

# Technical Paper on

Implications of  
Income Pooling and Household Decision-making  
for the Measurement of Poverty and Deprivation

An Analysis of the SILC 2010 Special Module for Ireland

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An Roinn Coimirce Sóisialaí

Department of Social Protection

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Published by

Department of Social Protection  
Arás Mhic Dhiarmada  
Store Street  
Dublin 1, Ireland

ISBN: 978-1-908109-20-0

**October 2013**

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Any part of this technical paper may be quoted using the following reference:

Watson, D., Maître, B. and Cantillon, S. (2013) *Implications of Income Pooling and Household Decision-making for the Measurement of Poverty and Deprivation: An Analysis of the SILC 2010 Special Module for Ireland*, Social Inclusion Technical Paper No. 4, Dublin: Department of Social Protection.

This technical paper is an output of the research programme for the Analysis and Measurement of Poverty and Social Exclusion funded by the Department of Social Protection under the *National Action Plan for Social Inclusion 2007-2016*. Technical papers provide information about aspects of poverty measurement for policy makers and academics. The author(s) are solely responsible for the views, opinions, findings, conclusions and/or recommendations expressed which are not attributable to the Department of Social Protection. Technical papers are peer reviewed.

## Abstract

A core assumption in conventional poverty measurement is that income is shared within households to the benefit of all household members. This technical paper draws on the 2010 Irish SILC module to examine aspects of the household's financial regime, including which household members receive income, the extent to which income is contributed for the benefit of other household members and responsibility for decision-making. The paper finds only small differences in income pooling by gender, but large differences by the person's position in the household. In terms of decision-making, we find that most couples share responsibility for decisions. Among the findings regarding the consequences of household financial regime (with income and other characteristics controlled) were the beneficial impact of having income from work and of shared responsibility for decisions. Contrary to expectations, variations in the proportion of income contributed for the benefit of other household members did not have the anticipated impact on household and individual deprivation. The paper concludes by pointing to some implications for the measurement of poverty.

**Key words:** intra-household inequality; poverty; EU-SILC; gender inequality; household financial management; income pooling.

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## **Authors' acknowledgements**

The authors are grateful to Jim Walsh, Caroline Corr, Joanne Mulholland, Kasey Treadwell-Shine, Seosamh MacCárthaigh and Deirdre Bodkin of the Department of Social Protection for comments on earlier drafts of this paper. The members of the Technical Advisory Group on Social Inclusion have been unfailingly supportive and engaged. We are grateful to an anonymous reviewer for useful comments. Finally, we owe a debt of gratitude to the staff of the Central Statistics Office (CSO) for their assistance throughout this project, and to the respondents to the *Survey on Income and Living Conditions* (SILC) for giving so generously of their time to make this research possible. Any remaining errors and omissions are the sole responsibility of the authors.

# 1. Introduction

## 1.1 Introduction

An assumption underlying most poverty research is that income is pooled within households, so that all household members share in the standard of living this can provide. However, this assumption has been questioned on the grounds that the preferences of household members may differ so that consumption decisions are a matter of power and bargaining (Samuelson, 1956; McElroy and Horney, 1981; Grossbard-Shechtman, 1984; Apps and Rees, 1988, 2007; Chiappori, 1992; Lundberg and Pollak, 1993; Browning et al, 1994; Chen and Woolley, 2001). A number of studies have shown that the gender and position in the household of the earner affects consumption decisions (e.g. Thomas 1990; Browning et al 1994; Lundberg, Pollak and Wales, 1997; Phipps and Burton 1998, Lee and Pocock, 2007). For instance, Lundberg et al. (1997) showed that a reform in the UK which moved child allowances from fathers to mothers led to an increased share of expenditure on children and female clothing. Research from the US (Treas 1993; Klawitter 2008) and Canada (Woolley 2003) has found that many married and cohabiting couples keep separate bank accounts. Bonke and Browning (2009a) found that sharing of expenditures depends on who receives the income within households where not all income is pooled. Bütikofer, Gerfin and Wanzenried (2009) found evidence for an unequal distribution of the bargaining power within the household, which depends on how much each spouse contributes to household income. Consequently, there is also an unequal distribution of consumption within the household. Finally, external factors may influence the relative bargaining power of members of a couple and, hence, the extent of income pooling within households. Amuedo-Dorantes, Bonke and Grossbard (2010) found that complete income sharing among couples in Denmark is influenced by the regional cost of commercial domestic services (proxied by the wage of unskilled female workers).

