independent, are more likely to get divorced.

Yet if they have a young child to care for, the participation rates in third tier pensions are very low. Figure 28 shows these data relative to the odds of a woman in her first marriage with children participating in third tier pension schemes, which have been defined as 1.00, and also in comparison with odds ratios for other women. The data
have been presented in this way so that statistically significant differences can be easily discerned, as can patterns of provision.
There are no statistically significant differences in the participation rates of divorced cohabiting women and women in second marriages when compared with married women. One group of cohabitants though is shown to be severely disadvantaged in pension provision, and these are those who have never married. Never married cohabiting women who have never had children are much younger than most other groups of women, but the age differences between those with children are small, and differences in age cannot account for these observations (see Chapter Six). If these women remain unmarried, or separate (thus becoming single, never married parents) then they are extremely vulnerable, with the responsibilities of children to care for and no legal rights. Those mothers who have never married have lower rates of third tier pension accumulation than married mothers whether they are lone parents or cohabiting.

Figure 29 tests the question of whether divorced cohabiting mothers are disadvantaged relative to married cohabiting mothers even when children have grown up. Again, odds ratios are presented so that statistically significant differences can be discerned, as can patterns of association. Here we see that once children are over 16, the odds of a divorced cohabiting mother contributing to a third tier pension rise to 1.5 times the odds for a married mother. This suggests that as soon as they are free of the significant constraints and expenses of child care, divorced women do join and participate in third tier pensions, but on average among those of working age, divorced cohabitants with children over 16 are age 48 – very late to begin to save for retirement. Again in this figure the particularly disadvantaged pension position of cohabiting mothers who have never married is apparent.

The policy response to the observed poverty of older divorced women was to enable pension sharing on divorce, following slow recognition of the dismally low pension provision that married women accrue (Prior & Field, 1996). The pension sharing policy, even if it were effective, fails to address the difficulties faced by cohabiting mothers who do not come within the ambit of property and income orders on separation and breakdown, let alone any consideration of pension sharing. As increasing numbers of men and women choose to cohabit without marrying, and
Chapter Nine – Alone, Separated or Divorced

Figure 29: Odds ratios of contributing to third tier pensions. Partnered women aged 20 to 59 by maternal and partnership status.

Reference category is first marriage in each maternal status.

Among lone women, divorcees who are mothers have slightly higher participation rates in third tier pensions than single mothers, but the differences are not large. The evidence suggests that far from divorced mothers improving their pension position after divorce, as is urgently needed,

child-bearing outside marriage becomes common – possibly even the norm (at least for first births), this becomes increasingly problematic. In many ways, cohabiting mothers mimic the established gender patterns of marriage, but without the legal protection.

While the legal framework for asset division might operate satisfactorily on divorce (Davis et al., 2000), the legal framework for pension sharing does not (Chapter Four). This means that divorced women, emerging as they do from a normative form of...
marriage where pension building is generally not part of the picture for mothers, must build their own pensions after divorce if they are to have adequate and sufficient incomes in retirement. Yet the data here, albeit cross-sectional, suggests that they are not able to do so. Their participation rates do not increase until children are grown up, and then only if they are cohabiting, and by then, if they have no or little accumulated pension thus far, it is late to start building private pension provision. It seems unlikely that this would be a cohort effect, with a select age group of divorced cohabiting women happening to have had higher third tier pension participation rates than those around them, or than their younger counterparts.

**Divorced men**

Divorced men, as has been seen, have lower income in old age than other groups of men. The reasons for this are at first obscure. They have, until the point of divorce, been married men. Married men are the most privileged in terms of both earnings and pension provision. After divorce, very few have the responsibility of day to day child care, and so on the whole, their ability to work and to earn, therefore to contribute to pensions, is not threatened.

Table 25 shows median earnings for men aged 20 to 59. In marked contrast to women, there is no group for whom median earnings are less than £200 per week. Generally men earn much more than this, medians hovering around the £350 per week mark. The presence of children in the home, if anything, is associated with enhanced earnings of cohabiting men who are or have been married, apart from the 9 per cent of lone divorced men who are the sole carers for their children. The marriage premium is clearly seen, with median earnings of married men in a first marriage generally over £400 a week.

Where there are no children in the home, among men who are cohabiting or are or have been married there is remarkable uniformity of earnings, apart from lone divorced men. Median earnings for lone divorced men on average are earning under
£250 a week, much less than other groups. The reason for this is clear from Figure 30. About a third of divorced men who have not re-partnered are not in paid work.

Table 25: Median gross weekly earnings of men according to partnership status and the age of the youngest child in the family unit, aged 20 to 59

<table>
<thead>
<tr>
<th></th>
<th>Child 0 - 4</th>
<th>Child 5 - 9</th>
<th>Child 10 - 15</th>
<th>No child under 16 in family unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never married, lone</td>
<td>~</td>
<td>~</td>
<td>~</td>
<td>275</td>
</tr>
<tr>
<td>Separated, lone</td>
<td>~</td>
<td>~</td>
<td>~</td>
<td>346</td>
</tr>
<tr>
<td>Divorced once, lone</td>
<td>~</td>
<td>~</td>
<td>213</td>
<td>245</td>
</tr>
<tr>
<td>Never married, cohabits</td>
<td>276</td>
<td>346</td>
<td>284</td>
<td>347</td>
</tr>
<tr>
<td>First marriage</td>
<td>413</td>
<td>415</td>
<td>403</td>
<td>354</td>
</tr>
<tr>
<td>Second marriage</td>
<td>360</td>
<td>370</td>
<td>339</td>
<td>327</td>
</tr>
<tr>
<td>Divorced once, cohabits</td>
<td>350</td>
<td>305</td>
<td>350</td>
<td>322</td>
</tr>
</tbody>
</table>

Source: GHS 2001 & 2002, author’s analysis
~ cells with counts less than 15 have been excluded

Figure 30: Percentage not in paid work according to selected marital statuses, men and women aged 20 to 59

Source: GHS 2001 and 2002, author’s analysis
In a longitudinal study of male unemployment where a correlation between divorce and unemployment in men was noted, Lampard (1994) found that in some cases unemployment precedes divorce and in others divorce precedes unemployment. There are many possible causal explanations. First, individuals may have characteristics making them more likely to become both out of work and divorced e.g. poor health, or particular personality characteristics. Second, unemployment may place sufficient stress on a relationship to cause its breakdown, or lead to higher divorce rates where there is no financial advantage to staying married. Third, divorce may cause deterioration in mental health, difficulty in coping with work, or an unwillingness to work, to avoid paying child and spousal maintenance. Fourth, since the effect is not apparent in divorced men who have re-partnered – this may indicate that divorced men in work have better re-partnering prospects, or that a new partner encourages a return to work. Finally, it may also be because re-partnering helps to alleviate depression or other mental health problems which may be a factor in the unemployment of divorced men.

That these effects have implications for the pension provision of divorced men is shown in Figure 31. For men, the differences between statuses are quite stark. More than sixty per cent of men in a first marriage are in third tier pension schemes. Divorced cohabiting men fall behind married and separated men in their rates of pension scheme participation but only 40 per cent of divorced men living alone are contributing to private pensions. This is only marginally higher than the rate for divorced lone women (34 per cent), almost half of whom are caring for a dependent child.

It is not possible to discern from a cross-sectional study whether men who get divorced and do not re-partner were more likely to be low earners and/or the type of men who were not contributing to pensions even when married. Rates of contribution to third tier pensions are lower after divorce, and this is heavily linked to the low employment rates of divorced men living alone. Those divorced men who are in work may also be less likely to contribute to pensions because of other calls on their income like rental or mortgage repayments on a new house, debt, or maintenance payments. It is not possible to test this with these data.
Chapter Nine – Alone, Separated or Divorced

Figure 31: Percentage separated or divorced from first marriage making third tier pension provision (first marriage shown for comparison)

The characteristics of lone divorced men

Even with cross-sectional data, it is possible, however, to examine some of the correlates of being divorced and not having repartnered. These are presented in Table 26, which shows some of the characteristics of those men who are separated or divorced from a first marriage, according to their current partnership status. The first column contains the percentages for those in first marriages, for comparison.

Lone divorced men are the most likely to be in each of Social Classes IIIM, IV and V. All in all, 61 per cent of lone divorced men are manual workers, compared with around half of lone separated and divorced cohabiting men, and under 40 per cent of married men. Lone divorced men are much more likely than other groups shown here to have no qualifications, with 28 per cent in this category. Like men in second marriages, almost 40 per cent are in their fifties.
Table 26: Characteristics of men separated or divorced from a first marriage, by current partnership status. Aged 20 to 59, column percentages.

<table>
<thead>
<tr>
<th>In paid work</th>
<th>First marriage</th>
<th>Separated lone</th>
<th>Divorced lone</th>
<th>Divorced couple</th>
<th>Second marriage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee or self-employed</td>
<td>81</td>
<td>84</td>
<td>68</td>
<td>92</td>
<td>86</td>
</tr>
<tr>
<td>Not in paid work</td>
<td>19</td>
<td>16</td>
<td>32</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
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<td><strong>697</strong></td>
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Source: GHS 2001 & 2002, author's analysis
Figure 32: Percentages not in paid work after first marital breakdown, according to current partnership status and time elapsed since separation (grouped). Men and women aged 20 to 59.

Source: GHS 2001 & 2002, author's analysis. Those with two or more marriage breakdowns are not shown. Categories with cell counts less than 15 are not shown. Statistics: Men: separated lone, ns; divorced lone Phi = 0.232, p<0.001; divorced couple, ns; second marriage, Phi = .109, p<0.1.
Women: separated lone, ns; divorced lone, ns; divorced cohab, Phi = 0.207, p<0.05; second marriage, Phi=0.151, p<0.01.
Chapter Nine – Alone, Separated or Divorced

This lone divorced age profile (relative to divorced cohabiting men, for example) suggests that many men have possibly been divorced for some time. Figure 32 shows, in the second graph from the left, top, that as time elapses from the date of separation, it becomes more likely that lone divorced men are out of work. Almost half of those divorced men who have been separated for more than twenty years are not in paid work. There is no obvious reason why this would be so, apart from a general malaise setting in for men who have been alone for a long time after divorce, that might lead to lack of motivation to find work. A more plausible explanation is a selection effect whereby men with jobs, or men more likely to find jobs, leave the ‘lone divorced’ population, so that, as time progresses, the men remaining in that category are more likely to be out of work.

But it is also clear that time since separation will be correlated with age, and as Chapter Six showed, men in their fifties are more likely to be out of the labour market. The question arises how much of the effect on paid employment is to do with being a lone divorced man apart from the influence of other correlated variables shown in Table 26, each of which — age group, social class and education level — is known to be correlated with unemployment, or being out of the labour market for other reasons such as disability or early retirement.

Table 27 presents the results of a multivariate logistic regression analysis where the dependent variable is being in paid work. Two nested models are shown — the first is the bivariate association between partnership status after separation from a first marriage and being out of work. Odds ratios are shown relative to the odds of being in paid work of a man in a second marriage. The second model controls for the variables that have been discussed — social class, highest educational level, age group, and time since separation.

Model 1 shows that the odds of a lone divorced man being out of work are 2.9 times the odds for a man in a second marriage, and more than 5 times higher than a divorced cohabiting man. Once social class, educational level, age group and time since separation are controlled, the odds ratio, rather than be explained, is in fact shown to be even higher. The odds of a lone divorced man being out of work are now 3.2 times higher than the odds for men in second marriages.
### Table 27: Odds ratios for men not being in paid work after separation from first marriage (selected categories). Men aged 20 to 59.

