

Are Women Empowered to Save?

FRANCES WOOLLEY*
TAYLOR SHEK-WAI HUI*
CAROLE VINCENT*

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Abstract

Female economic empowerment – rising earnings, increased opportunities, greater labour force participation – has given many women the means to save. The shifting of responsibility for retirement security from employers and governments onto individuals has given women a reason to save. But are women actually saving? In this paper, we explore the relationship between the gender dynamics within a family and the accumulation of wealth. We find that little evidence in support of the conventional wisdom that families with a female financial manager save more and repay their debts more often. We find some evidence that male financial management leads to greater savings, and other evidence suggesting that savings patterns have a complex relationship with intra-family gender dynamics.

Key words

Gender; saving; family decision-making; investment

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* Frances Woolley is Associate Dean and Professor of Economics at Carleton University. She has published extensively on the economics of the family, feminist economics and public policy. She has a particular interest in the tax treatment of the family. Department of Economics, Carleton University, 1125 Colonel By Drive, Ottawa, Ontario K1S 5B6 frances.woolley@carleton.ca

* Taylor Shek-wai Hui is a researcher in quantitative evaluation of social programmes at the Social Research and Demonstration Corporation. Prior to SRDC, Taylor was Assistant Professor of Economics at the University of Winnipeg. He holds a Ph. D in Economics from the University of Western Ontario. Social Research and Demonstration Corporation, 55 Murray Street, Suite 400, Ottawa, Ontario, K1N 5M3.

* Carole Vincent holds a PhD in Economics from Brown University. She was formerly the Principal Research Associate at the Social Research and Demonstration Corporation, and Director of Research at the Institute for Research on Public Policy. She is currently working as an independent consultant, focussing particularly on retirement planning, economic independence for women, and taxation and family policy. cvincent.consultation@gmail.com



Resumen

El empoderamiento económico de la mujer – el aumento de los ingresos, mayores oportunidades, mayor participación laboral – ha dado a muchas mujeres los medios para ahorrar. Al pasar la responsabilidad de los ingresos de la jubilación de los empleadores y el gobierno a los individuos, las mujeres tienen un motivo para ahorrar. ¿Pero realmente ahorran las mujeres? En este artículo se analizan las relaciones entre las dinámicas de género en una familia, y la acumulación de riqueza. Se ha llegado a la conclusión de que hay poca evidencia que apoye la creencia convencional de que las familias en las que una mujer gestiona las finanzas ahorran más y devuelven sus créditos más frecuentemente. Se ha encontrado alguna evidencia de que la gestión financiera por varones acarrea mayores ahorros, y otras evidencias que sugieren que los patrones de ahorro tienen una relación compleja con las dinámicas de género dentro de la familia.

Palabras clave

Género; ahorro; toma de decisiones familiares; inversión

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1. Introduction

Saving is one way that people try to protect themselves against poverty and hardship in old age. Women, with their longer life expectancies, and greater risk of spending their last years alone, have a particular need for financial resources. The generation of women who are now nearing retirement in Europe and North America differ markedly from earlier generations: they have had much higher levels of labour force participation, more education, and came of age in an era when traditional gender norms were being challenged. Yet little is known about how gender and, especially, how shifting gender dynamics, affects the accumulation of assets.

The knowledge gap exists, first, because data sets that collect information on intra-household gender dynamics, saving decisions and financial wealth are rare. Second, because women's and men's economic circumstances have changed radically in recent years, altering the nature and economic dynamics of close personal relationships, we cannot predict what will happen in the future by observing current retirees. This paper takes advantage of a unique data set, the Canadian Financial Capabilities Survey, which collects detailed information on family decision-making, asset accumulation, and financial literacy. Using this survey, we examine how women and men's say in family decision-making, and also the intra-household distribution of resources, relate to saving behavior.¹

As Nava Ashraf (2009) observes, there is a large and growing literature that finds "when intra-household financial decisions are made by women, savings and investment are often greater and repayment of debt is more likely." Our study questions the generalizability of this finding to the Canadian context. We study a large sample of Canadian couple-families and find that there is, if anything, a *positive* association between male financial planning and holdings of financial and other forms of assets. Families with female financial control are more likely to have liabilities, and less likely to have positive net worth. At the same time, families with a male financial planner are different in other ways, too – for example, they have higher average household incomes, and the female partner is less likely to be in the labour force. Hence we cannot conclude that male financial planning *causes* higher savings levels, or that a typical couple's savings would increase if they switched from shared or female to male responsibility for household savings.

The outline of the paper is as follows. We begin with a survey of the empirical and theoretical evidence on gender and savings. We then go on to discuss our data, the Canadian Financial Capabilities Survey. We then present our research findings, and policy conclusions.

2. Background

Studies of saving typically talk about a "household's" or "family's" saving decision. Yet choices are made, not by a family, but by the individual women and men who make up the family unit. Below we present evidence that men and women differ, on average, in the value they attach to saving and the types of investments they prefer to make, hence family members would be expected to have diverging saving priorities. The question then becomes: to what extent do a family's saving decisions reflect each individual family member's wants and needs? We suggest that bargaining models of household decision-making provide a way of understanding how the interests of various family members are reconciled.

¹ We exclude same-sex couples from our analysis for two reasons; first, because our focus is on the difference between male, female and shared responsibility for financial decision making; second, because there is such a small number of same-sex couples in our sample, providing detailed statistics on such couples could potentially lead to the inadvertent disclosure of confidential information.

There are many reasons why one would expect to see gender differences in saving rates. Women live longer² than men, and experience higher rates of disability,³ hence have a greater need for retirement savings. On the other hand, men, on average, earn more than women do, and saving is highly correlated with income (Browning and Lusardi, 1996). Additionally, to the extent that women spend more on their children – either because they are responsible for child-related expenses (Conley and Ryvicker, 2005), or because they regard children as a form of long-term care insurance – they have less to invest in financial assets.