## 1.2 The conceptual context

### 1.2.1 Household financial regimes: unitary and non-unitary models

Economic models of household behaviour based on neoclassical economics assume that household members act to maximise the total utility or welfare of the household. A distinction is drawn between unitary models and collective or bargaining models. Unitary models treat the household 'as if' it behaves as a single unit, pooling resources to maximise a household utility function (Bergstrom, 1997). Samuelson's

consensus model (1956) and Becker's altruist model (1981) are the main examples of this approach.

Empirical research has revealed that the income pooling hypothesis is not always supported (Browning et al., 1994; Bonke and Browning, 2009b). This is important because poverty and deprivation of individuals may be 'hidden' within a household that is relatively wealthy (Haddad and Kanbur, 1990). Unitary models have been criticised for avoiding the issue of whether there are differences in power and preferences within the household (Borooah and McKee, 1994:69).

Collective or bargaining models acknowledge that there may be differences in preferences and power within the household (Mattila-Wiro, 1999; Alderman et al., 1995). There are several distinct groups of collective models that differ in terms of assumptions made about how resources are shared among individual household members: equally or based on a sharing rule or bargaining (Himmelweit and Santos, 2009).

Early sociological perspectives also tended to treat the family as a unit, focusing on how the family functioned within capitalism (Parsons and Bales, 1953). More recent approaches emphasise the role of the family in the reproduction of stratification (Goldthorpe, 1983; Goode, 1964; Humphries, 1977). These approaches have been criticised for not taking account of the potential for antagonism and conflict within the family (Finkelhor et al., 1983) or for ignoring the power dynamics within households. One of the earliest attempts to conceptualise the power dynamic of the household was by Blood and Wolfe (1960), who developed a resource theory of power in order to examine the distribution and control of resources within the household. In this approach, household decision-making (particularly regarding income and large expenditures) is seen as linked to the resources of the household members in terms of income, status, education and ethnicity (Rake and Jayatilka, 2002; Cantillon and Nolan, 1998, 2001; Nyman and Dema, 2007).

An important distinction has also been made between responsibility for the management of household resources and control of (major) household decisions (Pahl, 1989; Wilson, 1987). Pahl (1989) differentiated between the two, pointing out that one - financial management - conferred a greater degree of responsibility, while the other - financial control - conferred a greater degree of power. The distinction can be understood in terms of that between high-level decisions as to how much is to be

allocated to each area (food, clothing, household bills, holidays and so on) and instrumental decisions regarding the management of the budget within each of these areas.

### 1.2.2 Types of household financial regime

A widely-used classification of household control and management processes is Pahl's four systems of money management (1989). These are based on couple households and are distinguished based on the extent of each partner's access to overall household resources and the extent of each partner's responsibility for the management of household expenditure. This allows for a distinction between instrumental management and control of resources and leads to a four-fold classification: the whole-wage system, allowance system, shared management system and independent management system.

In the whole-wage system one partner (usually the wife) is responsible both for the allocation of resources and the management of expenditure. The responsible partner has access to and control of all the income (earnings and/or social welfare) of the couple. This pattern has been found to be most characteristic of working class households where resources are limited (Pahl, 1989; Rake and Jayatilaka, 2002; Wilson, 1987). It may appear to assign full control of household finances to the wife, but full control of resources in a low resource situation confers responsibility to make ends meet rather than freedom to allocate or spend the resources as one chooses. The male whole-wage system where the husband or male partner takes full control of all decision-making is less common than the female whole-wage system.