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<td>Divorced once, lone</td>
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<td>11 - 20 years</td>
<td>486</td>
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<td>Level 4/5 (highest)</td>
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-2LL 1120 1038
Change in -2LL 59 82
df 3 17
Significance *** ***

*p<0.1, **p<0.05, ***p<0.001

Source: GHS 2001 and 2002, author's analysis

Only selected categories of partnership status have been included in the model. Those with more than two marriage breakdowns, widowed men and separated cohabiting men have been excluded for small numbers, or conceptual difficulties.
Chapter Nine – Alone, Separated or Divorced

This suggests that a fairly powerful ‘selection’ effect is taking place, which could occur for a number of reasons as detailed above associated with personality, employability or physical or mental health. Over time, for whatever reason men who are in work are likely to exit the divorced population, or those who exit the divorced population are likely to find work, leaving a residual category to reach old age with little pension. These are men who are unsuccessful in work and in partnerships.

These findings mean that the reasons for divorced men’s poverty in old age are quite different from the reasons for divorced women’s poverty. At the point of divorce, most women have husbands that are in work and have pensions (Field, 2000; Prior & Field, 1996), and their husbands are likely to accrue more pension in the future. There will be some women for whom this is not the case – particularly those whose husbands are low earners, in the lower social classes, and with little education. For reasons of marital homogamy, these women are themselves likely to be severely disadvantaged in pension accumulation, even more so after separation or divorce.

Conclusions

Understanding the pension poverty of older divorcees and widows means understanding that all mothers – whether partnered or lone – are severely disadvantaged in pension accumulation, and lone mothers particularly so. They are on average lower earners, and have low participation rates in third tier pension provision. These lone mothers in the vast majority of cases were partnered once. Within their partnerships, highly gendered divisions of labour lead to significant disadvantages in the event of relationship or marital breakdown. Evidence suggests that lone mothers do increase their earnings and pension scheme participation as children become more independent, but for all mothers, these remain on average too low to provide an expectation of adequate retirement income, even once children have grown. Cohabiting mothers who have never been married are shown to be as disadvantaged as lone mothers in pension provision.

Those mothers in cohabiting unions have no legal protection on relationship breakdown, and are likely to find that as single mothers their choices in relation to employment and pensions are particularly constrained. Divorcing mothers have a higher expectation of asset division, but pension sharing, although legally permitted, is not in practice carried out. They must build third tier pensions after divorce, but for the majority, until children have
grown up, they are not able to do so. The odds of lone separated or divorced mothers with dependent children making third tier pension provision are only about a half of that of married mothers with children of a similar age, who themselves already have low third tier pension provision.

The poverty of older separated and divorced women is thus explained by the low third tier pension participation of married women, and the even lower third tier pension participation rates of lone mothers, with increasing probabilities that over the life course women will have inhabited a combination of these states. These problems persist in similar measure for divorced women and women who have never been married. Labour force constraints, with far-reaching consequences for the lifetime earnings of women, and knock-on far reaching consequences for the lifetime pension accumulation of women, apply to all mothers.

The legal system operates within a complex imperfect world where women are severely disadvantaged in pension accumulation. But this is the world in which separated and divorced women must operate. Most cannot accumulate pensions until their children have grown up, by which time it is too late for adequate retirement income. We are facing substantial increases in the number of women who become mothers without marriage, and particular growth in the numbers of divorced lone women pensioners over the next twenty years (see Chapter One). Without some far-reaching changes, many of them are likely to be poor.

Lone divorced older men are poor too, but primarily because of much higher risks of being out of the labour market during the working life, compared with other men. This higher risk is difficult to explain. It is not as a result of social class, education or age - when these variables are controlled the effect is shown to be even more profound. The data suggest that selection effects are operating, leaving the lone divorced population peopled with a high proportion of unemployed, unpartnered men, who are then extremely vulnerable in old age, with lack of financial security and possibly also lack of social networks. While in previous decades such men might have been more likely to stay married than they are now, they would possibly always have struggled in later life.
Chapter Ten – Partners and Pensions

10 Partners and Pensions

The last four chapters have produced a large amount of analysis relating to various aspects of partnering, marital status and pensions. In this, penultimate, chapter, these results will be discussed in the context of the literature review that preceded them, with a focus on the meaning and implications of the findings of this thesis. In the final chapter, I reflect on the thesis as a whole, drawing out policy implications and considerations for future research.

Introduction

Questions about pensions and pension schemes, their structures and outcomes, have now been high on national and international political agendas since the early 1990s. Recently, the OECD (2005: 1) has claimed that, in response to the rapid ageing of the populations in its constituent countries,

Reforming pensions is one of the biggest challenges of the 21st century.

While governments, economists and policy makers concentrate on how the costs of ageing can and should be shared between different groups in society, such as high earners and low earners, taxpayers and non-taxpayers, younger and older people (e.g. Pensions Commission, 2004b), questions relating to the differential mechanisms by which different people accrue pension under different systems and in different cultures have received scant attention. Indeed, for many years in the UK, Ginn and Arber were lone voices highlighting gender, ethnic and class inequalities in pension accumulation in Great Britain, joined more recently by only a handful of academic commentators. Yet sociological understanding is fundamental to the consideration of the impacts of reform. Reform takes place bounded by political, institutional, cultural and social systems, and how individuals will fare in any reformed system must take this into account. In this context, a 'pension system' needs to be conceptualised as encompassing state and private pensions, tax reliefs and incentives, employment systems and (the subject of this thesis), family systems.

Government assumptions about full, continuous working lives at average male earnings, used to model pension accumulation, are invariably little related to the lives that people

126 For a discussion of this literature, see Chapter Three.
actually live (PPI, 2003). In the UK, there is almost no research that reveals the dynamic shape of the life course in relation to partnership formation, child-bearing and employment (for exceptions see Evandrou & Glaser, 2003; Joshi & Davies, 1992a), but it is quite clear that the life course for almost all women is very different from that of men in the UK, since clearly differentiated gender roles persist. It is also increasingly clear with time that the 'family' consisting of a couple with two children, who remain married for life, and where the mother is well provided for as a widow on her husband's death, echoes less and less the lives of the people of Britain (Berthoud & Gershuny, 2000; Ferri et al., 2003).

In contrast with the original welfare system conceived by Beveridge, an individualised approach to considering the incomes of women in retirement is now essential, and in many ways it is depressing that this still needs to be said. Many women choose to and are able to be independent of men during the working life – their need for independence continues into old age. However many women are not independent of men, but would like to be – women need to have the freedom to make the choice to live alone. Women may be forced to live alone through separation, divorce or widowhood, and they need to be able to thrive financially without a partner if this happens. Women who live with men, particularly in second marriages or cohabitations, may find that notions of dependency have changed, and that men's resources are shared also with first families, particularly after divorce or death. Marriage with its legal safeguards regarding property division, derived benefits, and inheritance on widowhood is increasingly being rejected by large sectors of the population who live together rather than marry, and proportions of people living alone are increasingly prevalent throughout society. Once living alone in old age was overwhelmingly through widowhood, but now this is increasingly likely to be through being never married, separated or divorced.

Moreover, the increase in reliance on annuity purchase in retirement (with the move away from defined benefit retirement provision) has two serious consequences for women: firstly, many 'breadwinner' men are no longer making widow's provision (Pensions Commission, 2004b), and secondly, in the UK, the insurance industry is allowed to provide sex-unequal annuity rates, causing women's retirement income to be substantially lower than men's for the same pot of money at the same retirement age.

Arguments that pension policy choices which benefit men also benefit women, because in today's society women remain dependent on men, are correct to a large extent, for some
groups of women. However, they fail to take this individualised approach and do not reflect the reality or degree of risk associated with many women's lives. Policies that take this line reinforce dependency of women on men and therefore reinforce gender inequalities. Financial equity across the life course will not be achieved without an individualised approach to women's income.

Taking an individualised approach to women's pension accumulation does not, however, mean that only the individual circumstances of women must be considered. The argument in this thesis is that analysis of individual pension accumulation is very important, but for a deeper understanding of the cultural aspects of pension provision, and therefore of how gender inequalities in pension provision are perpetuated, it is necessary to consider coupledom and financial dependency. Women's lives in the context of their (financial) relationships with their partners (men) then need to be considered within the wider institutional features of men's and women's working lives in the UK.

Data used to examine these issues has come from two years of the General Household Surveys, 2001 and 2002. The General Household Survey collects detailed information about the marital history, earnings and pension scheme participation of all adults under 60, and full maternal histories of women under 60. This enables wide-ranging analysis of individuals and couples of working age, with a large enough sample size to extrapolate about sub-groups of the population.

The results combine to show that under the current pension system, with a labour force structure reliant on part time work in a marginalised labour force, and with current family norms involving gendered financial dependency, accruing individual pension that would enable a reasonable standard of living in retirement is not feasible for many women. The data suggest that because of the continuance of the roles of wife, mother, carer, cleaner and housekeeper that many women fulfill in the UK, cultural, social and institutional factors continue to combine to limit women's pension accumulation over the life course. The data also show pockets of pension disadvantage for men, but for different reasons. For example, for men, divorce and unemployment are correlated, but unlike for women, this is seldom related to child-care. Even lone fathers of young children have the advantage over mothers in the labour force simply of being male, and also the perhaps more ambiguous 'advantage' of gender and societal norms demanding that men work full time.
The analysis in Chapter Six, undertaken at an individual level, showed that the participation of women (and particularly mothers) in the labour economy is not of itself sufficient to ensure that they accumulate private pensions. Most mothers have such low earnings that adequate pension accumulation is far from assured, and lone mothers are particularly disadvantaged. Chapter Seven then considered the earnings of mothers in partnerships, showing strong patterns of earnings amongst partners whereby women with children contribute a much reduced share of joint earnings, regardless of educational qualifications or dual-earnings quintiles. These patterns are apparent even among women whose children have grown up. Chapter Eight developed this analysis by looking at pension accumulation among both partners in couples. A ‘dependency’ effect was revealed – women who are financially dependent are less likely to have their own pension provision, holding various demographic factors constant. Conversely, breadwinners (both men and women) are more likely than those in more financially egalitarian relationships to make third tier pension provision, if their earnings are high enough and particularly if their household income is supplemented by their partners. For female breadwinners, however, it is very difficult to fulfill these conditions. Looking further at the pension accumulation of working age and older couples, households were seen to diverge into ‘pension rich’ and ‘pension poor’ couples. In Chapter Nine, the pension situation of divorcees and lone mothers was investigated, with worrying implications for men and women.

The empirical findings from these chapters will now be considered, with a view to better understanding the implications of these findings for the conceptualisation of how gender roles influence pension outcomes, and for a theoretical understanding of the societal mechanisms that operate to reinforce and reproduce them over time. An understanding of what is currently happening in pension accumulation among the working age population in Great Britain will aid understanding of what is likely to happen to British men’s and women’s pensions in the future.

**Gender, earnings and pensions**

Simulation models for pension accumulation such as those developed by Falkingham and Rake (2001b) estimate replacement rates\(^ {127} \) based on gendered earnings data. However,

\(^ {127} \) The replacement rate is the proportion of final earnings which is replaced by retirement income.
apart from these models, research on gender differences in the accumulation of pensions for those of working age has concentrated on participation in pension schemes, with little consideration of the impact of earnings. Yet as women enter the labour force in greater numbers, and return to work sooner after the births of their children, the extent of earnings from paid work across the working life becomes an increasingly important factor in differentiating pension income.

Earnings and Pension Scheme Participation

The level of earnings is important for a number of reasons. Firstly, if women are in the paid labour force earning very little (less than £79 per week in 2004/5), they may not even qualify for accrual of the Basic State Pension, as they are outside the National Insurance system altogether. Second, pension accrued is proportional to earnings in either the State supplemental pension (known as the State Second Pension) or its compulsory equivalent in the private sector for individuals who have opted out. Third, pension accrued in occupational pension schemes is also proportional to earnings whether in defined benefit or defined contribution schemes – both employer and employee contributions tend to be taken notionally as a fixed percentage of earnings. In defined benefit schemes, pension paid is a function of years of service and of earnings at the point of retirement or average earnings over the time of scheme membership, making earnings a crucial element in benefits. In defined contribution schemes, the fund is a function of the contributions paid and the performance of the underlying investments, thus directly related to earnings. Fourth, in other private schemes (personal pensions), individuals contribute what they can afford, which is almost always a reflection of their level of earnings. Where employers contribute to personal pension schemes, they also contribute a proportion of earnings. Earnings thus impact on pension accrual in a number of ways, affecting entitlement to the basic state pension, entitlement and level of the state second pension, and entitlement to and level of occupational and personal pensions.