Demographic and economic factors alone would be expected to generate gender differences in saving rates, even if men and women had identical attitudes towards savings. But men and women are not identical. Croson and Greezy (2009) and Sierminska *et al.* (2010) find that women are typically more conservative in their investment choices, exhibit greater risk aversion, and are less confident than men in making investment decisions. If there is a risk premium – that is, risky assets earn a higher average rate of return - greater risk aversion means that women will, on average, obtain lower rates of return on investments. As well as being more risk averse, women have been found to be less knowledgeable. Lusardi and Mitchell (2008) report, “older women in the United States have very low levels of financial literacy, and the majority of women have undertaken no retirement planning.” Fonseca *et al.* (2010) document gender differences in financial knowledge, concluding, “men and women seem to have very different production processes for financial literacy.” Lack of knowledge could deter women from making financial investments, or make lead women to make poor investment decisions.

If men and women, on average, have different interests, different attitudes towards risk, and different levels of knowledge, how are these differences reconciled within a family? This question is fundamental to sociological, feminist and, increasingly, economic, theory, and has been addressed in a large literature both within and across these disciplines. Here I conceptualize savings outcomes as the product of some type of bargaining within the household. The partner in the stronger bargaining position has more influence on the final outcome, and gets more of what he or she wants. In doing so, I draw from the sociological literature on resource exchange (such as Safillios-Rothschild 1976, Bittman *et al.* 2003, Baxter and Hewitt 2013), and from the feminist (Sen 1987; Agarwal 1997), and more mainstream (for example, Lundberg and Pollak 1993; Chen and Woolley 2001) economic literature on bargaining models of the household (for a recent and comprehensive survey see Himmelweit *et al.* 2013).

One tradition within these literatures focusses on processes within household, for example, who exercises control over financial resources, or who makes major financial decisions. Safillios-Rothschild (1976) uses the phrase “orchestration power” to describe responsibility for overall financial planning and investments. Vogler (1998) uses the term “strategic control” over money to describe those who have power over strategic decision making. One way of thinking about orchestration power and strategic control is as a *manifestation* of bargaining strength, that is, the way that a person in a better bargaining position ensures that the household’s decisions reflect what he or she wants. Alternatively, household processes can be thought of as rules of the game, the way in which decisions are made. As “rules” they reflect prevailing gender norms, as well as the gender dynamics within individual relationships.

Information about household processes can be obtained through surveys, for example, by asking people who is responsible for making major financial decisions. Interpreting such information is complex (Pahl, 1995; Vogler, 1998; Vogler *et al.*, 2006; for a survey see Bennett, 2013). Any survey is subject to social desirability

² Statistics Canada, <http://www40.statcan.gc.ca/l01/cst01/health72a-eng.htm>, accessed 7 June 2010.

³ Statistics Canada, <http://www40.statcan.gc.ca/l01/cst01/health71a-eng.htm>, accessed 7 June 2010.

bias (Nederhof, 1985), that is, respondents will attempt to give answers that are socially acceptable. Even if women and men, in their private lives, defy traditional gender roles, they may be reluctant to admit doing so to an interview. Yet, despite these limitations, there is a large sociological literature that both uses information on households' financial management collected through large-scale surveys, and "suggests that the intra-household economy may have an *independent effect* in overcoming or reinforcing inequalities between male and female partners generated in the labour market" (Vogler et al, 2006: 461, emphasis added).

A second way of empirically testing bargaining theory is to examine *resource endowments*, or the material basis of bargaining positions. According to bargaining theory, a person's resources within marriage – his or her earnings, or income received through child benefits or similar programs – strengthen his or her influence on household spending (for empirical evidence see, for instance, Basu (2006), Qian (2008), Bobonis (2009), Gummerson and Schneider (2013) and Himmelweit et al (2013)). Also important are a person's potential resources outside of marriage – for example, in the event of divorce. For these reasons attributes such as age (as a measure of the probability of remarriage after divorce), education (as a measure of potential earnings) as well as laws regarding asset division and spousal support might be expected to influence a person's bargaining position.

Resources are a source of bargaining strength partly because they improve a person's alternatives both within and outside marriage. A person with resources can withdraw from marital conflicts, for example, keeping her earnings in a separate bank account and spending them as she sees fit. She may also credibly threaten exit, that is, to leave the relationship if decisions are not to her liking. Both of these options improve her fall-back position. The better fall-back position may be manifested directly, in greater control and command over household resources, or indirectly, as when other household members take her preferences into account when making their decisions (see, for example, the household bargaining models of Lundberg and Pollak (1993) and Chen and Woolley (2001), and the comprehensive literature survey in Himmelweit et al (2013)).

One crucial empirical prediction of bargaining theory is that, when women have greater resources, the household's spending patterns more closely reflect women's wants and desires. For example, Burton *et al.* (2007) found that, when older women received independent income, in the form of Old Age Security pensions, household spending on gifts increased. Hence, if it is true that women value saving more than men do, then female economic empowerment would lead to greater household savings, all else being equal.

Even though, theoretically, one might expect women to desire higher levels of savings than men, the empirical evidence on the impact of female economic empowerment on household savings is mixed. Papers finding a positive relationship include Lundberg and Ward-Batts (2006) who, using US data, found higher levels of savings in couples where the wife had a relatively high education level. Lee and Pocock (2007), using South Korean data, also find a positive relationship between the wife's relative earnings and saving, while Seguino and Floro (2003) find that as some measures of women's relative income and bargaining power increase, a country's gross domestic saving rate rises.

On the other hand, Gibson *et al.* (2006) find that greater female bargaining power, as measured by a woman's age, education and inheritance expectations, is associated with lower household savings. Similar results are found by Browning (1995), who finds that the household saving rate decreases when women earn relatively more of the household income. Papers that examine responsibility for financial planning have also found a negative relationship between female control and savings. For example, using Canadian data, Phipps and Woolley (2008) found a negative relationship between women's control over family finances and both the

probability of holding a Registered Retirement Saving Plan (RRSP) and the level of assets held in an RRSP.

In this paper, we consider both processes and resource endowments within couples, and trace out the relationship between these and savings. We do this by taking advantage of a unique data set, the Canadian Financial Capabilities Survey, as described in the next section.

3. Data and descriptive statistics

The 2009 Canadian Financial Capability Survey (CFCS) allows us to measure the responsiveness of private savings to gender dynamics within households. The primary advantage of the survey is its richness. It collects information on a variety of potential indicators of gender dynamics within households; responsibility for family financial planning, incomes, demographic data, and knowledge of financial matters and financial behaviour. It also contains information, not only about total wealth holdings, but also on the mix of assets held by the household. The survey is large, and relatively unexplored. In this section, we describe the information collected in the CFCS. We begin by discussing our measures of female economic empowerment, present some basic descriptive statistics, and then go on to discuss the collection of financial data.