The allowance system is the second type and involves the first partner (usually the husband) giving the second partner (usually the wife) an allowance for basic household expenditure. The allowance may be supplemented by any income received by the second partner. The bulk of the resources are controlled by the first partner. This system is found in working class families but also in high-income families (Edgell, 1980; Vogler, 1994), but the consequences for the welfare of household members differs between high-income and low-income situations. In low-income households, the allowance system can result in the wife and children being worse off than in the wife management system (Wilson, 1987).

The shared management or pooling system is characterised by equal access to resources, equal decision-making power and equal responsibility. Both partners

draw from a joint bank account or a kitty to take care of household expenses. This system is typical of higher income households, where there is less pressure to manage strictly (Morris, 1990; 113) or in dual-earner couples (Vogler, 1994). Pahl notes that even when there is ostensible equality, if the partners have unequal earnings this can create a situation where the lower-earning partner psychologically feels more dependent and deferential (Pahl, 1989).

The independent management system is one where each partner has a separate bank account or separate resources and a separate sphere of responsibility in terms of financial management (Pahl, 1989). Neither partner has complete control so neither partner has complete allocative power. This can, in effect, reduce the welfare of the partner with lower income if he or she is expected to contribute the same amount to the household. A variation on this system is one with a partial pooling of income, with each partner keeping some money under their personal control while contributing to a common pool. This system requires couples to agree a distinction between joint and personal income (Pahl, 2004).

Several studies identify a relationship between gender and type of financial control, with many providing evidence that the woman typically engages in the instrumental management of household resources while the overall allocative control and decision-making power rests with the male (Pahl, 1989; Wilson, 1987; Lauer and Yodanis, 2011).

### 1.2.3 Consequences of different household financial control and management processes

What are the implications of these processes for the standard of living and well-being of household members? Several researchers have found evidence that the responsibility for household decision-making combined with limited control of household resources has implications for the level of deprivation experienced within households (Cantillon and Nolan 2001; Rake and Jayatilaka, 2002; Goode et al., 1998). A number of studies found that even within shared management systems the female partner was more likely to experience individual deprivation (Vogler, 1994; Goode, Callender and Lister, 1998). The tendency for the woman to make personal sacrifices was substantially stronger in households characterised by the whole-wage or allowance systems, pointing once again to the positive correlation between level of financial control and standards of living (Vogler et al., 2008). Furthermore, the effects increased as family income decreased, such that women from low-income

families were even more likely to experience individual deprivation in order to make ends meet. These findings are supported by evidence that women tend to have less personal spending money than their partners (Pahl, 1989; Rottman, 1994).

Women's labour market situation has implications for the type of household financial regime and for women's access to personal spending money. Women would need to have an income of their own to be part of an independent system, for instance. A study by Diaz, Dema and Ibanez (2007) found gender differences in the sense of entitlement to personal spending money that are heightened when the woman has a low wage or no wage at all.

These findings appear to substantiate Blood and Wolfe's resource theory of power, which posited that the relative income of each partner was related to his/her degree of power in the household. Morris and Ruane (1989) have suggested that because women's participation in the labour market has predominantly been in terms of part-time or lower-paid work, this cannot be identified as contributing to the equalisation of roles and power within the household. Instead, women's part-time work can be seen as a way of increasing household income while maintaining the traditional division of labour between male breadwinner and female childbearer / secondary earner (Vogler, 1994; Stier and Lewin-Epstein, 2000). Furthermore, since the extra money earned by women in part-time positions is often incorporated into the overall household consumption fund, this can have the effect of freeing up resources for the male's personal consumption thus reinforcing rather than reducing the differential living standards of men and women in households characterised by female management and male control of household money. In this context, the huge increase in female labour force participation in Ireland, and the proportionate increase in women working part-time over the last decade, is of particular interest in the analysis of the data presented in the following sections.

