



Consumer Federation of America

For Immediate Release
Monday, January 12, 2004

Contact
Jack Gillis, 202-737-0766

RESEARCH SHOWS THAT WOMEN ON THEIR OWN FACE FINANCIAL CHALLENGES

CFA, WIFE.org, and Visa USA Offer Free Financial Resources

Washington, D.C. -- Households headed by women ("women on their own") have about one-half the income, less than one-third the wealth, and much shorter financial planning horizons than do other American households, according to the most recent data on consumer finances released by the Federal Reserve Board, and analyzed by the Consumer Federation of America (CFA) and Visa USA.

"Because of lower incomes and wealth, women on their own are much more likely to face severe financial challenges than are other American households," said Stephen Brobeck, CFA's Executive Director. "Fortunately, there are free resources available to help them respond to these challenges," he added.

The growing America Saves program (AmericaSaves.org) managed by CFA, Money Clubs organized by the non-profit Women's Institute for Financial Education (WIFE.org), and Visa's PracticalMoneySkills.com website are three mutually supportive resources that are available for free to all women. These three programs encourage and assist individuals, as WIFE.org puts it, to "achieve their money dreams and support each other on their journey to prosperity."

"We are excited about this opportunity to work with CFA and WIFE.org to address the unique financial problems faced by women today," said Rosetta Jones, Visa's Corporate Relations Director. "Visa's approach is to acknowledge the need and provide a responsible solution," she added.

Women on Their Own Do Not Fit Common Stereotypes

The Federal Reserve Board data was collected by its Survey of Consumer Finances in 2001 and released in 2003. These data reveal the results of extensive interviews with a

representative sample of 2,400 U.S. households. Catherine Montalto, an economist at The Ohio State University, helped CFA and Visa analyze the Fed data.

Women who head households (technically, female householders who are not married or living with a partner) make up 16 percent of all American households -- 17.7 million of 106.5 million households in 2001.

A widespread misimpression is that many, if not most, of these female householders are over 65 years of age. In reality, the large majority of women on their own, like the large majority of all household heads, are under this age. Seventy-two percent of female-headed households, and 78 percent of all households, are headed by someone under the age of 65.

Another general misimpression is that women on their own are less likely to have children living with them than are other American households. In fact, less than 40 percent of both groups have dependent children in their households -- 34 percent for the women on their own and 37 percent for all households.

While women on their own are more likely to be minorities than are the heads of all households, a large majority of both groups are white -- 65 percent of women on their own and 76 percent of household heads.

Women on Their Own Have Lower Incomes and Net Wealth Than Other Household Heads

The Fed data reveal that women on their own have lower incomes and net wealth than do other household heads. In 2001, the typical (median) income of women on their own was \$20,000. For all American households, typical income was \$39,000, or almost more than double.

Far more women on their own than other household heads have low incomes. In 2001, 41 percent of all female-headed households, but only 19 percent of all American households, had incomes in the lowest quintile (bottom one-fifth).

The wealth gap between women on their own and other household heads is even larger than the income gap. In 2001, the typical female-headed household had net wealth of only \$27,850. That compares with median net wealth of \$86,100 for all American households.

"With fewer financial resources, women on their own face greater financial challenges," said Candace Bahr, WIFE.org's Co-founder.

Women on Their Own Live More on the Edge Financially

Women who head households live more on the edge financially than do other household heads. Their financial planning horizon for saving and spending is shorter. Thirty eight percent of women on their own, but only 30 percent of all households, have a financial planning horizon of the "next few months" or "next year." By comparison, only 31 percent of these women, but 41 percent of all households, have a planning horizon of at least five years.

Also, 53 percent of female household heads, compared to only 41 percent of all household heads, spend all or more than their incomes. Thus, only 47 percent of these women, yet 59 percent of all households, spend less than their incomes.

As a result, it is not surprising that women on their own are less likely to save than are other households. Only 32 percent of these women, but 41 percent of all households, save regularly. And, 30 percent of these women, yet only 21 percent of all households, do not save.

America Saves, Money Clubs, and Practical Money Skills for Life Offer Free Resources to Women on Their Own

America Saves, Money Clubs, and Practical Money Skills for Life offer women on their own confidential, free resources to help them build personal wealth and realize their financial dreams. America Saves is a national campaign, launched in the spring of 2001, to help non-savers save and build wealth. It now involves hundreds of non-profits, employers, financial institutions, and other organizations at local, state, and national levels.

Most of the more than 15,000 Americans who have enrolled as Savers have done so through sixteen local Saves campaigns. Others have enrolled through the America Saves website (www.AmericaSaves.org). Savers must identify a wealth-building goal (building a separate emergency fund is the most popular) and a specific plan to achieve this goal that includes monthly deposits in a financial account. Savers receive free information about savings options and strategies, get the quarterly American Saver newsletter, and can obtain free advice from certified financial planners.