The structure of National Insurance Contributions has ensured low accrual rates in State pensions for many married women through the Lower Earnings Limit and a rule stating that unless an individual has contributed for at least 25 per cent of their eligible working

128 They may accrue credits to the Basic State Pension through Home Responsibilities Protection or other benefits.
life – at least ten years under current provisions – she accrues no Basic State Pension at all. But it also has an impact on the structure of the labour force itself. The Lower Earnings cap on National Insurance means that jobs have been created for few hours and for low earnings, to avoid employers and employees paying National Insurance contributions. This, together with the lack of regulation of part time work, has contributed to the structural preponderance of part time work in the UK – the UK economy has more part time jobs than most of its European counterparts. It is only since the mid-1990s that many part time workers have accrued any employment protection rights in respect of unfair dismissal, redundancy, maternity leave, and pension accumulation.

Since it has become unlawful\textsuperscript{129} to exclude part time workers from occupational pension schemes, the question of the extent of their earnings becomes more salient than ever in considering pension accrual. Many low earners will now show up in statistics that indicate the participation rates of women in private and occupational pension schemes, but they will be likely to have very low pension accrual rates from their low earnings.

In part, data constraints have led to there being very little consideration in existing research into the links between pension scheme participation and earnings. But also, the historical exclusion of the majority of part time workers from occupational pensions means that until the late 1990s, private or occupational pension membership itself was a fair proxy for reasonable pension accrual. This is no longer the case, and in future it will be important for earnings analysis to play a much greater role in identifying inequalities in the consideration of pension accumulation.

This thesis has brought earnings into the foreground of the consideration of gender differences in pension accumulation. Before discussing these findings in more detail, there are other issues to be considered arising out of existing research about gender differences in pension scheme participation.

Second and Third Tier Pensions

Problems also occur in existing research because where participation in private pensions has been measured, social researchers have invariably combined two quite different tiers of pension provision. In the UK's extremely complex pension system, it is possible to have a private pension that does no more than replace the otherwise compulsory second tier of state provision. Falkingham and Rake (2001b) have shown that with only this level of pension provision (i.e. the state supplemental pension or its private substitution) individuals are unlikely to escape means testing in old age, and this is especially so if they are on low earnings. Means testing is undignified, stigmatized and inefficient, and hundreds of thousands of those entitled to benefits do not claim (DWP, 2003; Hansard, 2005; ONS, 2003c). This tier of private provision is sometimes referred to as 'second tier' provision because it is second to the basic state pension.

The next tier – third tier provision – is private or occupational pension provision over and above this compulsory level. Existing research, which measures participation in 'private pension schemes' combines both this third tier provision, and second tier provision (where people have taken private provision instead of the state second pensions). In doing this, two quite separate tiers of pension provision are being conflated. This is problematic because those who have opted in to the State Second Pension are not included in this measurement, even though they may have equivalent provision to those with only private second tier provision. Conversely, if women (or men) with 'private' pensions are, as it turns out, only in the compulsory second tier of pension, then they are not especially advantaged in the accumulation of pensions, and should not be counted as if they are.

In this thesis, therefore, those with only private second tier provision through National Insurance rebates for opted out pensions have been grouped together with those who only have State Second Pension provision, where it is argued they belong – i.e. with those making compulsory contributions to pensions through the National Insurance system. Those defined as having 'third tier provision' here include only those who are making voluntary provision over and above this compulsory level. The measurement of this is tricky, however. Where individuals are in opted out occupational schemes, it is not

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130 For full details of the measurement issues, see Chapter Five.
guaranteed that they will receive more than this compulsory level of pension\textsuperscript{131}. But the tax rules underpinning the occupational scheme system generally require an employer's contribution to the occupational scheme over and above the national insurance payments that are intended to replace the state scheme. This alone makes an assumption that occupational schemes will give more than the compulsory level of pension, which is generally a reasonable assumption.

In this thesis, therefore, distinctions have been made between those in paid work but earning below the lower earnings limit, those who are only in second tier pensions (whether state supplemental pensions or private pensions), and those who are making voluntary additional private provision or both (third tier provision), whether by being a member of an occupational scheme or in a personal pension, who are the most 'pension' privileged.

\textit{Women's pension disadvantage}

Using these classifications, Chapter Six examined the position of men and women in the UK today. The lowest categories of pension provision are viewed here as those without earnings, those earning below the Lower Earnings Limit, and those who only have second tier provision. Forty-six per cent of men aged between 20 and 59 fall into one of these three categories, but more than 62 per cent of women (Figure 3). This means that more than half of men currently contribute to the coveted third tier provision, but only 38 per cent of women. Men are also twice as likely, within this group of those with third tier pensions, to be making additional contributions to an occupational scheme – i.e. to be supplementing their occupational pension provision.

When the earnings of those who make third tier provision are examined, the disadvantages for women look even starker. The median earnings\textsuperscript{132} of women in third tier schemes (£288 per week) is well below the 25\textsuperscript{th} percentile of earnings for men in third tier schemes (£325pw), and within this group even those women on the 75\textsuperscript{th} percentile (£416pw) are

\textsuperscript{131} This is particularly so in the event of scheme insolvency on wind-up – an increasing problem with the closure of final salary schemes, and now thought to affect at least 60,000 people.

\textsuperscript{132} At 2002 rates

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earning less than the median for men in these schemes (£438pw) (Figure 6). In 2002, half of all women in third tier pension schemes were earning less than £15,000 per year.

These earnings differentials between men and women are crucially important for levels of pension accrual. Further analysis showed that when women earn the same as men, they are in fact more likely than their male counterparts to participate in third tier pension schemes. Indeed, among those in paid work, within each earnings decile, higher proportions of women participate in third tier schemes than men. In the lower earnings deciles, the differences are substantial, with women’s membership very substantially higher than men’s. For example, 39 per cent of women in the second decile are in third tier pensions, compared with 23 per cent of men; and in the third decile 51 per cent of women compare with only 29 per cent of men (Figure 5).

The concentrations of women in the lowest deciles of paid employment negate the effects of this higher third tier pension scheme participation. Firstly, all in the lowest three deciles are earning less than £202 per week – just £10,500 per annum. It is highly improbable that out of such an income, sufficient pension provision will be made to sustain income adequacy in retirement. Secondly, those in the highest deciles of earnings, where both third tier pension provision and the ability to ensure adequacy of retirement income are likely, are overwhelmingly men. Eighty per cent of those earning more than £35,000 per year are male (Figure 4).

More women might be participating in pension schemes, but if they are low earners, then their participation becomes potentially irrelevant in terms of increasing their income in retirement if they live alone (as the vast majority of women do at some point) – they may never accrue enough private pension to escape means testing, especially given the decreasing value of the basic state pension133. This is a pensions ‘trap’, making it increasingly difficult for working women to make decisions about the best use of their money during their working lives.

The earnings gaps between men and women are of profound importance in trying to conceptualise accumulation of pensions over the life course. Firstly, almost two thirds of

133 Under current government policy
women are not even in third tier schemes (Figure 3), and then, of those that are, given the earnings distributions shown, it is difficult to see how many of these women will be able to make reasonable pension provision, unless they experience massive variations upwards in their earnings over their life course.

The increase in earnings that would be needed is very difficult to determine, given constant changes in government policy, but it would need to be substantial. If the limits for means testing continue to rise faster than the annual rises in the basic state pension, then women would need to earn more than average male earnings for the whole of their working lives (Rake et al., 2000) – clearly out of the question for the vast majority of women. If the differential between means testing and the basic state pension were kept constant\textsuperscript{134}, and women qualified for full Home Responsibilities Protection (only applicable to those born after 1960), then, over a period of, say 30 years of labour force participation while earning above the Lower Earnings Limit, women would have to average (at 2004 levels) more than £14,000 a year\textsuperscript{135} over the full 30 years. Currently, only a quarter of women aged between 20 and 59 earn over £14,000 a year\textsuperscript{136}.

**Age-specific pension scheme participation**

Unlike men, there is little variation in women’s pension scheme participation across age groups. Again, with cross-sectional data, it cannot be said that across the life course individual women will not move into and out of pension schemes throughout their working lives. However there is little evidence of great differences between age groups when looking at age-specific pension scheme participation rates, with remarkably flat participation distributions across age for women (contrasting with men). While men’s third tier pension coverage peaks at age 35 – 44, with two thirds of men in this age group participating, women’s coverage never reaches 50 per cent at any age, and peaks later, in the age group 40 to 49, with women in their late 30s having lower pension participation rates than both younger and older women (Figures 7 and 8).

\textsuperscript{134} Highly unlikely. The gap will widen at least for the lifetime of the current government.

\textsuperscript{135} Author’s calculation, very crudely, assuming a £24 differential between basic state pension and means-tested lower limit, and accrual rates of 20 per cent of band earnings out of a possible 44 years.

\textsuperscript{136} NOMIS investigation of the New Earnings Survey undertaken via the National Statistics website at http://www.nomisweb.co.uk/, 11 November 2004.
With similar caveats about this analysis being based on cross-sectional data, there is similarly no evidence of large fluctuations upwards in earnings over the life course for mothers. Mothers of children under 6 years old are generally out of the labour force or on very low earnings, whether they are in their 20s, their 30s or their 40s, and the position is not much different for mothers of school age children, with little improvement in the median earnings of mothers, whatever their own age, and even when their children have grown up (Figure 9). These cross-sectional data point towards the (financial) achievements of younger cohorts being generally confined to childless women.

Pension scheme participation in third-tier pensions paints the same picture, with all mothers remaining disadvantaged while their children are dependent and well beyond that time. Only about 30 per cent of mothers in their 30s, and about 40 per cent of mothers in their 40s, participate in third tier pension schemes (Figure 10). Among those participating, earnings are low. Median earnings for mothers (meaning women who have ever had a child) in third tier pension schemes are just £250 per week gross\textsuperscript{137}, or £13,000 per annum (Figure 11).

\textit{Motherhood and part time work}

These data supplement and extend previous research which has investigated, at length, the part time `pay penalty' suffered by women. The extent of the lasting disadvantage for mothers in pensions (see also Ginn, 2003a) and here shown in mother's earnings can be viewed as the cumulative labour market disadvantage accruing to women who work part time in the UK (Anderson et al., 2001; Grimshaw & Rubery, 2001; Harkness & Waldfogel, 1999; Manning & Petrongolo, 2004; Walby & Olsen, 2003).

The low provision of child care at high expense in the UK (Paull et al., 2002) compounds the likelihood of married mothers – whose partners are the most likely of all to be in full time work – working part time for low pay or not at all. As patterns of inequality become structurally embedded, they also become culturally embedded – part time work for low pay becomes the norm for partnered mothers, who are expected, as we are so frequently told, to ‘juggle’ family and work life, and are increasingly being given support by the State to do

\textsuperscript{137} At 2002 values.
Thus when women get divorced, or have children without partners, the labour force and child-care infrastructure do not exist to support them in full-time well-paid work, unless they are very high earners indeed. As Fawcett has recently suggested (Bellamy & Rake, 2005), the discourse of ‘flexible work’ for women with families to care for does not support change in gender relations either in the home or the workplace.