3.1. Measures of gender dynamics within relationships

In this paper, we approach gender dynamics within relationships in two ways. First, we consider one manifestation of bargaining strength, namely who has responsibility for financial decision making. The CFCS collected this information by asking respondents,⁴ (FM_Q01) "Who is mainly responsible for making financial investment and planning decisions on behalf of the family?"

Previous Canadian studies and studies from the United States and the United Kingdom typically find that about half respondents report that responsibility is shared (Phipps and Woolley, 2008). A similar pattern appears in the CFCS: 52.9 per cent of married or cohabiting respondents reported that the financial planning was shared by themselves and their partner. For those respondents who indicated that one partner specialized in financial planning, most commonly that partner was the man: 30.4 per cent of married or cohabiting respondents reported male responsibility for financial investment and planning, as compared to 13.5 per cent reporting female responsibility.

The CFCS interviewed one person, selected to create as representative a sample as possible, in each household. As we report elsewhere (Hui *et al.* 2011), the choice of respondent matters: 36 per cent of male respondents reported being responsible for financial management and planning, but only one quarter of women reported that their partners were responsible for financial management. A similar pattern of respondents claiming responsibility is seen with females: 18.8 per cent of 25-44 year old women and 16.4 per cent of 45-65 year old women claimed responsibility for financial management, but just ten per cent of male respondents reported that their partner was responsible for financial management. These differences between male and female responses are important because they indicate that survey responses reveal one person's view of the household decision-making process, rather than an objective, incontrovertible truth. They also suggest that it is important to control for the gender of the respondent when analyzing the CFCS.

The CFCS also collected a wealth of information on people's resource endowments. In the previous section, we argued that resources are a source of bargaining strength. Here we use a number of measures of women's resources. The first is the female partner's income as a share of total household income. We hypothesize that

⁴ This section draws directly from Hui, Vincent and Woolley (2011).

more income results in greater bargaining power, hence the household savings decision will be closer to what the woman wants if she earns relatively more. We also consider each partner's employment status, as this is an indication of a person's ability to command resources on an on-going basis. Finally, we consider the age gap between spouses. The literature yields conflicting results on the impact of spousal age differences on the sharing of resources within families. For example, Browning *et al.* (1994) find that women who are much younger than their spouses enjoy a smaller share of household consumption, whereas a more recent paper by Browning and Gørtz (2012) reaches the opposite conclusion. However the age difference between partners does appear to have a significant impact on intra-household dynamics.

When we examine the distribution of resource endowments in households, we find that married or cohabiting men usually bring relatively more economic resources into a relationship than their partners do. On average, married or cohabiting women earned 38 percent of the total household income. Men had somewhat higher labour force participation rates than women: 87.4 percent of the males were employed or self-employed, as opposed to 76.5 percent of the women. We would have liked to have considered the relative education of each partner – as do, for example, Lundberg and Ward-Batts (2006) – but this information was not available in our data.

Table 1 shows that there are significant relationships between responsibility for financial planning and each partner's resource endowments. In the households where the man is responsible for financial planning, men tend to have higher incomes, women are less likely to be employed, and female incomes are relatively low as a percentage of total household income. Female responsibility for financial planning tends to be associated with lower levels of overall household income, lower male incomes, and a relatively high female share of total household income. Interestingly, however, the households with the highest average female incomes are the ones with shared responsibility for household finances.

3.2. Measures of wealth

The aim of our paper is to uncover the relationship between intra-household gender dynamics and the accumulation of assets. The CFCS collected information on five separate categories of assets – tangible assets, Registered Retirement Saving Plans or RRSPs (a form of self-administered individual retirement account), Registered Education Saving Plans or RESPs (accounts that allow tax-free saving for a child's education, plus provide government contributions to match private savings), financial assets held outside of registered retirement savings plans (which we term "non-RRSP financial assets"), and business assets. For each of these five asset categories, information on the incidence of asset ownership (Do you own any of...?) and the value of the assets owned was collected. Table 2 describes the types of assets included in each asset category, and how the information on value of each type of asset was obtained. All of the wealth information was gathered at a household level, and includes the assets and debts of children. The one exception is data on employer pensions, which was gathered for the individual respondent only.

The data has some limitations. The data was collected through a telephone survey with overall response rate of 56.3 percent. Because some groups have higher response rates than others, the sample is not perfectly representative of the Canadian population. Statistics Canada provides sampling weights that allow users to correct for any sample selection bias, and these weights were used throughout this analysis. Another limitation is that the CFCS collects data on total liabilities, but does not break out the amount owed on mortgages, student loans and consumer debt. It only collects wealth data from one person in each household. Respondents who are not intimately involved in the family's financial management may not have accurate knowledge of the state of the household finances, particularly if the

partners are not completely open and honest with each other. We cannot solve this problem; we can only be aware of it, and cautious in the interpretation of our results. One final limitation of the CFCS is that there is no estimate of the value of employer pensions.

3.3. *The relationship between asset accumulation and financial responsibility*

Table 3 shows the percentage of partnered respondents who reported that they, or someone in their household, held a variety of types of assets and liabilities. Households where the female partner is responsible for financial planning are significantly more likely to hold liabilities, and less likely to hold Registered Retirement Savings Plans (RRSPs), Registered Education Savings Plans (RESPs), and non-RRSP financial assets, as compared to male and shared responsibility households. In twenty-nine percent of those households, no one holds an RRSP. The comparable figure for male-planner households is 19 percent.

Those without RRSPs may rely in retirement either on government pensions – which, in Canada, provide only a minimal income guarantee – or employer pensions – which are increasingly rare in North America. They are, therefore, at risk of experiencing poverty in old age. Female-planner households are 53 percent more likely to be in that potentially vulnerable, no-RRSP group than male-planner households.

The figures in Table 3 appear to contradict the conventional wisdom, quoted earlier, that “when intra-household financial decisions are made by women, savings and investment are often greater and repayment of debt is more likely” (Ashraf, 2009). It would, however, be premature to conclude female financial management has a negative impact on savings. Table 3 does not show the impact of female financial management on household savings *all else being equal*. We cannot conclude, without further analysis, that a higher incidence of liabilities and lower incidence of asset holding is a *consequence* of female financial management. It may, instead, stem from lack of income for saving, for example. That further, all-else-being-equal analysis is the primary focus of the rest of this paper.