Visa's free Practical Money Skills for Life program is available in English, Spanish, and Chinese. Consumers can go to www.practicalmoneyskills.com for practical lessons on financial topics such as budgeting, banking, investing, and identity theft. Specific financial guides offer advice for life events such as marriage, divorce, and buying a home. Interactive calculators assist in developing a budget, preparing for retirement, and even planning for family vacations. Interactive quizzes let consumers know how well they have learned the information presented and what subjects they should brush up on.

WIFE.org recently developed Money Clubs to provide women opportunities to work together in person or on-line to improve their finances and achieve their financial dreams.

Financial experts Candace Bahr and Ginita Wall founded WIFE.org in 1988 and developed the Money Club concept last year.

Today, more than 3,000 women from 50 states and 15 countries participate in Money Club activities. Money Clubs typically include six to ten women who meet once or twice a month to talk confidentially about their personal finances. They utilize free guides and materials developed by WIFE.org. These materials include the Money Truths and Dreams Questionnaire, Money Zone activities, 21-day Money Club Makeovers, and daily Money Magic Affirmations. (See www.MoneyClubs.com.)



Department of Consumer and
Textile Sciences

231 Campbell Hall
1787 Neil Avenue
Columbus, OH 43210-1295

Department 614-292-8063
FAX 614-688-8133

<http://www.hec.ohio-state.edu/cts/index.htm>

**WOMEN ON THEIR OWN:
HOUSEHOLDS WITH A FEMALE HOUSEHOLDER
WHO IS NOT MARRIED OR LIVING WITH A PARTNER**

Report to the

Consumer Federation of America

Catherine P. Montalto, Ph.D.

Consumer and Textile Sciences Department
College of Human Ecology, The Ohio State University
1787 Neil Avenue, Columbus, Ohio 43210-1295
Phone: 614-292-4571 Fax: 614-688-8133
E-mail: montalto.2@osu.edu

January 7, 2004

Table 1. Characteristics of All Households and Households with a Female Householder Who Is Not Married or Living With A Partner

Characteristic	Total sample (column percents)	Households with a Female Householder Who Is Not Married or Living With a Partner ¹ (column percents)			
		Total	Divorced/ separated	Widowed	Never Married
Age of respondent					
less than 35 years	22.73	23.35	14.83	1.35	51.76
35 to 44 years	22.33	18.27	26.78	2.38	20.96
45 to 54 years	20.66	18.93	30.75	7.10	14.25
55 to 64 years	13.22	11.88	16.79	14.66	3.64
65 years and over	21.05	27.58	10.85	74.51	9.39
Education of respondent					
Less than high school	16.00	21.12	15.21	35.71	16.33
High school graduate	31.73	33.63	33.32	38.33	30.14
Some college	23.71	26.09	32.33	13.30	29.00
Bachelor's degree	17.61	12.19	11.26	7.29	17.35
Graduate school	10.95	6.97	7.87	5.37	7.18
Race/ethnicity of respondent					
White nonhispanic	76.23	65.23	66.45	79.51	52.03
Black nonhispanic	13.73	23.59	20.04	15.96	34.16
Hispanic	7.96	8.55	11.38	3.26	9.46
Nonhispanic, other races	2.78	2.63	2.13	1.27	4.35
Marital status of respondent					
Married	60.31	-----	-----	----	-----
Divorced/separated	15.85	40.03	100.00	-----	-----
Widowed	9.14	27.03	-----	100.00	-----
Never Married	14.70	32.94	-----	-----	100.00
Total household annual income (\$2000)					
Lowest quintile	18.94	40.87	30.63	55.21	41.55
Second quintile	19.23	28.03	29.62	25.10	28.40
Third quintile	21.12	19.49	25.11	12.18	18.66
Fourth quintile	20.28	8.41	10.35	4.72	9.06
Fifth quintile	20.43	3.21	4.29	2.78	2.24
Housing tenure					
Home Owner	67.69	50.42	52.22	69.62	32.46
Renter	32.31	49.58	47.78	30.38	67.54
Labor market behavior of respondent					
Employed full-time	64.94	50.44	67.73	15.68	57.96
Employed part-time	7.64	9.94	7.65	8.94	13.82
Not in the labor force	27.42	39.62	24.62	75.38	28.51
Family size					
One person	28.61	61.57	48.24	86.62	57.20
Two persons	35.57	17.56	24.34	3.98	20.45
Three persons	14.15	13.00	17.08	7.23	12.77

Characteristic	Total sample (column percents)	Households with a Female Householder Who Is Not Married or Living With a Partner ¹ (column percents)				
		Total	Divorced/ separated	Widowed	Never Married	
Four or more persons	21.67	7.88	10.33	1.23	9.58	
Number of dependent children in the household						
None	62.18	65.97	54.58	89.07	60.87	
One child	15.43	16.53	22.93	3.65	19.33	
Two children	13.95	11.28	15.48	5.67	10.77	
Three or more children	8.45	6.22	7.01	1.61	9.13	
Household receives welfare assistance ²	6.08	14.03	11.50	8.24	21.86	
Household receives Social Security benefits ³	30.59	38.26	22.52	87.76	16.77	
Age	Mean	48.96	51.14	47.99	71.63	38.15
	Median	47.00	48.00	47.00	74.00	34.00
Family size	Mean	2.43	1.72	1.94	1.27	1.81
	Median	2.00	1.00	2.00	1.00	1.00
Number of dependent children	Mean	0.73	0.61	0.78	0.21	0.74
	Median	0.00	0.00	0.00	0.00	0.0
Total annual household income	Mean	\$67,204	\$27,830	\$32,592	\$24,561	\$24,724
	Median	\$39,000	\$20,000	\$25,000	\$14,000	\$20,000