I have suggested above that my data support an interpretation that things are not in fact changing very much for younger cohorts of women, unless they remain childless. It is of course dangerous to interpret cross-sectional data in this way, but this interpretation garners some support from a longitudinal study by Woods et al. (2003), which showed remarkably little change between the 1946, 1958 and 1970 birth cohorts, particularly for mothers of school age children. While mothers in later cohorts were more likely to have returned to work if they had a child under 5, participation rates for mothers with older children differed little, and 40 year olds in the 1958 cohort were actually less likely than those in the 1946 cohort to be in paid work if they had a young child at home. The stability of some of these patterns for women can also be seen in recent research on gendered working time (Cousins & Tang, 2004; Grimshaw & Rubery, 2001). The proportion of female employees who work part time remained stable at around 44 per cent throughout the 1990s and early 2000s, while the proportion of male employees who work part time increased from 5 to 8 per cent. The change in male part time working is associated with the rise in students undertaking part time work and continuing segmentation of the labour market, but the resilience of the pattern for female part time working is because of the way women are expected to take on family care and care of the home in the UK.

Both the cross-sectional data in this thesis and the longitudinal data from previous research provide a serious challenge to the idea that women’s patterns of pension accumulation will improve substantially for future cohorts of mothers. Periods out of the labour market and in part time work are responsible for much of women’s disadvantage in pension accumulation, and will continue to be so.

138 For example, a highly successful policy requiring employers by law to seriously consider any request for part time or other flexible work from mothers (or, technically, fathers) of young children, which may be extended to mid-life women (and, technically, men) caring for older people.
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Partnership status

Multivariate analysis showed an apparently clear distinction in third tier pension accumulation between women who live alone, and those who live with a partner. Controlling for age group, children, earnings, social class and education, lone women (never married, separated and divorced) are much less likely than married women to have third tier pensions (odds ratios of 0.64, 0.58 and 0.67 respectively). With other factors controlled, cohabiting women who have never been married are also much less likely than married women to have third tier pensions, with an odds ratio of only 0.65. The differences between odds for married women, cohabiting divorced women, and women in a second marriage are not statistically significant (Table 6).

The very great difference that earnings make to third tier pension scheme participation is obvious, with the odds for a woman in the highest quartile of earnings 26 times higher than for a woman in the lowest earnings quartile. Even after controlling for earnings, it is shown that women with a school age child are the least likely to have third tier pension provision. Class differences and educational differences between women in different marital statuses do not account for these differences in pension scheme participation according to marital status. However, social class and educational level lead to hierarchies of pension scheme participation, which do not operate only through earnings – even after all these controls, women in higher social classes have odds of pension accumulation that are twice as high as those in lower social classes, and the odds for those women with a degree remain 26 per cent higher than for other women.

This analysis shows that the way that children have such an adverse effect on women’s earnings whatever their marital status – both while the children are dependent and after – is extremely important in pension accumulation. It also suggests that it is important to think of the ways in which having children might affect women’s pension accumulation apart from a simple effect on earnings – if mothers return to paid work when their children are at school, social norms about how mothers spend money on child care and children while they are dependent (or beyond) may be diverting women’s earned income towards children at the expense of their pensions, thus explaining the robust lower odds of pension contribution for women with children of school age. Women’s exit from paid labour and lower earnings in their fifties – likely to be for social reasons such as joint timing of retirement, or taking on care responsibilities for grandchildren, partners or parents, as well
as reasons associated with labour markets — has a further deleterious effect on their pensions accumulation.

Partnership status and partnership history are also important. Lone women are much less likely than those in couples to make pension provision, and the reasons are unrelated to their earnings, social class or educational attainment. Lone separated and divorced women, despite earning more than married women (controlling for age and children) are not ‘catching up’ in pension building. It would seem that the financial constraints on their lives are such as to prevent their securing a financial future for themselves through the acquisition of third tier pensions.

Cohabiting women who have never married are higher earners than other women, but once earnings are controlled, married and divorced cohabiting women are more likely to have third tier pension provision. This may mean that there is something about having been in or through a marriage that focuses women’s minds on pension accumulation; and being part of a couple seems to act as an enabling mechanism for third tier pensions when compared with lone women who have suffered marital breakdown.

The differences between men do not fit so neatly into the lone/partnered dichotomy as it appears they do for women and pension schemes. It is possible that legal marital status and particular marital history legacies assume far more significance for men than for women, whether through selection effects or particular trajectories related to the entry and exit from marriage for men. We note a hierarchy, with men in first marriages at the top, and men separated from first marriages not far behind (Table 7). While separated women seem to be severely disadvantaged and are the most likely of all women to have dependent children to care for, separated men have only just emerged from marital breakdown — it is likely that legal arrangements concerning finances have not been resolved yet — and they seem able to preserve their relatively privileged position.

Men cohabiting but never married tend to be lower earners than married men, which is sufficient to explain their lower participation in pension schemes, but earnings are not the explanation for divorced cohabiting men having lower participation, nor for men in second marriages. Here lower participation might reflect financial constraints for men who have suffered marital breakdown, for example needing to replace housing transferred after divorce, pay child support, or be supporting a second family. It may also reflect a different
attitude to long term saving affected by the process of divorce – a difference in breadwinning norms and expectations of the new partnership.

Lone never married and lone divorced men are the most disadvantaged – for both groups of men this is explained by the likelihood of their being much lower on the earnings distribution or out of work. The reasons for this may be to do with human capital, to do with personality, or the lack of practical and emotional support from a partner, which has been shown to be important in retaining the ‘marriage premium’ in earnings for men (Bardasi & Taylor, 2005).

**Couples, work and earnings**

Patterns of female participation in the paid labour force, the extent of gender-pay gaps, gender differences in working time, and mothers’ time out of paid work for child-rearing can and have been explained by institutional factors such as fiscal, labour force and child-care policies. Drawing on Pfau-Effinger’s work (Meyer & Pfau-Effinger, 2004; Pfau-Effinger, 1999), in this thesis I have posed the question, how are these structural forces linked to earnings inequalities inside the household? To understand findings from the GHS data, I argue that it is necessary to understand what happens on a micro-level, in the financial relationships between partners in couples through the life course. Chapter Seven therefore looked at earnings of partnered men and women of working age.

**Earnings across the life course**

Aggregate data for partnered men reflect the typical idea of a male career trajectory with earnings on average increasing until the late 40s, after which, in the fifties, earnings level off and many men leave the labour market through ill health or early retirement. In their early 40s, over 40 per cent of partnered men are in the top quintile of earnings. For partnered women, however, from age 35 to 54, there is barely any change in earnings distributions – they are remarkably flat. Between 20 and 30 per cent of women are out of the paid labour market at any given age. Less than 10 per cent of women at any age are in the top earnings quintile, with only similar small proportions in the second quintile. The small proportion of women in the top 40 per cent earnings brackets barely changes from the early 30s to the mid 50s. At almost any age between 20 and 59, almost two thirds of...
partnered women are either not earning, or earning less than £13,000 per annum gross (Figure 13).

Do women’s earnings distributions appear flat because the balance between home and work life does not change much for individual women over their life course? This would be the case if they combined domestic work with paid work, not only when their children are young but also when their children are at school and have grown up. This is plausible. In mid-life, other types of caring commitments can impact heavily on women’s lives. These include caring for grandchildren enabling their daughters or daughters in law/mothers of their grandchildren to take part time or full-time work, caring for their spouse, taking care of the smooth running of the home, and caring for older family members. Such care is not necessarily intensive, but may be sufficient to heavily impact on earnings and paid work. Flat earnings may also reflect mid-life women’s lack of promotion in the workplace. If these factors are at work, then women’s relatively low earnings would be a kind of ‘steady state’ across their working lives, rather than the result of aggregate data disguising women fluctuating between lower and higher earnings over the life course, effectively changing position with each other.

The limitation of such cross-sectional data is that it does not tell us the extent to which women currently not in the labour force or in low paid work will in later years earn much more. In the absence of much evidence of this in the past, and in the light of the existing research outlined above about women’s apparent attachment to part time work in the UK, the idea that women’s incomes are so volatile across their working lives requires a particularly optimistic view of women’s labour market prospects in the future. One way to assess the extent to which this appears to be happening now is to examine the relationship between the earnings of partners in couples, at various ages and at various stages of the life course.

Breadwinners and Dependents

Among couples, men earn about two thirds of joint earnings across all age groups, varying from 64 per cent in their late 20s and late 50s to a high of 72 per cent in their early 40s. Women born in the mid-1960s are currently the least financially equal within their partnerships. There is little difference in the share of earnings among couples provided by partnered women in their 20s and in their 40s. A U-shaped pattern of the extent of
earnings equality with the lowest dip from age 30 to 44 strongly suggests that child-rearing drives financial inequality between partners regardless of birth cohort (Figure 14).

An examination of couples according to their position on the joint earnings' distribution is revealing. Apart from the lowest quintile, there is remarkably little variation (Figure 15). By comparing childless women with mothers in each joint earnings quintile, the dominant pattern of earnings inequality is shown to be to a large extent a result of child-care and allied household responsibilities, which women of all ages still take on to a large degree in the UK. Importantly, the data suggest that the established pattern then continues when children have grown up and left home (Figure 16).

Women who have never had children contribute between 40 and 50 per cent of joint earnings – even more in the lower joint earnings quintiles. In contrast, women with children under 16 generally contribute less than a third to joint earnings, and in some cases much less than that. The lowest quintile apart, women who have ever had a child do not in any age group contribute more than 35 per cent to joint earnings, and there is no evidence suggesting change for younger birth cohorts (Figure 16).

An exceptional pattern is shown only among those in the lowest joint earnings quintile (combined earnings of less than £17,500 per annum), where women without children are on average equal or better contributors to joint earnings throughout the age span, and those with children over the age of six also contribute proportionately more than in other joint earnings quintiles. This low joint earnings group is likely to include partnerships where the man is out of work, in full time education, early retired or semi-retired, or himself a low earner. Although these women are themselves relatively low earners, their earnings are extremely important to the household income. However, here the female 'breadwinner' is not the idealised 'career woman' of popular discourse. She is much more likely to be a low earner, with a low-earning or non-employed partner, over 50, in the lowest quintile of the joint earnings distribution, and very much in a needs-must situation.

**Women's educational attainment**

The extent of equality of earnings in relationships varies little according to educational attainment for women who have never had a child, with women generally contributing about 40 to 50 per cent of family earnings, and indicating a relatively high degree of
earnings homogamy within partnerships. With a young child under 6 in the family, in each age range, higher education means women are somewhat more financially equal than those with lower education. However here, even women with degree level education are contributing only around 30 per cent – they earn on average less than half of the earnings of their partners, while their children are young. With children this young, educational attainment has a notable stepped impact on equality within the household – higher education implies greater equality, but the base is very low indeed (Figure 17).

Women with degree level education are also the most equal in terms of earnings within their partnerships when they have children at school, but the mean ratio of their own to joint earnings is still only about a third. They are also the most equal controlling for age group when their children have grown up, but it is only among degree educated women in their fifties that virtual equality of earnings is reached, with the mean share contributed by highly educated women in their forties with grown up children not reaching 40 per cent.

Moreover, it is only degree level education that has this effect once children are of school age. While women with no qualifications are always on average lower contributors to household earnings, among other women with school age or older children, qualifications make little difference to financial equality, whatever the age group.

Thus women's degree level education brings greater earnings equality to relationships, but not as much as one might expect. Degree-educated women with young children and children at school suffer from marked inequality in earnings at home, whatever their age, and it is only if they do not have children, or their children have grown up, that this is not the case. For women who do not have a degree, but have some qualifications, the extent of earnings inequality in their relationships differs little by educational attainment or age – the most important influencing factor is the presence of dependent children in the household, or having ever had a child.

Does marriage make a difference to equality within couples?