Table 4 compares the asset holdings of the various household types.

These averages are unconditional means – that is, they include people with no assets, or asset values equal to zero. As is typically the case for wealth surveys, mean asset holdings are considerably higher than median asset values. The asset values shown in Table 4 are, as discussed in Hui *et al.* (2011), comparable to those obtained by other surveys, such as Canada’s Survey of Financial Security. The number of respondents varies across asset types because some respondents were unable to estimate the value of their asset holdings; hence they were not included in the sample. Table 4 shows that even when there is no statistically significant difference in the *extent* of asset holding, there can still be differences in the *value* of assets held. For example, although there are no statistically significant differences across male-, female- and shared responsibility households in the probability of holding business and tangible assets, there are large differences in the amount of assets held. Male control is associated with the highest level of asset holdings; female control with the lowest. To take another example, there is virtually no difference in the likelihood of male- and shared-responsibility households holding non-RRSP financial assets, but the *amount* of assets held is substantially larger in the male-control households.

3.4. *Discussion*

To the extent that the allocation of financial responsibility matters at all, it seems that families where a male is responsible for financial planning accumulate the most assets, while families where a female is responsible accumulate the least. One possible explanation for this finding is that male financial planning *causes* higher

levels of asset accumulation, and female planning lower levels. Possibly male planners put more money aside for savings than female ones do. Although theoretically, as noted above, there are good reasons to expect women, rationally planning her present and future consumption levels, to prefer higher savings levels, there are other arguments suggesting that women might want to save less. Alternatively, female planners might save at a similar rate to male ones, but obtain a lower rate of return on their investments. As noted above, studies have found that women tend to be more risk averse than men, and have lower levels of financial literacy.

A second possible explanation is that the relationship between the gender of the financial planner and the amount of assets held is entirely spurious. There might be some other factor that simultaneously causes high (low) levels of asset accumulation and also causes male (female) responsibility for financial investment and planning decisions. Income might be one such factor. For example, as Table 1 demonstrated, low incomes are associated with female responsibility; high incomes with male responsibility. This association has been found by others, as described by Pahl (1995), who notes that “in low income household it is women who are more likely to have the difficult task of making ends meet.” When a family has more income, financial planning involves more discretion, and is more an exercise of power, and less like hard work. In the next section, we carry out a multivariate analysis, where we attempt to separate the effect of our measures of intra-household gender dynamics from other confounding factors.

4. Multivariate analysis

Our goal in this paper is to try to find out how asset accumulation is affected by the gender dynamics within households, as measured by responsibility for financial management, the amount of the income each partner brings into the household (measured by the female partner’s share), and each partner’s employment status. However, to find out how much gender dynamics matter, we need to control for other variables that also affect wealth accumulation, and may be correlated with the household’s gender dynamics – for example, the number of children in the family, the family’s overall income level, and whether or not the respondent is an immigrant. To do this, we carry out several multivariate analyses.

First, we use a probit analysis to examine the probability of holding different types of assets, such as registered retirement savings plans or financial assets. We call these “incidence” regressions. They measure the increase in the probability of a respondent reporting positive asset holdings as a function of a set of observable characteristics. The incidence analysis is particularly informative for more narrowly held assets such as business property, where we are interested in who holds such types of assets, as well as the value of those assets. It is also valuable for the analysis of programs such as Registered Education Savings Plans (RESPs), where our primary concern is with incidence. RESPs are designed to be attractive to low-income parents. A program called the Canada Learning Bond makes it possible to start an RESP with no cash payment. Regardless of the actual amount held in an RESP, we would hope that every eligible parent would take advantage of this financial opportunity.

For other categories of assets, our focus is on the value of assets held. Over 95 percent of the individuals in our sample, for example, hold some tangible assets. The interesting question from a policy perspective is how much these tangible assets are worth.

To explain asset holdings, we use three broad categories of explanatory variables. The first is variables intended to capture intra-household gender dynamics such as responsibility for financial investment and planning decisions, the woman’s share of household income, each spouse’s employment status, and the spouse’s relative ages as discussed in section 3.1 above. We measure the age difference using two

indicator variables: a 0-1 variable that is equal to one if the woman is older than the man, and a 0-1 variable equal to one if the man is more than five years older than the woman. The second category of explanatory variable is standard socio-economic variables such as logged household income, province, immigrant status, household size, number and age of children, and marital status (common-law or married.)

Finally, we include a set of variables that capture financial behaviour, such as financial literacy, carrying a balance on a credit card, and so on. These variables allow us to test the hypothesis that any relationship between the gender of the financial planner and savings behaviour caused by underlying differences in financial literacy, financial knowledge, or management practices such as budgeting. A full list of variables included but not reported can be found in Table 5.

Table 5 shows the basic incidence (probit) regressions. The results reported are "marginal effects at the mean." For example, the 0.050 figure reported for male responsibility in the RRSP regression means that a household where the male is responsible for financial investment and planning decisions is, all else being equal, 5 percentage points more likely to hold an RRSP than a comparable household with shared-responsibility. Because the marginal effects are calculated at the sample mean, they show the marginal effect of moving from shared to male or to female responsibility for a household with an average level of household income, an average level of financial literacy, an average number of children, and so on.

A number of results stand out from Table 5. First, most of the coefficients on the financial management variables are small and insignificant, except for the positive effect of male responsibility on the probability of holding an RRSP, and the negative effect of female responsibility on holding financial assets. Second, families in which the female partner is not in the labour force were significantly less likely to report having an RRSP, even controlling for household income. In Canada, the amount a person is can legally contribute to an RRSP is based on that person's income, so a woman who is not in the labour force may have no "contribution room," or right to contribute to an RRSP in her name. This could explain the relationship between female labour force participation and a household's RRSP holdings. Third, households where the female partner is not in the labour force are *less* likely to have liabilities. We believe that this result partly reflects the impact of a family's liabilities on women's work decisions, consistent with Fortin's (1995) finding that women work, in part, to pay the mortgage. However the direction of causality is not clear even for this, as couples may contemplate getting a mortgage only if the woman is employed.