### **1.3 Research questions and expectations**

The present paper draws on the CSO *Survey on Income and Living Conditions* (SILC) 2010 module to examine the significance of the level of income shared by household members and their involvement in financial decision-making for the measurement of poverty and deprivation. In couple households, we look more closely at the household financial regime: the configuration of income sources (single or dual income, the work pattern of partners in a couple household), income sharing (whether all income is contributed for household use) and responsibility for decision-

making (whether shared or not). The 2010 module provides a number of pieces of data that allow us to examine this explicitly for multi-adult households, including the extent of sharing of resources, decision-making and access to money to spend on oneself. Variations in the amount of income that is shared may have an impact on the household level of deprivation at a given level of total household income. They may also be associated with within-household differences in the extent to which adults lack access to personal goods and services.

The questions to be addressed are as follows:

1. Is it accurate to assume that all income is pooled for the benefit of the household? Are there differences by gender, age or position in the household in terms of the extent to which individuals make a contribution of personal income for household use?
2. Do aspects of the household financial regime (who received the income, whether income is contributed and household decision-making) have consequences for the household standard of living at a given level of income?
3. Does the financial regime have consequences for within-household differences in access to personal goods and services?

We would expect that there may be variations in the percentage of income that is pooled by the person's position in the household, with higher contributions from parents than non-parents and from those living with a partner than from those living with unrelated adults. The unitary model of the household would not lead us to expect higher levels of individual deprivation in the non-working partner or the partner without an individual income. In fact, if there is any validity in the argument that couples specialise in order to increase efficiency, we might expect to see lower levels of basic and individual deprivation where there is one source of income and one decision-maker. The bargaining model would lead us to expect that individual deprivation would be higher where a person has no personal income and where a person is not involved in decision-making.

Having addressed these issues, we go on to draw out the implications of the findings for the measurement of poverty.

#### **1.4 Outline of paper**

The paper is divided into six sections. Section 2 provides an overview of the data used and the methodology in this paper, including the construction of the key indicators. Section 3 examines how resources are shared within households and how this varies by household type as well as by age, gender and education of

individuals in couple households. In section 4 we explore decision-making within households, particularly the extent to which decisions are made jointly by couples. In section 5, we examine whether the couple financial regime has consequences for the level of basic deprivation and for the level of individual deprivation when other characteristics are controlled. In section 6, we draw together the results to answer the research questions and indicate the main implications of the analysis for the measurement of poverty.



## 2. Data and measurement

### 2.1 Introduction

In this section we describe the SILC data, the unit of analysis in the present report, the measurement of poverty and deprivation and key indicators from the special SILC 2010 module on intra-household sharing of resources.

### 2.2 The SILC data

This report analyses data from the *Survey on Income and Living Conditions* (SILC) for Ireland<sup>1</sup>. The data are based on a voluntary survey of private households carried out by the Central Statistics Office (CSO). Following a small-scale survey in 2003, the SILC survey has been carried out on an annual basis, with data collection taking place throughout the year since 2004. The survey collects information on the income and living conditions of households as well as a large range of socio-demographic information about the household members, including personal income, living conditions, labour market position, education and health status.

For this report we analyse SILC data for 2010. The sample size was 11,587 individuals in 4,642 households. The sample was a two-stage design with eight population density strata and with a random selection of sample and substitute households within blocks. Weights were constructed to adjust for any departures from representativeness (CSO, 2010)<sup>2</sup>.

Previous research on the 2008 data has shown that SILC gives good representation of the population of social welfare recipients, but that the upper middle and high earning groups are somewhat underrepresented (Callan et al., 2011).

### 2.3 Unit of analysis

A household is defined as a person living alone or a group of people who live together in the same dwelling and share expenditures, including the joint provision of the essentials of living. Since the information on income sharing and decision-making is relevant to adults living with other adults, the focus of the report is on adults in multi-adult private households. This means that we exclude children under

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<sup>1</sup> At a European level EU-SILC refers to the *European Union Statistics on Income and Living Conditions*. There are slight differences between European and national data particularly in the composition of some of the indicators (e.g. income, deprivation) and the equivalence scales used.

<sup>2</sup> Further information on the sample, survey construction and detailed survey questionnaire are available from the CSO: <http://www.cso.ie/en/silc/abouttheeu-silc/>

the age of 18, adults living alone and those living only with children (i.e. with no other adults in the household). For the more detailed analysis and models, we narrow the focus further to couples in order to examine in more depth the division of responsibility between the partners. Note that although we focus on adults or couples, some indicators such as at-risk-of-poverty take account of all persons in the household.