An important question for modern times is whether cohabiting women are more likely to be equal contributors to household income, in which case it might be assumed that they will be better able to provide for their own (individual) old age. Is the 'second income' in some sense normative, reflecting social frameworks that encourage 'breadwinner'
behaviour within legal marriage, and reject it outside of marriage? This question has
become very complex, because of a number of demographic co-variants of marital status,
such as age of the parties, the presence of children in the family, and the age of the
youngest child in the family unit. In order to show how these factors are related to the
inequality of earnings within couple relationships a loglinear analysis of all partnered
women was undertaken.

Holding the interaction between a woman’s age, the age of her youngest child, and her
marital status constant, an originally observed association between marital status and
inequality of earnings was shown to be spurious; nor is the interaction between marital
status, children and inequality of earnings important. The two vital associations are those
between the age of a woman’s youngest child and inequality of earnings, and the
association between a woman’s own age and inequality of earnings. Once her own age and
the age of her youngest child are controlled, her marital status and marital history are not
distinguishing features. For women, children, not legal marital status, cause gender
inequality in earnings within partnerships (Table 12).

This echoes McRae’s (1993a) study in the early 1990s, where she found few differences
between cohabiting and married mothers with a young child on a wide range of indicators.
There are very few studies of this nature\textsuperscript{139}, and this finding is important for two reasons.
Firstly, it goes contrary to the current discourse of cohabitation as a new form of
relationship which is less oppressive to women than legal marriage and in which women
and men behave differently as regards money (Vogler, 2005). Secondly it highlights the
importance of controlling for other correlates of marital status such as age and child-
bearing history. Having children within a married or cohabiting relationship in general
leads to financial dependency and financial disadvantage for women.

Marital status, however, matters for men. Never married and divorced men are more likely
to be cohabiting with a partner on relatively equal earnings than are men in either a first or
second marriage. Men in first marriages still take on the ‘breadwinner’ role to a greater
extent than other men (Table 13).

\textsuperscript{139} In a recent review of the literature, Vogler (2005) found only three: all suggested that the presence of a
biological child led to a mimicking of marital systems of money allocation.
Earnings inequality and society

The vast majority of women are squarely second earners in relationships where there are children, which carries serious implications for the type of jobs they have, the amount of money they earn, and what they (and their partners) feel it is appropriate for their money to be spent on. For women who are not legally married, they have no redress through the divorce courts or other forms of property adjustment available to lawful spouses.

If it is accepted that once patterns are embedded, they form part of the social matrix that encourages and reinforces gender norms and identities, then it follows that these patterns will be long lasting within partnerships – well beyond the start of this trajectory. If most women work part time and juggle work with primary care of families, then both men and women believe and come to believe that this is how things ought to be. This puts pressure on policy makers to create policies that reinforce these structures, labour markets develop that accommodate (and exploit) these desires, and so it goes on. All of it adds up to not very much pension for women who become mothers.

By the time children are independent, the damage done to their mother’s work histories is severe and irreparable; they and their partners are also by then accustomed to a life which combines his long hours with her care of the household and family. In mid-life, family care can extend to parents, in-laws, adults and grandchildren (Evandrou & Glaser, 2003), with severe detriment to women’s pension prospects. With the long hours culture for men continuing unabated, and commercial child- and elder-care expensive and unsatisfactory (Hannan et al., 2001; Knapp et al., 2001; Paull et al., 2002), there is no reason to think that younger women will be following significantly different paths in terms of pension acquisition.

Financial dependency and pension provision

It is not simply descriptive to characterise a relationship as one of ‘breadwinner /caregiver’ or ‘breadwinner/part time-worker-caregiver’. The description reflects gender relations and a gender culture which in turn are influenced by and influence gender identity. Personal identity in this sense is forged within a normative framework of gender relations. In this context, decision making (for example about child-care options or the extent of paid work) reflects personal identity and preference as well as reflecting external constraints, for
example financial constraints (Duncan et al., 2003; Himmelweit & Sigala, 2004; Williams, 2004: Chapter 4).

It is reasonable to suppose that the construction of the 'breadwinner' identity carries with it a sense of obligation and/or preference to acquire pensions for the future provision of self and dependants. Conversely, economic dependence within such a relationship may carry the implication that a partner will provide a pension in the same way as living expenses are provided for. If this is so, then inequality within relationships will influence pension provision, with breadwinners more likely to make pension provision and dependents less likely to do so, simply by reason of the gendered relationship. But any such norms will be constrained by external circumstances – for example, if there is insufficient income to contribute to a pension.

Among couples aged 20 to 59, only 11 per cent of men contribute less than 40 per cent to joint earnings, compared with 63 per cent of women, and while over a third of men contribute more than 80 per cent to joint earnings, only 9 per cent of women provide this degree of 'breadwinning' (Tables 18 and 19). To elucidate the relationship between inequality within partnerships and the making of provision for additional private pension during the working life, a multivariate logistic regression analysis for partnered men and women aged 20 to 59 was undertaken. The model investigated who is most likely to have third tier private pension coverage (Tables 18 and 19).

This analysis showed that men in this highest category of breadwinning are more likely to be high earners, but this is not the case for women. Female breadwinners are much more likely to be low earners. Men who provide more than 80 per cent of earnings find themselves (as a result of low or no contributions from their partners) slightly lower on the joint earnings distribution than men whose partners contribute more to the household, but women providing 80 per cent plus of earnings as well as being low earners themselves are also much more likely to be in the low end of the joint earnings distribution.

When both personal earnings and joint earnings are controlled the odds ratio for the pension contributions of these 'breadwinning' women rises to 1.63, relative to a woman who contributes equal earnings to her partnership. Holding personal earnings and joint earnings constant, the degree of earnings inequality in a relationship has a significant impact on whether women contribute to third tier pensions. Women who are more
financially dependent are less likely to contribute to additional private pensions. For women earning 0 – 20 per cent of joint earnings, the odds are only a third of the odds for equal earners, and for those earning between 20 per cent and 40 per cent of joint earnings, the odds ratio is 0.8. The additional statistical controls of maternal history and educational qualifications do not affect these relationships.

When these other variables are held constant, women who have assumed the role of major breadwinner are more likely than equal earners to make additional pension provision. But all other things are not constant – female breadwinners have odds of only 40 per cent of the odds of equal earners for contributing to third tier pensions without these statistical controls. The normative or ideological linking of breadwinning to pension accumulation is counterbalanced by women breadwinners having higher probability of low earnings and low joint earnings. In both of these groups, pension provision is very unlikely.

For men, once personal and joint earnings are controlled for, the effects of inequality within partnerships on pension provision are similar to women, but less pronounced. Male breadwinners are more likely to make third tier pension provision than financially dependent men, but there is much less variation than among women. This implies that labour markets, occupational structures and pension schemes are still structured so as to facilitate men acquiring pensions, as they have historically, as part of the ‘family wage’ system.

Even with these differences, the results shown indicate that for both men and women financial dependence of itself is associated with less participation in pension provision: breadwinning is normatively associated with pension accumulation for both men and women, but subject to different financial constraints, which are highly gendered. The additional income into the household from a relatively low earning second earner acts as a financially enabling mechanism for men to contribute to private pensions. For women, the financial constraints associated with being a breadwinner due to low earnings, and partners having low earnings, are so severe that few ‘breadwinning’ women can overcome them.

In a reversal of the image of the ‘career woman’, women least likely to be highly dependent on their partners are low earners, with little education. This is little comfort for pension accumulation, for low earners are the least able to put something aside for additional pension provision, and gender issues in the workforce mean that working class
women are least likely to have good occupational pension schemes available to them through their employment\textsuperscript{140}.

Why should dependency have this effect on pension provision? Of course, these are not questions that can be answered by quantitative analysis alone. The literature suggests three possible causes. First, that financially dependent women are more likely to have low status jobs, with poor terms and conditions, so that they are less likely to be offered pensions, and where they are, the terms of the pensions offered are poor and employers make low or no contributions. Second, that women’s identities become bound up with their roles in the family of caring and housework – if this is so, then it is not much of a leap to suggest that this identity also encompasses financial dependence on a male partner for income, both during the working life and in retirement, seen as an explicit part of the gender contract. The third relates to cultural norms about women’s roles, women’s work-life balance, and women’s spending. Cultural and social norms dictate that women believe that they ought to work part time or flexibly, and also in other ways put work second to family caring responsibilities. This forces them into a position of economic dependence, where their incomes, designated as ‘second incomes’, are seen as to be used for child-care, provision for children, extras for the family such as ‘luxuries’ and holidays, and general household spending, but not for ‘selfish’ uses such as pension provision.

These individual cycles are set within wider structural cycles, illustrated graphically in Figure 33. Patterns of spending and saving within couples take place embedded within powerful structural forces that continue to operate to disadvantage women and privilege men in the labour market. The labour market and child-care constraints constantly interact with the individual biographies of men and women throughout the life course.

Given the increased prevalence of separation, divorce, lone motherhood and the rejection of marriage, these issues and their importance for pension accumulation are gaining in significance. Qualitative research by Sykes and Hedges (2005) supports the hypotheses of dependency affecting both identity and normative gendered behaviour with regard to pension provision.

\hspace{1em}\textsuperscript{140} Discussed in Chapter Four
Policy makers largely ignore issues of the interaction between the life course and the labour market. Yet as partnerships evolve, children are born, and decisions are made about paid work within the strictures of social, institutional and labour market disadvantages for women, there are knock-on effects on their finances and their financial security. Women being 'second earners' has many implications for both men and women. For men, their primary position as 'breadwinner' reinforces their tendency to make third tier pension provision for themselves, whether through social norms or identity formation. For women, as well as the previously researched impacts of second earnings on the availability of personal spending money, on the types of expenditures that are considered appropriate for their money, and generally on the meaning of their money in a household, being financially dependent implies, within the specifics of the UK pension system, that they become reliant on their partners for income in old age.
Polarisation among couples: pension-haves and pension have-nots

Polarisation in the position of couples into dual work versus workless households, and income-rich versus income-poor households, has increasingly been noted by researchers (Bingley & Walker, 2001; Dickens et al., 2000; Nickell, 2004; Redmond & Kattuman, 2001; Rodger, 1992). Chapter Eight examined the extent to which polarisation can also be observed in the pension accumulation of couples.

Among the over 65s, about a fifth of couples have no third tier pension provision between them; about a quarter of couples both have third tier pension provision. For the remaining 55 per cent of older couples, only one party receives private pension income, and in over 92 per cent of these, it is the man (Figure 21). Women in these relationships are especially dependent on their husband’s income, and without substantial free capital or pension inheritance, are at serious risk of poverty on widowhood or separation.

These patterns among the older population are the result of highly gendered patterns of breadwinning and home-making in those cohorts. Once again in this thesis, I examined men and women of working age, in order to see what their pension futures might look like. The pension provision of working age couples is to a large extent related to their respective earnings. While previous work has focused on joint distributions of work and non-work, this thesis shows that distinct patterns of dual earnings emerge, by examining men and women according to earnings tertiles (high/mid/low earnings, of those in paid work) (Figure 22). Sixty-four per cent of partnered men who are not earning also have partners who are not earning. If a man is a relatively high earner (in the top third of the earnings distribution 141), then he is as likely to have a partner who is not in the paid labour force as he is to have a high earning partner. Men with mid-level earnings are most likely to have a partner with low or mid-level earnings, and the least likely to have a non-earning partner.

When looked at the other way, women who are not earning might have partners anywhere on the distribution – but their partners are more likely to be high earners or not earning than somewhere in the middle. In contrast, high earning women are really very likely to have partners in the same earnings bracket. They comprise just 15 per cent of women, but

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141 Earning over £370 a week in 2001/2002
of these, almost 70 per cent have partners who are high earning men (Figure 22). Indeed, the experience of being a high earner in a partnership seems very different for men and women. Only a tiny proportion of high earning men are earning less than half of joint earnings, but about half of high earning women fall into this category. Thus even among couples where both parties are high earners, the men earn much more than the women.