Table 6 divides the sample into various subgroups – male respondents, female respondents, younger and older ones – and examines more closely the impact of financial responsibility on the probability of having an RRSP. Male financial responsibility matters more when the respondent is female. Recall that men claim they are responsible for financial planning more often than women report male responsibility. We hypothesize that women report male responsibility only when decisions are clearly and unambiguously made by men. Thus, we argue, there is a higher degree of male control, and less sharing of decision-making, in households where a female respondent reports male responsibility than in households where a male respondent reports male responsibility. Therefore it is not surprising we see a stronger impact of male responsibility in the sub-sample where the respondent was female. The greater higher effect of male responsibility in the older age group may reflect, to some extent, random variation – we also found quite a large effect for male responsibility in the probability of having RRSPs in a subsample consisting of 25-34 year olds (results available from the authors). Alternatively and/or additionally, it may be that families tend not to change their system of financial management very often, and the impact of having a male planner is cumulative.

Hence impacts of financial decision-making systems tend to be larger, the longer a couple has been together.

Table 7 shows the impact of the family's system of financial planning on the amount of wealth that a family has, conditional upon the respondent reporting a positive value for a given asset class. Because the distribution of wealth is skewed, we use log wealth as our dependent variable, so that our results are not unduly affected by a few very wealthy individuals. The usual interpretation of coefficients in a log model is as a percentage change. For example, a coefficient of 1.031 on log household income means that a one percent increase in household income results in a 1.031 percent increase in the amount of financial assets held. For 0-1 variables, however, as David Giles (2011) explains, the interpretation of the coefficients in the regression model is slightly more complex. For example, a coefficient of 0.208 on male responsibility means that, all else being equal, households where the male is responsible for financial management hold $100*(e^{0.208}-1)$ or 23 percent more assets than those where the management is shared.

An inspection of Table 7 reveals strong, statistically significant, positive effects of male responsibility in just two areas: on the amount of financial assets held outside of RRSPs and on the amount of business assets, with male responsibility being associated with 23 percent more wealth in the form of financial assets (apart from RRSPs and RESPs), and 47 percent more business assets (the business assets results, however, may be influenced a small number of very wealthy business owners). The estimated coefficients on effect of female responsibility were not significantly different from zero, but were on the negative side of zero, rather than the positive side, even after controlling for household income. These results are consistent with the possibility that men place a greater priority on saving than women do, or that their greater tolerance of risk allows them to achieve a greater rate of return on assets.

It might be argued that the positive impact of male financial management on household wealth is a hang-over from a previous era, when responsible males felt it was their duty to manage the household finances, women were less likely to have the requisite skills and knowledge, and financial institutions targeted products and services to men. To test this possibility, we ran separate regressions for our 25-44 year old respondents, and for 45-65 year olds. As was the case for the analysis reported in Table 6, the positive association between male responsibility and household wealth appeared in the younger, as well as the older cohort (results available from the authors on request).

Yet we cannot eliminate the possibility that male financial management is the result of, rather than the cause, of greater wealth. Hence in the Table 7 regressions we also include material measures of gender dynamics, which might be less likely to be endogenous.⁵ These paint the same basic picture. Factors that might be expected to contribute to female bargaining power within the household either have no statistically significant effect on wealth accumulation, or have a negative effect. For example, a one percent increase in the amount of the household's income that is earned by the woman results in a 0.24 percent decrease in predicted RRSP asset holdings, all else being equal. It may be that this reflects financial strains that families reliant on women's earnings face (although our controls for total household income and other factors should pick up those effects) rather than employed women using their greater bargaining power to increase spending and reduce savings.

⁵ We also re-ran the Table 7 regressions without including the financial management variables. None of the coefficients shown in Table 7 changed in magnitude in any material way, however in some cases there was a slight increase in the statistical significance of the regression coefficients. These results are available upon request.

The results in Table 7 certainly do not provide strong evidence to support the idea that the economic empowerment of women *relative to their partners* leads to an increase in savings. Where increased female incomes do have a strong effect, however, is by increasing the household's total income. Household income consistently has a large, positive and statistically significant impact on household savings – whether that income is earned by men or by women.

As noted earlier, the age difference between spouses is often found to have a significant impact on the distribution of resources within the household, although the direction of this impact is uncertain. In our results, as Table 7 shows, a large age gap between spouses is associated with substantially lower levels of RRSP (marginal effect: 22 percent), RESP (27 percent) and tangible (16 percent) assets. This result might be explained by some other factors. For example, the marriages with large age gaps might be more likely to be second marriages, something which we cannot control for in our study. At the same time it makes sense that if – as Browning and Gørtz (2012) suggest – there is more money spent on goods and services that benefit the female partner when the age gap between spouses is higher, there might be less money saved.

It is striking that, after controlling for household income and the female share of household income, employment status has a relatively minor impact on the amount of savings. The way to understand this result is to remember that respondents who are struggling at the edges of the labour market, and have no assets, are excluded from the Table 7 regressions. Within the group of people who are settled and well-established enough to have RRSPs, RESPs, and so on, employment status is relatively unimportant.

The one exception here is self-employment. In this sample, men who are self-employed have substantially higher asset holdings across the board – though they also have higher liabilities. In some ways this is not surprising, as the self-employed have no employer-provided pension plans, hence must save in RRSPs and other assets if they ever hope to retire. It is striking, however, that female self-employment had a much less dramatic impact on asset holdings than male self-employment (though it, too, was associated with higher liabilities). This likely reflects gender differences in the form of self-employment. In 2009, according to Statistics Canada data,⁶ over half of self-employed women ran unincorporated businesses with no paid help; the type of self-employment that requires no business assets. Although many self-employed men also fall into this category, men are relatively more likely to have incorporated businesses, paid employees, and be in the goods-producing, as opposed to the service, sector of the economy – in other words, men are more likely to run the types of businesses that have assets.

5. Discussion and policy implications

Savings matter because they provide people with some measure of economic security. In some sense, savings matter more for women than for men, because women live longer than men, and are more likely to be alone in old age. Because governments have an interest in ensuring people's economic security, they intervene in the saving process in a variety of ways, three of which I will discuss here.