## 2.4 Living arrangements and position in the household

Table 2.1 shows the percentage of adults in each type of living arrangement and the percentage of those who form the focus of this report (adults living with at least one other adult) who are in each type, by their position in the household. Position in the household refers to whether or not the person is living with a partner, with his/her own children or with other adults. This is important since we would expect different levels of sharing and responsibility from someone who is living with a partner and children compared to someone who is single and living with unrelated adults.

**Table 2.1 Living arrangements and position in household of adults in 2010**

	Per cent (Base = all adults age 18+)	Per cent (Base=adults living with other adults)
<b>Lives alone</b>	11%	---
<b>Lives with partner (no children of any age)</b>	21%	25%
<b>Lives with partner and at least one child under 18</b>	30%	35%
<b>Lives with partner and at least one child, all over 18</b>	8%	10%
<b>Lone parent (no other adult): lives with at least one child under age 18, no partner, no other adults</b>	4%	---
<b>Lone parent (at least one other adult): lives with at least one child of any age, no partner, at least one other adult</b>	5%	7%
<b>Single (no children), lives with parent(s)</b>	15%	18%
<b>Not living with parents, partner or children</b>	5%	6%
<b>Total</b>	100%	100%
<b>(Estimated population, in thousands)</b>	(3,265.7)	(2,753.9)

Source: SILC 2010, analysis by authors. Base = all persons aged 18 and over for second column; all persons aged 18 and over living with at least one other adult for third column.

Of the adults aged 18 and over, 11 per cent live alone and a further four per cent are lone parents living with children all of whom are under the age of 18. These two groups (amounting to 15 per cent of adults) are not considered in the analysis in this paper because they live in one-adult households. For them, the issue of sharing income and decision-making with other adults in the household does not arise.

The third column of the table shows the position in the household of the adults included in the analysis for this report (i.e. those living with at least one other adult). Seventy per cent of these adults live with a partner: 25 per cent with a partner and no children of any age, 35 per cent with a partner and at least one dependent child (under the age of 18); and 10 per cent with a partner and child (or children) all of whom are aged 18 or over.

Seven per cent of the adults included in this report are lone parents who live with at least one other adult. Lone parents are defined as those not living with a partner but living with children of their own. Lone parents will only be included in the analysis in this report if they are living with at least one other adult. This other adult could be a grown-up child, the children's grandparent or another person. Eighteen per cent of adults covered by the analysis in this report are single and living with their parent or parents. The final group, six per cent of adults included in the analysis in this report, live with other adults but not in a family unit (i.e. not with children, parents or partner). These might include people sharing accommodation with a brother or sister, with another relative or with non-relatives.

## **2.5 Income, equivalence scale and income poverty**

### **2.5.1 Income measure for poverty assessment**

The poverty status of the household is calculated based on disposable household income. This is measured as the sum of all the incomes of every individual within the household, across all sources, after compulsory deductions (income tax, PRSI contributions and levies). Incomes include earned income (wages, non-cash benefits, self-employment income) and social transfers (related to unemployment, old age, family, survivors, sickness, disability or education) received by particular individuals, any income received by the children in the household, income presumed to be received by the household as a whole (such as rent or mortgage supplement) and lump sum income (redundancy payments and retirement lump sums).

### 2.5.2 Equivalence scale

The conventional poverty measure assumes that all individuals share the same standard of living, derived from the total household income. Since ‘economic needs’ are different across individuals within households (adult versus children for example) and as economies of scale occur as the household size increases, it is important to adjust for these differences to allow comparison between individuals. We use an ‘equivalence scale’ to adjust for differences in household size and composition. The equivalence scale that has been adopted for monitoring poverty trends in Ireland assigns a weight of 1 to the first adult in a household, a weight of 0.66 to each additional adult and of 0.33 to children (aged less than 14). The household equivalised income is calculated as the total household income divided by the number of adult-equivalents in the household. For example, in a household with two adults and two children, the ‘equivalised’ income would be the total household income divided by 2.32 (1+.66+.33+.33). The household equivalised income is then attributed to each individual within the same household.