Partnered women not earning – 27 per cent of partnered women – are, for any period that they are out of the labour market, wholly dependent on private pension accumulated by their partners, yet almost 60 per cent of women without earnings have partners with no third tier pension coverage. Thirty-one per cent of low earning women have partners with no third tier pension coverage, and a further 37 per cent are wholly dependent on their partners for third tier provision. Women with mid-level earnings are much more likely to have either only their own third-tier provision (42 per cent) or be in a position where both they and their partners make third tier provision (43 per cent). When it comes to high-earning women, eighty five per cent have either only their own third tier pension (22 per cent), or, as is much more likely, both they and their partners have third tier pension (63 per cent). But few women are in this privileged category – only 15 per cent of partnered women (Table 20).

If a woman is participating in a third tier pension, then it is highly likely that so is her partner (73 per cent). While more women than ever before are participating in third tier pension schemes, it is still fewer than four in ten women aged 20 to 59 making these contributions (Table 20). Where partnered, this means that she is likely to be in a partnership accumulating two pensions. Further analysis showed that this is not only related to earnings homogamy, but that there are other factors leading to partners having a tendency towards pensions homogamy (Table 22).

Thus among women in the paid labour force, those with third tier pension coverage are ‘pension-privileged’ in part through their partnerships. This results in the first instance from earnings homogamy, likely to be as a result of marriage to men of equal or better social class and educational attainment. But there are other reasons too. These might relate to institutional factors, such as both being in the same workplace, or both being in the public sector where pension schemes are more likely, or may relate to personal factors such as attitudes to risk, saving and money.
This analysis shows a clear hierarchy among these women, whereby women who earn more are not only more likely to be making third tier provision themselves, but they are also more likely to have a partner making third tier provision and thus be in a dual pension-accumulating household.

If these relationships last, then these are likely to be well off pensioner couples, thus extending the inequalities which exist between households during the working life into old age. The trend in the polarisation of women into those with well paid jobs and those without has been noted (Warren, 2003a). This research reveals another dimension of polarisation among women – those most privileged in employment conditions are likely to be partnered with similarly privileged men. This reflects in their joint pension accumulation. The increasing polarisation among households in society along the dimensions of work and earnings is likely also to reflect in polarisation of pension accumulation, leading in due course to polarisation between income rich and income poor households in old age.

In 2001 and 2002, in thirty per cent of working age couples both partners were making third tier pension provision (Table 21). Since among older people, only about a quarter both have private pension receipt, this analysis suggests that over time, more women will reach pensionable age with their own provision, and in dual pension households, than has hitherto been the case. But a similar proportion of women were in couples with no such provision, and 29 per cent of women remain in couples where only their male partner has third tier pension provision. It remains very rare for women to be the sole partner accumulating third tier pension provision.

The patterns of partnership observed imply that while there are increases in the participation of partnered women in pension schemes, many women remain dependent on their male partners for pension provision. Even among those who are themselves participating, 35 per cent are low earners and unlikely, therefore, to be accumulating much third tier pension (Table 21).

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142 In the lowest tertile, earning less than £200 a week in 2001/2002
Thus 60 per cent of partnered women (taken as a cross-section) look to their partners or the state for pension provision, and a further 15 per cent or so are such low earners, that, without substantial increases in their earnings and pension provision over their working life course, they too will be heavily dependent on their partners or the state for pension provision in later life.

The risk of separation and divorce

This analysis showed, therefore, that about 75 per cent of partnered women look extremely vulnerable in the increasingly likely event of separation or divorce, in terms of their pension provision. Unless they are themselves mid or high earners with third tier pension coverage, they are almost certainly not building adequate third tier pensions for their old age. Those who have partners with high earnings and third tier pension coverage may ultimately share in their pension in old age if they remain together, though there are doubts about the extent to which income is shared within the household, and their provision on widowhood is largely and increasingly dependent on arrangements out of their direct control. But, as Chapter Four argued, if they separate or divorce they are not likely to share in this provision in their divorce settlements. They must rely on their own income provision in later life.

It is not a new phenomenon, but has always been the case that women must rely to a large extent on their own income at some point in retirement, as married women have always been very likely to become widows – 80 per cent of women over 65 die single, and widowhood is the norm for older women (Arber & Ginn, 2004; ONS, 2002a). While living alone through separation and divorce is a rapidly increasing risk for the ‘younger’ old (Shaw, 1999), it has long been the case that widows are catapulted into poverty and much reduced standards of living upon the death of their husbands. While divorcees are on average the poorest women in retirement, widows are not far behind (Arber & Ginn, 2004). The key to understanding this is to understand that both widows and divorcees were married and it was during marriage that their relative poverty accumulated.

Now, many more couples live together and have children outside marriage. This thesis has shown that it is not marriage that leaves women so disadvantaged – but rather any partnership in which children are born, and in which men and women play out their respective gender roles in the paid labour force and at home.
Lone motherhood, divorce and the life course

Lone, divorced and separated women must operate in the same world as married and cohabiting women. Not only does this mean the labour market constraints outlined in Chapter Three, but women emerge from marriage or cohabitation with the belief systems about paid work, spending, child-care and other family care that are cultivated within a society where women’s earnings are distinctly of secondary importance, and never married women too are influenced by this culture. More than this, in the UK, the way that the majority of parents manage the care of children in financially unequal relationships means that infrastructures are simply not in place to enable lone mothers to break from these patterns. Child-care is prohibitively expensive; they no longer have a partner to subsidise child care costs, nor do they have a partner to help with child-care when they are at work.

Chapter Nine examined the financial and pension circumstances of lone mothers and divorced men and women. First, research using the marital history data collected in the General Household Survey supported the conceptualisation of marital status as a fluid concept, changing for many people throughout the life course. It is easy to forget, when pondering cross-sectional social statistics, that ‘separation’ and ‘divorce’ are not static states. The investigation of the marital history data shows just how inappropriate this is. In a cross section of the sample aged 20 to 59, 9 per cent of people are currently ‘divorced’. However, 17 per cent in this age band have been divorced at some point. Of those who are not re-married, a third are cohabiting (Figure 23). As well as increases in the numbers of younger men and women who have not married, a small, but increasingly important, group of men and women are now acquiring complex marital histories, with more than one marriage breakdown. Of cohabitants, routinely aggregated with the married for data analysis, 70 per cent have never been married, about a quarter are cohabiting after a first marital breakdown, and about one in twenty are cohabiting after a second or subsequent marital breakdown. Women are much more likely to be living alone after divorce than men, in any age group (Tables 23 and 24).

Whatever their marital history, lone mothers of dependent children earn even less than partnered mothers on average, and even lower proportions participate in third tier pensions.

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143 This combines men and women from younger and older cohorts, who have different rates of divorce and re-marriage, and are different ages at the point in time taken.
regardless of the ages of their youngest child. Almost 90 per cent of lone mothers with a child under 5 are not in third tier pension schemes; neither are 80 per cent with a child at primary school, nor 70 per cent with a child at high school. Participation rates in third tier pensions for lone mothers never rise much above 30 per cent, whatever the ages of their children (Figures 25 and 26). As well as the difficulties for lone parents of entering and remaining in the paid labour force, and of getting good jobs with good benefits, their earnings are likely to be stretched thin, as they are usually the sole or major providers for their children (many with state support). Estimates vary for the percentage of lone mothers in receipt of any maintenance from the fathers of their children from 23 per cent (Rowlingson & McKay, 2005) to 31 per cent (Marsh & Perry, 2003) – Rowlingson and McKay (2005) report that among manual workers, the figure is only 16 per cent.

Separated and divorced women are likely to spend at least some years, and for some many years, as a lone parent. It is largely their status as parents of dependent children that influences their non-participation in third tier pensions.

Their disadvantage in the labour force is not only because they are divorced, and must now live as single parents. They were disadvantaged in paid work when they were partnered. It is not only lone mothers who have extreme difficulty accumulating pensions, it is all mothers. It is simply that the low earnings and low pension accumulation of partnered mothers is obscured by the treatment of the household as a unit. The difficulties arise both from structural constraints, and from gendered identities and dependencies that evolve during the life course. These things are very resistant to change, and certainly cannot be expected to change in the instant between marriage and divorce.

It is only among cohabiting divorced mothers whose children are over 16 that we observe a rise in the participation rates in third tier pensions of separated or divorced women, with odds of doing so 50 per cent higher than for a married woman with children over 16 (Figure 29). Their previous history of divorce may have instilled an awareness of the need to make financial provision for themselves in later life, but until their children have grown up, social, institutional and normative constraints make it difficult for them to do so. By the time their rates of pension contribution increase, they are already nearing retirement, and pension provision does not have long to grow.
Chapter Ten – Partners and Pensions

Divorced Men

The tendency of social research to focus on the plight of women means that difficulties for men are often neglected (Arber et al., 2003a). In this thesis, difficulties for divorced men in accumulating third tier pensions have been investigated. Divorced men who have not re-partnered have low median earnings (under £245 per week) and low proportions (about 40 per cent) participating in third tier pensions (Table 25 and Figure 31). This is not related to child-care, but rather related to unusually high levels of unemployment among divorced men (Figure 30). Findings showed that the high proportions of divorced men who have not re-partnered and who are out of the paid labour market – about a third – are almost as high as those for lone divorced women (Figure 30), but few divorced men are caring for children, and only the tiniest proportion are caring for young children. Although this correlation has been noted in previous research (Lampard, 1994), and unemployment as a predictor of risk of divorce in some instances has been noted (Kiernan & Mueller, 1998), it is largely unexplored in sociological analysis.

A correlation between unemployment and the state of being divorced for men who have not re-partnered can be the result of a number of factors. Firstly, unemployment as a stressor can be a cause of divorce, or, the stress caused by divorce could cause unemployment – they could be causally connected. Second, men who have first wives and families to support might be less willing to participate in paid labour (or at the least, formal paid labour such as would show up in official survey data), as they might be reluctant to see their income reduced by spousal and child support payments. Third, some men might have characteristics that make them more likely to become both unemployed and divorced, and/or to remain in a longer state without a partner after divorce. This might include men with difficult personalities, difficulties socialising or physical or mental health problems. Fourth, men who have re-partnered might be more likely to find paid employment because their partners have a positive effect on, for example, their mental health, or on their search for employment. Partners may also have a positive effect on labour market attachment by expecting men to work, and/or providing practical support, such as housework, shopping, cooking and child care, that assists men’s labour market participation. Fifth, divorced men who are in the paid labour market might be more likely to re-partner because of their enhanced earnings, increased opportunities for social contact, or other beneficial impacts of work on their well-being. That is, part of the reason for divorced lone men’s low rates
of participation in paid work and in pension schemes may be related to the gendered caring roles generally undertaken by women within partnerships.

It is difficult to specify ways of examining these issues with cross-sectional data. However, the General Household Surveys asks for full marital histories, enabling some limited examination of the correlates of the links between those out of the paid labour market, and time since divorce. This analysis showed that for those recently divorced (separation within the last two years), the rates of men not in the labour force are similar to rates for other groups of men (Figure 32). This means that while unemployment may cause divorce and divorce cause proximate unemployment, these are not large drivers of the observed effect. Nor can it reasonably be said that men are leaving the labour force in large numbers to avoid maintenance obligations. If either of these things were so, we could expect those recently separated to have a much higher probability of being out of paid work.

Lone divorced men are generally quite disadvantaged – 61 per cent have manual occupations, more than a quarter have no qualifications. Almost 40 per cent are in their fifties (Table 26). Multivariate analysis showed, however, that these characteristics do not explain the extent to which lone divorced are out of work (Table 27). The probability of being out of work for lone divorced men increases steadily with time since separation from their marriages. Almost half of lone divorced men who have been separated for more than 20 years are out of work – very much higher than for similarly long-divorced men who have re-partnered or re-married.