SOURCE: 2001 Survey of Consumer Finances (SCF01) represents 106.5 million U.S. households. All statistics calculated using the SCF final nonresponse-adjusted sampling weights (X42001)

¹Subsample of households with a female householder who is not married or living with a partner represents 17.7 million households:

- 1.1 million households with a divorced or separated female householder
- 7.5 million households with a widowed female householder
- 9.1 million households with a never married female householder

²Household received ADC, AFDC, food stamps, or other forms of welfare or assistance such as SSI

³Household received income from Social Security or other pensions, annuities, or other disability or retirement programs

Table 2. Median Net Wealth of All Households and Households with a Female Householder Who Is Not Married or Living With A Partner

Characteristic	Total sample	Households with a Female Householder Who Is Not Married or Living With a Partner ¹
All households	\$86,100	\$27,850
Age of respondent		
less than 35 years	\$11,350	\$2,320
35 to 44 years	\$77,500	\$20,420
45 to 54 years	\$135,190	\$31,010
55 to 64 years	\$177,379	\$97,500
65 years and over	\$168,300	\$79,200
Education of respondent		
Less than high school	\$25,410	\$6,360
High school graduate	\$58,000	\$19,080
Some college	\$80,850	\$22,695
Bachelor's degree	\$187,000	\$65,200
Graduate school	\$360,900	\$158,000
Race/ethnicity of respondent		
White nonhispanic	\$120,900	\$56,590
Black nonhispanic	\$19,010	\$5,700
Hispanic	\$11,450	\$3,900
Nonhispanic, other races	\$58,000	\$5,200
Marital status of respondent		
Married	\$140,000	-----
Divorced/separated	\$34,850	\$26,900
Widowed	\$81,700	\$77,120
Never Married	\$11,200	\$8,750
Total household annual income (\$1997)		
Lowest quintile	\$6,720	\$6,500
Second quintile	\$36,800	\$26,180
Third quintile	\$62,100	\$48,900
Fourth quintile	\$138,700	\$162,100
Fifth quintile	\$416,800	\$947,060
Housing tenure		
Home Owner	\$171,700	\$99,070
Renter	\$4,810	\$2,600
Labor market behavior of respondent		
Employed full-time	\$86,040	\$24,200
Employed part-time	\$63,490	\$15,620
Not in the labor force	\$94,210	\$37,200
Family size		
One person	\$48,860	\$50,400
Two persons	\$146,200	\$17,810
Three persons	\$60,300	\$4,500
Four or more persons	\$96,131	\$4,050

Characteristic	Total sample	Households with a Female Householder Who Is Not Married or Living With a Partner ¹
Number of dependent children in the household		
None	\$103,520	\$51,100
One child	\$51,970	\$10,320
Two children	\$76,600	\$5,720
Three or more children	\$55,800	\$3,150

SOURCE: 2001 Survey of Consumer Finances (SCF01) represents 106.5 million U.S. households. All statistics calculated using the SCF final nonresponse-adjusted sampling weights (X42001)

¹Subsample of households with a female householder who is not married or living with a partner represents 17.7 million households:

- 1.1 million households with a divorced or separated female householder
- 7.5 million households with a widowed female householder
- 9.1 million households with a never married female householder

Table 3. Opinion and Expectation Variables of All Households and Households with a Female Householder Who Is Not Married or Living With A Partner

Variable	Total sample	Households with a Female Householder Who Is Not Married or Living With a Partner ¹
Planning horizon for saving and spending		
Next few months	18.25	23.67
Next year	11.55	14.73
Next few years	28.90	30.76
Next 5-10 years	24.36	17.83
Longer than 10 years	16.93	13.01
Saving habits		
Don't save - usually spend more than income	5.60	8.52
Don't save - usually spend income	15.92	21.64
Save whatever is left	32.25	34.67
Save income of one earner	2.16	0.26
Save transitory income; spend regular income	5.54	4.88
Save regularly	40.51	32.28
Relationship between spending and income		
Spending greater than income	14.46	18.65
Spending equal to income	26.30	34.45
Spending less than income	59.24	46.91

SOURCE: 2001 Survey of Consumer Finances (SCF01) represents 106.5 million U.S. households. All statistics calculated using the SCF final nonresponse-adjusted sampling weights (X42001)

¹Subsample of households with a female householder who is not married or living with a partner represents 17.7 million households:

- 1.1 million households with a divorced or separated female householder
- 7.5 million households with a widowed female householder
- 9.1 million households with a never married female householder