

Wealth Status of Single Women: A 12 Year Comparison

Deanna L. Sharpe, Ph.D. CFP®, University of Missouri-Columbia¹
Sandra J. Huston, Ph.D., University of Missouri-Columbia²

Abstract

This study compares inflation-adjusted balance sheet components for single women in 1989 and 2001 using nationally representative data from the Survey of Consumer Finances. Results of this study suggest that, in general, single women are financially better off in 2001 as compared with 1989. Real mean and median income levels are higher in 2001 than in 1989, with a significant decrease in the proportion of single women having less than \$10,000 per year and a significant increase in those who earned a moderate income of \$25,000 to just under \$50,000 per year. Both mean and median net worth are significantly higher in 2001 as compared with 1989. Much of the gain appears to have come from financial asset holdings, with quite large real gains occurring for non-zero balance of mutual funds, stocks, bonds, retirement quasi-liquid and other managed assets.

Slight declines occurred for holdings of certificates of deposit, bonds, cash value of life insurance, and other financial assets. The increased proportion holding mutual funds, stocks, and retirement quasi-liquid assets suggests that single women have increased their holdings of equity assets and retirement account balances. There was also a significant increase in housing equity. At the same time, single women have also increased their liabilities. For this sample, much of the increase came from a larger nonzero balance of mortgage debt, credit card debt, installment loans, and other debt.

Multivariate analysis results point to the increased importance of completing education beyond high school as a way to avoid poverty and attain higher levels of wealth. This is a factor that is, for the most part, under the control of the household head. A policy implication of this finding is that programs designed to help women with low levels of wealth increase their economic status should carefully consider ways to help women increase their human capital.

Endnotes

¹Associate Professor, Personal Financial Planning Department, University of Missouri-Columbia, 239 Stanley Hall, Columbia, MO 65211, phone: 573-882-9652, e-mail: sharped@missouri.edu

²Assistant Professor, Personal Financial Planning Department, University of Missouri-Columbia, 239 Stanley Hall, Columbia, MO 65211, phone: 573-882-6270, e-mail: hustonsj@missouri.edu