This effect may be caused by a cycle of depression or malaise that increases as men remain single, affecting their ability or motivation to find work and visa versa. The lack of the protective and supportive effects of a partner may also become greater with time. At the same time, these findings suggest selection effects into the lone, divorced population. In other words, men out of work or with traits that make them more likely to be out of work at any time, are being ‘left behind’ by not re-partnering or re-marrying. They are a particularly vulnerable group of men, likely to have significant problems in old age, being materially deprived through their lack of accumulation of pension provision, and without a spouse and linked forms of social contact. Indeed, this may go some way towards explaining the multi-dimensional disadvantage in material well being and in social involvement of divorced men in later life found by Arber et al. (2003b).
Conclusions

Pensions, both State and private, are literally accumulated over the course of the adult 'working' life. During the working life, men and women are much more likely than in the past to have changes in marital status. These changes interact with cultural and structural forces and any individual pension trajectory reflects this. In particular, in conceptualising pension accumulation as inescapably intertwined with the life course, in order to understand what happens, for example, to divorced or separated men and women, it is first essential to understand what happens to men and women who are married.

By examining linked data on couples in a household, it emerges that for couples with children in particular, women generally continue to play a dependent role against the traditional male breadwinner, and that these roles generally persist once children have grown up. There is little sign of change over time, and, I have argued, not much room for optimism that change will come in the future. Financially dependent women are less likely than others in couples to be contributing to pensions. Periods of financial dependency can be thought of as additional periods during which labour force and pension disadvantages accumulate.

Thus separating and divorcing women with dependent or no-longer dependent children emerge into a potential labour market with multiple disadvantages: they have broken work careers, they have histories of part time work, and they are likely to have spent a period of dependency on a male partner. It is no wonder that at the point of divorce, women have accumulated very little pension\textsuperscript{144}.

Gender operates as a labour force constraint because of the well established effects of gendered occupational segregation, and horizontal and vertical discrimination. It is only the highly educated without children who have the best chance of escaping these basic labour force constraints. Becoming part of a couple adds, for almost all women, the burden of additional household labour, including an element of emotional care for the smooth running of the household. These constraints operate on labour force participation, on working hours, on promotions, and on the accumulation of human capital. When

\textsuperscript{144} Discussed in Chapter Four.
children are born, the severe labour force constraints of child care in the UK are added to
women’s working lives, often resulting in a period of dependency – itself often involving
downward occupational mobility and stagnation of advancement in the workplace.
Divorced women may no longer be dependent on a partner, but they emerge with the
cumulative labour force disadvantages that they have accumulated into a triply constrained
world where they are responsible for child-care and for household labour in a labour
market that discriminates against them in many different ways.

All of these factors have a profound influence on the extent to which individuals are able to
and do participate in third tier private pension provision, operating principally through the
low earnings of mothers. Mothers are disadvantaged in their earnings and pension scheme
participation – lone mothers even more than partnered mothers. Established patterns of
work and dependency on male partners remain when children have grown up, with
continuing cumulative disadvantage in pensions.

The growing diversity of the experience of women along class and socio-economic
dimensions can also be seen in the divergence of pension privilege among partnered
households. Women who have third tier pension provision are very likely to have a partner
who also has third tier provision. At the other end of the spectrum are large proportions of
households in which neither party is accumulating third tier provision. These are
households where both are not in paid work, or, generally, where men are low earners.
Here, women are especially vulnerable to the long-term financial disadvantage of lone
parenthood – also being the least likely to secure financial support from a former spouse.
The remaining 30 per cent of women appear wholly dependent on their partners for
provision in old age at a given point in time – with all the risks that that entails. The
majority of women remain vulnerable to serious long-term financial risks associated with
separation and divorce.

Once children are born within partnerships, mothers are financially dependent on men,
followed by dependency on the state for lone parents in the event of partnership breakdown,
followed by dependency on men again in the event of entering second or further
relationships. Lone mothers struggle in this environment to form autonomous households,
to find jobs with good pension provision, and to spare money from their wages for pension
contributions. The reasons for this are structural – to do with labour markets, terms and
conditions of employment, and child-care in the UK – but are also related to gendered
identities and norms, whereby women adopt the role of 'juggling' home and work, and live in breadwinner/dependent relationships, to the severe detriment of their long term economic independence. This is clearly illustrated by the much smaller differences in the degree of earnings inequality within partnerships where there never have been children, than in partnerships where there are or have ever been children.

Patterns of paid work may be changing, in the sense that there are fewer women who stay at home completely to take care of house and family, but the return of mothers of young children to the labour market does not mean that their earnings are sufficient to ensure reasonable pension accumulation for their old age. The high risk of separation and divorce, and an increasing risk of entering old age alone, mean that over a lifetime this lack of pension accumulation is of increasing importance. This is equally the case for cohabiting women who have never been married, for formerly married cohabitants, and for legally married women – the earnings patterns that they evidence within their partnerships are irrespective of their legal status. Yet unmarried women have no legal claim on their partner’s income, assets or pensions. They are mimicking marriage in their replication of inequality within the household, but without the legal safeguards.

Low earnings, and particularly the low earnings of women, are an increasingly important factor in considering pension accumulation. To blame women for their own behaviour in failing to accumulate pensions is to ignore the mechanisms whereby these structures, identities and behaviours form. Changing gender relations within private households is an extremely difficult thing to effect, and in a liberal country where state interference with family life is considered an anathema, policies that seek to achieve this would likely meet with powerful opposition.

Undoubtedly, more women are participating in the paid labour force and they are returning to work sooner after the births of children; more lone mothers are in work, and nowadays, the majority of partners both work. In this thesis, I have presented a challenge to those who imply that these social changes are sufficient to ensure that women will accumulate sufficient pension to avoid poverty in old age. Women's earnings are too low, and their continuing dependency on men too high, for us to have any confidence that this will happen. Change in gender relations is slow, and many features of our institutional and social fabric militate against the notion of financial equality for men and women.
In the absence of a massive change in gender relations, and massive changes in the external structures that reinforce them, it is difficult to foresee a time when mothers in the UK will be able to accrue sufficient, reasonable and adequate incomes in later life through the accumulation of private pensions. By having an overall pension structure whereby individuals are increasingly dependent on private pension income in later life, it is likely that we are consigning many mothers to an old age reliant on means-tested benefits.
11 Conclusions and Reflections

Women in the UK are served particularly badly by the combination of low state pension provision and emphasis on private pension provision, while at the same time experiencing a gender culture which reinforces their inequality both at home and in the workplace. This results in pension adequacy in later life being closely connected to labour market participation throughout the life course – made extremely problematic by embedded gender roles that are the legacy of our history, politics, institutions, labour markets and family culture.

In all countries, women suffer labour force disadvantages, but where gender relations are more equal, such as the social democratic countries of Scandinavia, women’s rates and hours of labour force participation, and their earnings, are greatly improved. In countries where entitlement to pensions is not so connected to histories of paid work, such as new Zealand, Denmark and Holland, then unequal gender relations during the working life matter less for income in later life. In countries where there is more support, institutionally, for women’s paid work, such as France and Sweden, and where business and labour depend on a full-time regulated workforce, rather than the part time flexible work force of the liberal welfare states, women’s interactions with the labour force leave them with greater financial rewards from it. In countries where women are not seen as dependents in the pension structure, but as individuals requiring their own pensions, women’s individual pension accumulation is not so penalised.

The UK system where state pensions are so low, women’s labour so financially and structurally disadvantaged, and part time work so accepted for women, leads to very poor outcomes in terms of gender inequality in later life. This thesis has shown that these arrangements are firmly embedded in the households of Great Britain, with little sign of change for younger mothers in patterns of within-household inequality, earnings, or participation in third tier pensions.

Policy messages

It is now widely acknowledged that women will need to rely on their own private pension provision in later life, if they are not to be dependent on means-tested benefits from the State at a level set at or just above the poverty line, for the whole or a large part of
their retirement. With increasing longevity, this might be a very long time indeed. The mechanisms for how we might change British society to achieve women's greater financial independence are obscure, and the underlying causes of the gender differentials are not being effectively addressed by government.

This makes sense if we think of liberal governments as having a natural aversion to interference by the State in the private relations of the family, since it is the private relations of the family that lie at the heart of the life-long gender inequalities experienced by women in earnings, in pensions, and in disadvantaged labour markets. If women's lives were not made so complicated by competing obligations, if they were socially constructed as breadwinners rather than as dependents, then perhaps they would not be so reliant on short-hours, low-wage, close-to-home jobs.

Although social policies can address gender relations within the household, this involves a political pact between government and electorate, permitting this to happen within the democratic process. Thus working weeks can be restricted for men, minimum wages can be increased, all forms of discrimination against low paid workers can be removed, maternity and paternity leave rights can be strengthened and leave taken on full pay, transfers to informal carers can be sufficiently high to substitute for men's wages (rather than being a poor substitute for women's wages), formal carers (often employed by the state) can be paid a family wage, rather than a secondary wage, excellent standards of child and elder care can be provided by the state, and so on.

The welfare regime thesis suggests that there is insufficient consensus in the liberal states to permit such interference, and these are not policies that will ever be delivered by a free market. The provision of free or affordable 24 hour child-care (such as exists in Sweden) would remove some constraints on women's ability to work, but would not solve the problems of gender relations that arise from the devaluation of jobs carried out by women that has evolved in the UK over time, and it would not change domestic circumstances whereby women take on the majority of domestic and care work that is not capable of being commodified. Nor would it change the belief that children are greatly advantaged by having their mothers care for them full time when they are young and be very available to them as they grow up, the associated desire of mothers to care for their children in this way, the associated desire by fathers that mothers do so, and a related culture whereby adults (including older people) in need of care obtain this from within the family too. Current
gender arrangements seem to have popular support from men, women and governments, with emerging discourses of how government should help women to balance their work and home lives – i.e. how to further and more systematically enforce this structural model. Wage subsidies in the form of tax credits for low paid workers and for most families simply take pressure off employers to improve wages at the bottom of the distribution, and provide household income in a form that does not enable the accumulation of earnings-related benefits such as pensions, particularly for second earners.

If gender relations are resistant to change, and there is no political will to change them, then material and substantive improvements in women’s income in later life will only result from the detachment of pension income from labour force participation and wage level. In other words, the rapid decline in the level of pensions provided by the State and the increasing reliance on private pensions for pension adequacy in old age must be reversed. Simultaneously we must progress towards an ethic of care as a qualifying criterion for pension entitlement, as opposed to an ethic of paid work being the only qualifying criterion. It is only in state systems that redistributive policies towards the low paid or those with low lifetime accumulation can be effected, and it is only within state pensions that care work can be adequately credited.

Whether this should be done and if so, how, are heavily contested, however. The current Labour government is heavily wedded to the ideology of means testing to achieve social transfers, especially poverty reduction. They do not accept that the stigma, lack of dignity, intrusiveness, and social division between rich and poor arising from means testing is inappropriate, effectively demanding that people parade their poverty in later life in order to receive benefits. They refuse to acknowledge the relative intransigence of a stable core of men and women, but mostly women, who are entitled to but do not claim means-tested benefits, thus remaining in poverty. The reward that many women obtain for their commitment to nurturing partners and families is that they may live at subsistence level in old age, if they are prepared to go through the process of claiming benefits.

While support of non-governmental bodies for improvements to the state sector is growing (for many complex reasons), there is no consensus on how or why this should happen. The insurance and pension sector, such as the Association of British Insurers, or the National Association of Pension Funds, believe that a higher base line pension income for the population is necessary to enable them to sell top-up pensions to higher paid workers, i.e.
mostly to men. Their principle concern is poverty traps created by the gap between the basic state pension and the means-tested limits. Liberally minded commentators (such as the Pensions Policy Institute) believe that the basic state pension should be improved because the current combination of state pension and means testing is a highly inefficient and often anomalous way of preventing poverty; liberals have no belief in the role of the state as anything more than a stringent provider of residual welfare. The Trades Union Congress wants improvements for reasons, ironically, similar to that of industry – a better base upon which their members can build occupational pensions associated with their provision of paid labour – though in this instance, through increased compulsion of employer contributions. But such reforms would not improve pensions for those who are excluded from or severely disadvantaged in the workforce. This loose (and temporary) coalition of business, liberals and the trade unions is acting as a powerful lobby for the restriction of state pensions at best to a level at or just above the poverty line, each acting within their own interests, none acting in the interests of those disadvantaged in their participation in the paid labour force.