First, government programs can substitute for private savings, providing social insurance and protection against poverty. In Canada, for example, programs such as Old Age Security and the Canada/Quebec Pension Plan are so effective at reducing poverty that Canada has one of the lowest rates of old-age poverty in the OECD (2013). Second, governments can regulate financial institutions, or take other actions to ensure the safety of people's savings. Deposit insurance is an example of this second type of intervention. Third, governments can attempt to

⁶ Taken from Statistics Canada, Cansim table Table 282-0012

change people's savings choices by creating incentives for saving, such as preferential tax treatment for retirement accounts, or by "nudging" people in the direction of saving.

Thinking about this first form of intervention, the government programs that can and do substitute for private savings, sheds new light on some of the results in our paper. Because Canada has comparatively generous seniors benefits, and because it is so expensive to raise a family, relying on government programs instead of private savings may be a part of a sound financial strategy. As Horner (2009) demonstrates, parents earning under \$40,000 per year have no need to save in order to enjoy a post-retirement standard of living comparable to their present day one. Moreover, because eligibility for some government benefits depends upon a person's income, a low-income worker who scrimps and saves to put something into an RRSP may find that any income generated by these savings serves only to decrease their eligibility for means-tested benefits. It may be true, as we have suggested in this paper, that female financial planners place a lower priority on investing in financial assets. Yet given that female financial planning is more common in lower-income households, and given the structure of Canada's retirement system, it is not outside the realm of possibility that the women who are choosing to spend instead of save are making a smart choice.

The second broad category of government intervention aims to ensure the safety of people's saving. Safety is not just about protecting investors from bank failures or Ponzi schemes. It is also about protecting investors from subtle abuses such as excessively high management fees, unscrupulous practices by financial advisors (such as generating commissions by buying and selling assets too frequently), and discriminatory practices of financial institutions (as documented by, for example, Alesina *et al.* 2013)

Earlier we noted that the literature has found that women tend to be more risk averse than men. This risk aversion would be expected to make women particularly sensitive to the dangers of investing. At the same time, lower average levels of financial literacy – or simply financial institutions' perceptions that women have lower levels of financial literacy – could make women potentially vulnerable to exploitative financial practices. Indeed, there is evidence from several countries that women do face discrimination in mortgage and other lending (Alesina *et al.* 2013). Could the relationship between the gender of the person responsible for financial planning and the household's amount of savings be driven by real or perceived differences in the way that financial institutions treat men and women?

In order for governments to be able to protect the investors and their savings, they require good information. Ten years ago, Darden *et al.* (2002) concluded that "Virtually nothing is known about discrimination in the housing sales market, mortgage lending, or home insurance" in Canada. Unfortunately, not much has changed since then. There is very little information available about how financial institutions treat lenders and investors, and most large-scale surveys collect information on assets at the household level, rather than collecting information about the asset holdings, liabilities, or investment experiences of individual household members. Yet without information, it is extremely difficult to identify and prevent discrimination, and protect consumers.

One thing that governments could do, even without perfect information, is to provide or support attractive investment opportunities, for example, optional voluntary contributions to public pension plans, such as the Canada Pension Plan, which have much lower administrative fees than mutual funds or other retail investments. To the extent that the results in Table 4 and 7, showing higher levels of assets in male planner household, are due to male planners achieving a higher rate of return on their investments than female planners, making attractive investment opportunities more widely available could reduce gender differentials in asset holdings.

Agarwal *et al.* (2009) have called for the creation of “safe harbor assets”, accounts that offer investors only a limited range of highly regulated low-cost investment options, such as an annuity, a variable annuity, a bond fund and a lifecycle fund. There is much to be said for encouraging financial institutions, either by regulation or moral suasion, to design better financial products and services. However jurisdictions like the UK, which once required all individuals to place retirement assets in a safe harbor in the form of an annuity, are moving away from this approach. Reports from the UK found that the annuity market “did not work well for the majority of consumers” (Thurley, 2013). Low risk, high return investments with reasonable management fees are easy to wish for, hard to realize.

Yet even when governments create guaranteed investment opportunities, people do not always take advantage of them. For example, the Canada Education Savings Grant provides a matching grant of \$20 for every \$100 that is contributed to a child’s Registered Education Savings Plan (RESP), up to a maximum of \$500 per year. Low-income parents can open an RESP and claim a Canada Learning Bond of \$500 without making any financial contribution to the plan. Even though RESPs offer a guaranteed return, and the Canada Learning Bond removes any financial obstacles to opening a plan, many parents simply do not open a plan for their children. Women are no different from men in this regard: the gender of the family financial manager had no statistically effect on the probability of holding an RESP. This brings suggests a need to turn to a third broad form of policy intervention: nudging people in the direction of better investment choices.

The results in this paper suggest that such nudges need to take account of the gender dynamics within relationships. For example, our research finds that, the overwhelming majority of couple-households, financial management and investing is either a joint or male responsibility. However in Canada, tax-preferred savings vehicles, such as Registered Retirement Savings Plans, must be held in a single individual’s names. It is not obvious that individually-based nudges will work when couples make decisions jointly, or when one person manages another’s investments.

To take another example, because female financial planners are disproportionately likely to have lower levels of savings, targeting them is one way of reaching out to potentially vulnerable couples. At the same time, it is important to remember that couples with female planners are a relatively small group, just 13.5 percent of those sampled.

The majority of couples, 52.9 percent, share the financial planning and investment decisions, while males do the planning in 30.4 per cent of couples. But relationships do not last forever. Eventually at least half of the people in our sample will find themselves, once more, as singles. The coincidence between male responsibility for financial planning and high levels of asset holdings suggests that there is a group of women who are at risk of suddenly finding themselves with responsibility for managing an investment portfolio, but with no experience of financial planning.

Female economic empowerment is not a magic bullet; it will not make the challenges facing women in old age go away. The households in which women appear relatively empowered – the ones in which women are responsible for financial management, and earn a greater share of the household income – are not more likely to save. Any impact of greater female equality *within* households on savings appears to be small relative to the impact of earnings differences *across* households. This is one result of our paper it is important never to lose sight of: the gender of the household’s financial planner matters much less, in terms of the accumulation of assets, than how much money the household has available for savings in the first place.