Women’s lobby groups such as the Fawcett Society want to see the State providing a pension that is not only related to eliminating poverty, but is also related to adequacy of income in later life, because state pensions can effect redistribution and reward care, and because the political risks associated with state pensions are seen as less damaging to women than the financial risks in the open pensions market. A substantial state supplementary pension might also eliminate some of the elements of choice that have so bedevilled women’s participation in voluntary pension schemes.145

These lobbies all agree, however, that without better state pensions, women will not achieve either a necessary level of income or an adequate level of income in later life, and that policies relying on means testing are fundamentally flawed. This thesis adds empirical support to these arguments. Generally, they are based on labour market inequalities, but I have argued here that these are inextricably linked to the gender culture and to persistent

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145 Compulsory membership of private pensions for all workers would also eliminate choice, but would be forcing low and moderate earners to invest in high risk, high cost schemes; risks and costs that they can neither hedge nor manage. This is the preferred option of the TUC, however, and is currently under consideration by the Pensions Commission.
household inequalities, and that household inequality adds a further dimension to the
disadvantages for women associated with the labour market.

**Rising Inequalities**

There are rising inequalities among women, according to education and class, and whether
they have children. Childless women with good education and a reasonable position in the
occupational structure will accumulate similar, but somewhat lower, pensions to men,
although still substantially disadvantaged by gender pay gaps. For women with children,
the class and educational advantages are not quite so striking. The data presented in this
thesis relating to gender inequalities within households suggests that even if such women
are better off than other women, they would appear to be falling well behind the position
that they might have occupied had they not had children, thus calling into question some of
the simulations of the losses associated with motherhood undertaken by other researchers
(Davies et al., 2000; e.g. Rake, 2000).

Marital homogamy has created widening inequalities in society as between households
where both partners are in paid work and those where neither is, and the high dual wages
achieved in some households, compared with low dual wages in others. A further
dimension shown here is pension inequality – homogamy in terms of pension accumulation
is widespread, particularly in the case of women who have good third tier pensions. We
can expect in due course to see a widening gulf in later life between older couples where
both have substantial private entitlement, and those where neither or only one of them does.

Women who are high earners and/or have substantial private pension provision of their
own will have fewer problems in the event of marital or cohabitation breakdown than the
large majority, who at any point in time appear to be wholly dependent on the state or their
male partners for pension provision. They may also, with their relatively privileged
financial status, be more likely to be selected into re-partnering. The difficulties for all
lone mothers – indeed all lone women – in pension accumulation are widespread and
robust. Nowadays, women who have never lived with a partner, and women who have,
may spend much or all of their working lives as lone mothers, with all of the consequent
disadvantages in pension accumulation shown here. The divorced population is rapidly
ageing, and we are facing massive growth in this sector of older people who are severely
disadvantaged. Just as a large majority of lone mothers cannot rely on partners for regular
child support, they cannot rely on receiving pension transfers in the event of divorce, and
do not even have the right to ask for this if they have never been legally married. Yet nor
can lone women build pensions after separation, particularly if they are looking after
children, and even partnered divorcees do not begin to have increased rates of pension
scheme participation until their children have grown up and they are near retirement
themselves.

The meaning of being single has changed completely since the relatively well off current
cohorts of older people were young, when women who never married were the most
financially advantaged in pension terms. Now pension disadvantage is associated with
motherhood, and with being alone, and particularly with lone motherhood.

**Family change, labour markets and pensions**

This thesis has concentrated on the household as a site for analysis of women’s pension
disadvantage, and on the life-course as it is related to partnership formation and dissolution.
Pension structures within the private and occupational pension sectors are simultaneously
changing rapidly, and this is an area that, because of data constraints, I have not been able
to address.

It is extremely important, however, and its exploration is urgently needed. There are new
divisions of occupational welfare emerging. Final salary schemes are disappearing – they
have all but disappeared from the private sector. Employers are changing their pension
structures in terms of benefits and contributions. Distinctions between large and small
employers and the public and private sectors will be crucial differentiators and stratifiers in
the future, as will distinctions based on the size of employer contributions, and extent of
non-contributory benefits. Retirement ages are likely to differ further in different work
environments, such as the public or private sector, or as between manual and professional
workers.

It is important to know how these institutional factors relate to gendered employment
histories, but these are not easy questions to address. The Labour Force Survey supplies
some variables, but not others, and no major cross-sectional surveys deliver sufficient
detail for this kind of analysis. The English Longitudinal Study of Ageing (ELSA) is the
most promising dataset, with the first Wave and base-line data just deposited, and the
second Wave in the field. There are tentative plans for ELSA to collect life histories in the future.

It will also become more and more important to have accurate descriptions of life histories, especially the interactions between partnership formation and dissolution, the births of children, living arrangements and employment histories. These are extremely difficult events to model dynamically, but for pension policy purposes, dynamic models may not be necessary. What is urgently needed is a challenge to the ‘policy stereotype’ of the married man, employed in continuous employment for 40 years, who stands as the policy exemplar for pension accumulation. The Department for Work and Pensions has spent the last five years developing a Pension Simulator\textsuperscript{146} but they are not investigating which lives, as it were, to simulate. Thus ‘typical’ life courses are often invented by politicians and policy makers, with no empirical base for understanding just how typical they are, or how they might vary by birth cohort. For a project such as this, longitudinal data is essential, and both the British Household Panel Study and ELSA are possibilities (assuming that ELSA in fact collects life histories as currently anticipated). The major cohort studies, the National Child Development Survey 1958 and the British Cohort Study 1970 which provide very high quality data would be valuable in developing an understanding of life course trajectories for these two cohorts.

Longitudinal data is also essential to aid understanding of many of the issues raised in this thesis – principally the extent to which there is selection into and out of pension scheme participation according to other demographic and relational factors. For example, do women without pensions have a higher chance of separation, or do women with pensions cease participation in schemes on separation? Does the breakdown of cohabitation cause a change in pension status? Who are the women who appear to begin making pension contributions in later mid-life? How does informal care at various points in the life course impact on later labour force participation and pension provision? How important is men’s and women’s labour force history to their post-divorce pension outcomes? Do part timers return to the labour market full time? When, and for how long, and do they participate in pension schemes when they do so? Does this vary by cohort? How is it related to transitions in marital status, and to previous employment history, and to the circumstances

\textsuperscript{146} Pension simulation presents extremely complex problems.
of a partner? These sorts of questions require a holy grail of datasets that may not exist. Even in the British Household Panel Study, continuous pension histories are not collected, but despite the problems associated with the BHPS suggested in Chapter Five, it does offer some possibilities for exploring these questions, as do the longitudinal cohort studies.

**Future research**

Several important elements of the association between gender, partnership status, inequality and pension provision were not examined in this thesis, and deserve more attention in future research. The first is the structural and gendered relationship of full-time and part time work with pensions, to the extent that this is not mediated through earnings. Differentials by social class were also not the focus, although social class has clear interactions with both relationship breakdown and pension provision. The pensions of other disadvantaged groups, in particular certain ethnic minorities, and how these interact with gendered roles across the lifecourse are very important questions. Fertility histories, the importance of which has been reinforced in this thesis, need to be more carefully examined. Family size was not controlled for in any of these models, but pension distinctions might in the future emerge between women with one child and those with more children. Also, neither household composition nor informal care was investigated, whereas these factors will also have important impacts on pension accumulation.

**Conclusions**

To understand pension scheme participation and amounts contributed to pensions during the working life, we need to think about how, and why, couples organise their home and working lives. We need to think of men’s and women’s experiences as interactive – of how patterns of inequality within the household become resilient and embedded, and lead to and are in turn reinforced by structures in the workplace, in institutional care, in the tax system, in the benefits system, in labour markets, and in family policies. It may be difficult then to alter any part of these complex systems, as the political economy and the prevailing gender culture are dependent on and consistent with what has gone before.

This thesis has contributed to our understanding of these fairly intractable cycles in Great Britain, by showing the inadequacy of women’s earnings and pension accumulation, and the severe impact of having children on earnings and pensions even for younger cohorts.
Lone women, and partnered unmarried women, are no longer advantaged in pension terms relative to those who are married. Lone mothers – now a prevalent group within society – have especial difficulties in accumulating earnings and pensions. Married women in turn are severely disadvantaged relative to married men, and so for women, the future looks pretty bleak for all. This is especially so when over the life course, many currently married and partnered mothers can expect to be lone mothers for a number of years. The disadvantages for mothers in these respects last well into mid- and later life.

These disadvantages relate to patterns of gendered household inequality in earnings that are observed for mothers at all levels of the dual-earnings distribution, at all educational levels, and regardless of marital status. Gendered household inequality is related to pension contributions – the more financially unequal a woman is in her household, the less likely she is to contribute to a pension; that is, unless the financial constraints on her life are such that even though she is a breadwinner, she simply cannot afford to contribute. Where partnered women are high earners, they tend to be doubly privileged women. They have financial advantages associated with their own relatively high earnings and pension accumulation, and that of their partners, who are also likely to be relatively high earners and accumulating pensions. These privileged households, if the relationships last, will become dual pension households in later life, and will almost certainly translate into inequalities between couples in later life. Low waged couples, and those couples where neither has third tier pensions, in contrast, will be poor, with bleak prospects.

For men, legal marital status is much more strongly associated with financial advantage and disadvantage, and patterns of inequality, than for women. For women, having children, and whether they live alone or in a couple are the important determinants. Men in first marriages are consistently advantaged in pension terms over men in other forms of relationship, or who are alone, and they are also have the most financially unequal relationships among all partnered men. Divorced lone men are severely disadvantaged in terms of participation in paid work and in pension accumulation. Investigations suggest that they may be a self-selecting group of men, with multiple social disadvantages, who are likely to form a financially vulnerable group of men in old age.

The breadwinner/homemaker or breadwinner/carer relationship has always been problematic in terms of access to financial resources, because of doubts about the extent to which money is in fact shared within couples. While legal marriage provides some
protections in terms of derived social security, pension and widow's benefits, the growth of partnering outside legal marriage, increases in those living alone, and a rise in the incidence of separation and divorce all make gender issues of financial dependence during the life course more problematic than ever. It is becoming increasingly important, in personal and policy terms, for women to be able to provide for their own futures.

In the UK, with a policy regime of heavy reliance on the market for the provision of financial welfare in old age, this means that women must be able to participate in private pension savings. In turn, this means their working lives must follow a male pattern, because the private pension market is predicated on relatively stable, long term employment at high wages. The underlying cause of female pensioner poverty in the UK, a country which privileges private market solutions, is the pervasiveness and the resilience of the gender division of market and household labour.

These social patterns are a result of complex interactions of culture, institution and politics. Poor quality part time work and low pay for women, long hours associated with high pay for men, and the normative reproduction of gender dependency within partnerships with children, are mutually reinforcing. The consequence, in pension terms, is that women will continue to struggle to provide adequate pension provision for themselves within that normative and institutional framework. Moreover the thrust of UK pension policy will tend to exacerbate women's pension disadvantage.

There are two possible ways to reduce gender differentials in the accumulation of pension provision for old age. Either the reliance on the market must be substituted with a system which redistributes financial benefits from paid workers to those providing support in the home through care and other forms of domestic work, or the underlying cultural norms about the gendered division of paid and unpaid labour must change. Both are radical solutions that require considerable political intervention. The staunch neo-liberalism of current UK politics and the persistence of the breadwinner model in the UK in gender relations present a considerable challenge to the feminist agenda.
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