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Annex: Tables

Table 1: Comparison of households male, female and shared responsibility households

	Responsibility for financial planning			F-test
	Male	Female	Shared	
Average household income (\$)	\$113,833	\$91,762	\$109,227	***
Female employed (%)	68.4	82	80.7	***
Average male income (\$)	\$77,175	\$51,884	\$67,494	***
Average female income (\$)	\$36,658	\$39,878	\$41,733	***
Average female income share	32.6	44.2	39.4	***
Based on a sample of 6,241 partnered respondents between 25 to 65 years of age. Retired respondents and same or unknown sex couples were excluded. Respondents reporting 'other responsible' included when calculating F-tests, but not reported in table. Calculated by Taylor Hui from CFCS confidential masterfile.				

Table 2

Asset type	Incidence question	Value question
Tangible assets	(question AD_Q01) if "you or anyone in your family" owned any or all of: House or property (in or out of Canada, including your principal residence); Vehicles (i.e. cars, trucks, watercrafts, RVs, trailers, snowmobiles, ATVs, etc); Collections (antiques, jewels, and other valuables); Other tangible assets.	"How much do you think they could be sold for today?"
RRSPs	(AD_Q03): "Do you or anyone in your family currently have any Registered Retirement Savings Plans (RRSPs)?"	(AD_Q04) "In your estimation, what is the current total value of these RRSPs?"
RESPs	(AD_Q05): "Do you or anyone in your family currently have any Registered Education Saving Plans (RESPs)?"	(AD_Q06) "In your estimation, what is the current total value of these RESPs?"
Non-RRSP financial assets	(AD_Q07) "Excluding any Registered Retirement Saving Plans (RRSPs), do you or anyone in your family own any of the following financial assets?: Cash savings (from savings or chequing accounts); Investments (stocks, bonds, term deposits, GICs, Non-RRSP Mutual funds); Registered disability savings plan; Tax free savings plan; Private pensions; Other financial assets."	(AD_Q08) "In your estimation, what is the total value of these financial assets?...If you have more than one of these assets, please estimate the current value of all of them combined."
Business assets	AD_Q09) "Do you or anyone in your family own any of the following business assets or properties?: Agricultural property, machinery and equipment; Wholly or partially owned business property and assets; Copyrights, patents or royalties; Other business assets or property (properties) – Specify."	(AD_Q10) "In your estimation, what is the total value of these business assets?...If you have more than one of these assets, please estimate the current value of all of them combined."
Debts and liabilities	(AD_Q11) "Do you or anyone in your family currently have any of the following types of debts or liabilities?: Mortgages (include principal residence and other mortgages); Student loans; Payday loans; Other loans (other than student loans or pay day loans); Outstanding credit card balances; Outstanding balances on lines of credit; Other debts or liabilities"	Some info ab0-out value of debts is used, so there must have been some question
Employer pensions	(RP_Q01): "Are you financially preparing for your retirement either on your own or through an employer pension plan?" If yes: (RP_Q02) "Which of the following sources of revenue are included in your financial plan for retirement? Government pension benefits (CPP, QPP, OAS, GIS), Occupational or workplace pension plan benefits..."	"You just said that part of your financial planning for retirement includes a workplace pension. When you retire, you are entitled to receive income from how many of these workplace pensions?" "Up to now, how many years have you contributed to an occupational or workplace pension?"
Net Worth	Net worth = Total Assets - Total Debts and Liabilities = (Tangible Assets + non-RRSP financial assets + RRSPs + RESPs + Business Assets) - Total Debts and Liabilities	

Table 3: Percentage of respondents holding each of the following, by responsibility for financial planning

	Male	Shared	Female	p (for chi2)	N
Tangible assets	97.47	97.75	97.5	0.156	6075
RRSPs	81.29	77.5	71.27	0.000	6036
RESPs	32.6	29.81	28.8	0.055	6062
non-RRSP financial assets	76.51	76.25	68.69	0.000	6000
Business assets	21.08	20.14	17.65	0.111	6068
Total liabilities	83.28	85.82	87.37	0.008	6054

Source: Calculated by Frances Woolley from Canadian Financial Capability Survey Public Use Microdata File. Based on a sample of partnered respondents between 25 to 65 years of age. Retired respondents and same or unknown sex couples were excluded. Based on a sample of 6,241 partnered respondents between 25 to 65 years of age. N is less than 6,241 because of non-response.

Table 4: Average (mean) value of holdings by responsibility for financial planning (2008 \$ Canadian)

	Male	Female	Shared	F-test	Number respondents
Tangible assets	490,038	382,508	376,205	***	4,937
RRSPs	79,318	56,041	62,068	***	4,504
RESPs	4,320	2,139	3,570	***	5,518
non-RRSP financial assets	123,434	44,602	73,051	***	4,247
Business assets	162,428	58,631	73,071	***	5,658
Total assets	844,856	497,492	601,994	***	3,247
Total liabilities	119,862	104,752	115,310	*	5,142
Net worth	732,638	403,480	496,884	***	3,158

*** indicates statistical significance at p=0.01, ** at p=0.05, * at 0.10. Based on a sample of 6,241 partnered respondents between 25 to 65 years of age. Retired respondents and same or unknown sex couples were excluded. Respondents reporting 'other responsible' included when calculating F-tests, but not reported in table. Source: calculated by Taylor Hui from CFCS confidential master file

Table 5: Results of incidence regressions
 The first number reported reflects the marginal effect of the variable identified on the likelihood of holding the asset in question, the number in parentheses is the corresponding p value.

	Liabilities	Financial assets	RRSPs	RESPs	Tangible assets	Business assets
Male responsibility	-0.008	0.006	0.050***	0.016	0.000	0.009
	(0.44)	(0.66)	(0.00)	(0.27)	(0.94)	(0.46)
Female responsibility	0.024	-0.039***	-0.017	0.013	0.000	0.000
	(0.06)	(0.03)	(0.28)	(0.49)	(0.93)	(1.00)
Female respondent	-0.012	0.039***	0.002	-0.033**	0.001	0.01
	(0.22)	(0.00)	(0.84)	(0.02)	(0.42)	(0.39)
Male self-employed (ref: employed)	0.011	0.04	0.007	-0.005	0.005***	0.372***
	(0.40)	(0.02)	(0.67)	(0.80)	(0.00)	(0.00)
Male unemployed (ref: employed)	0.015	-0.016	-0.022	-0.021	0.002	-0.027
	(0.39)	(0.53)	(0.36)	(0.48)	(0.15)	(0.28)
Male not in labour force (ref: employed)	-0.08***	0.049***	0.007	0.029	0.000	0.012
	(0.00)	(0.01)	(0.71)	(0.26)	(0.88)	(0.56)
Female self-employed (ref: employed)	0.009	0.036	0.000	0.003	0.003**	0.311***
	(0.53)	(0.04)	(0.99)	(0.87)	(0.03)	(0.00)
Female unemployed (ref: employed)	-0.056**	0.012	-0.007	-0.028	0.000	-0.05*
	(0.03)	(0.67)	(0.79)	(0.41)	(0.91)	(0.06)
Female not in labour force (ref: employed)	-0.082***	0.003	-0.119***	-0.014	-0.003	0.003
	(0.00)	(0.87)	(0.00)	(0.52)	(0.27)	(0.88)
chi2	636.961	899.474	1660.105	2084.598	406.642	1438.694
N	5767	5690	5701	5721	5690	5722
*** indicates statistical significance at p=0.01, ** at p=0.05, * at 0.10. Controls included but not reported: household income, respondent has employer pension, respondent's age and education, number of children, geographic (region and CMA) controls, common-law status, spouse retired or student, financial practices and knowledge. Based on a sample of 6,241 partnered respondents between 25 to 65 years of age. Retired respondents and same or unknown sex couples were excluded. N is less than 6,241 because of non-response.						

Table 6: Incidence of RRSPs, selected population subgroups
 The first number reported reflects the marginal effect of the variable identified on the likelihood of holding the asset in question, the number in parentheses is the corresponding p value.

	Full sample	Female respondents	Male respondents	Younger (25 to 54)	Older (55 to 64)
Male responsibility	0.05*** (0.00)	0.063*** (0.00)	0.035*** (0.03)	0.042*** (0.00)	0.07*** (0.00)
Female responsibility	-0.017 (0.28)	-0.011 (0.58)	-0.017 (0.55)	-0.012 (0.49)	-0.026 (0.53)
chi ²	1660.1	827.9	901.0	1331.5	389.3
N	5701	2990	2711	4625	1069
*** indicates statistical significance at p=0.01, ** at p=0.05, * at 0.10. Controls included but not reported: gender of respondent, male and female labour force participation, household income, respondent has employer pension, respondent's age and education, number of children, geographic (region and CMA) controls, common-law status, spouse retired or student, financial practices and knowledge. Based on a sample of 6,241 partnered respondents between 25 to 65 years of age. Retired respondents and same or unknown sex couples were excluded. N is less than 6,241 because of non-response.					

Table 7: Log Values of Assets and Liabilities - Sample of Couples (OLS log transformation - Weighted)

	Liabilities	Non-RRSP Financial Assets	RRSPs	RESPs	Tangible Assets	Business Assets
Male responsibility (ref: shared)	-0.035 (0.069)	0.208 (0.086)**	0.096 (0.058)	0.083 (0.087)	0.042 (0.051)	0.385 (0.188)**
Female responsibility (ref: shared)	0.041 (0.088)	-0.087 (0.112)	-0.100 (0.080)	-0.051 (0.115)	-0.101 (0.114)	0.197 (0.249)
Others Responsible (ref: shared)	-0.109 (0.275)	-0.323 (0.221)	0.146 (0.158)	0.019 (0.210)	-0.221 (0.232)	-0.026 (0.496)
Woman's Share of Household Income	-0.189 (0.172)	0.091 (0.204)	-0.242 (0.144)*	-0.305 (0.217)	0.177 (0.155)	-0.773 (0.559)
Female respondent	0.116 (0.062)*	0.018 (0.077)	0.008 (0.053)	0.051 (0.078)	0.161 (0.054)**	0.098 (0.178)
Man-woman Age Difference < 0	-0.010 (0.076)	0.031 (0.096)	0.121 (0.063)*	0.081 (0.093)	-0.145 (0.078)*	0.265 (0.196)
Man-woman Age Difference > 5 years	0.200 (0.086)**	-0.135 (0.108)	-0.249 (0.073)**	-0.320 (0.126)**	-0.172 (0.066)**	-0.243 (0.274)
Employer Pension Plan (ref: No)	-0.146 (0.063)**	0.082 (0.076)	-0.150 (0.052)**	-0.068 (0.081)	0.012 (0.048)	-0.426 (0.187)**
Log Household Income	0.545 (0.071)***	1.031 (0.072)***	0.903 (0.057)**	0.510 (0.072)**	0.832 (0.054)**	0.827 (0.119)**
Male Self-employed (ref: Employed)	0.276 (0.086)***	0.439 (0.104)***	0.265 (0.067)**	0.270 (0.103)**	0.388 (0.069)**	0.988 (0.172)**
Male Employed (ref: Unemployed/Out of Labour Force)	0.010 (0.119)	-0.397 (0.152)***	0.084 (0.103)	-0.061 (0.177)	-0.022 (0.114)	0.631 (0.578)
Male Retired (ref: Unemployed/Out of Labour Force)	-0.175 (0.308)	0.175 (0.306)	0.258 (0.256)	0.193 (0.632)	-0.175 (0.255)	-0.236 (0.815)
Female Self-employed (ref: Employed)	0.208 (0.114)*	0.230 (0.144)	0.065 (0.087)	0.016 (0.141)	0.247 (0.076)**	0.152 (0.195)
Female Employed (ref: Unemployed/Out of Labour Force)	0.116 (0.092)	-0.187 (0.113)*	-0.031 (0.076)	0.119 (0.117)	-0.037 (0.088)	0.397 (0.343)
Female Retired (ref: Unemployed/Out of Labour Force)	0.407 (0.246)*	0.099 (0.295)	0.193 (0.160)	-0.912 (0.896)	0.207 (0.163)	0.240 (0.542)
Sample Size	4,124	2,688	3,074	1,296	4,625	812
*** indicates statistical significance at p=0.01, ** at p=0.05, * at 0.10. Controls included but not reported: gender of respondent, male and female labour force participation, household income, respondent has employer pension, respondent's age and education, number of children, geographic (region and CMA) controls, common-law status, spouse retired or student, financial practices and knowledge. Based on a sample of 6,241 partnered respondents between 25 to 65 years of age. Retired respondents and same or unknown sex couples were excluded. N is less than 6,241 because of non-response.						