### 2.5.3 At-risk-of-poverty or income poverty

The at-risk-of-poverty rate or income poverty rate identifies the population with an equivalised household income below a certain percentage of the median income (known as the income poverty threshold or income poverty line). The official poverty measure used in Ireland sets the threshold at 60 per cent of median income. It is the same for all persons in the same household – the assumption is that all incomes are available for the use of all household members.

### 2.5.4 Personal income for analysis of sources of income

As well as the measure of disposable household income used for poverty measurement, we also use a slightly different measure of income to analyse the proportion of total income in a household (or couple), that is brought in by each person. For this, we focus on ‘personal income’, that is gross (before tax and social insurance) income that can be linked to particular individuals. This includes income from work, self-employment and social transfers such as pensions, social welfare payments and child benefit. We exclude lump sum income and any income directly received by the children (such as earnings from a weekend job). In addition, the SILC dataset does not identify the individual recipients of rent or mortgage supplement, since this income is assumed to accrue to the household as a whole. Therefore, this is excluded from personal income. Child benefit is normally paid to

the mother of the children, so this income is counted as part of the personal income of the mother. If the mother is not present in the household, any child benefit is assigned to the father or guardian.

In our analysis of couple households, we examine 'source of income', by which we mean whether both partners receive an income, or only the male or female partner receives an income.

## 2.6 Deprivation

### 2.6.1 Basic deprivation

Basic deprivation is the inability to afford certain basic goods and services, such as adequate food, clothing, heating and social engagement. This is measured as an enforced lack of two or more of eleven items (Nolan et al., 2002; Maître, Nolan and Whelan, 2006). The items are shown in Figure 2.1. Checks on the behaviour of these eleven basic deprivation items indicate substantial stability in the dimension over time (Watson and Maître, 2012, Appendix Table A2.1). This is very important as it implies that the meaning of the dimensions of deprivation remains stable over time, and is not affected by the recent cycle in the Irish economy, as it moved from the end of the economic boom into recession. The measure of basic deprivation – which is assessed at the level of the household as a whole – is attributed to each individual in the household.

### **Figure 2.1 Deprivation items from the Irish SILC questionnaire**

#### **Household cannot afford ...**

- Eating meat, chicken or fish (or vegetarian equivalent) every second day, if you wanted to.
- Having a roast joint (or equivalent) once a week.
- Buying new, rather than second-hand clothes.
- A warm waterproof overcoat for each household member.
- Two pairs of strong shoes for each household member.
- Replacing any worn-out furniture.
- Keeping your home adequately warm.
- Having friends or family for a drink or meal at least once a month.
- Buying presents for family/friends at least once a year.

#### **Household reference person ...**

- Could not afford to have a morning, afternoon or evening out in the last fortnight for entertainment.
- Had to go without heating during the last 12 months through lack of money.

### 2.6.2 Individual deprivation in couples

One of the questions addressed in the analysis here is whether the household financial regime matters for the access to resources by individuals within the

household. We cannot use the eleven-item basic deprivation scale for this purpose because most of the items are available at the household level only and we do not know whether individuals within the household differ in access to these goods and services. The indicator of individual deprivation is based on five items where we have direct responses from all adults in the household. This allows us to identify whether the adults differ in access to these goods and services.

Table 2.2 shows the individual deprivation items and the percentage of partners in couple households who are deprived according to each item. The first two items – ‘Food’ and ‘Heating’ – are very basic and we assume the person is deprived if they had to do without a substantial meal or go without heating, because of lack of money. Just 4.3 per cent of adults living with a partner had to go without a substantial meal in the last fortnight and 7.1 per cent had to go without heating in the last year.<sup>3</sup>

The percentage of people who do not have a mobile phone because they cannot afford it is very low, at only 1.3 per cent. For this item, a person is considered deprived if they do not have a mobile phone and would like one but cannot afford it. The item showing the highest level of individual deprivation is the ability to afford a morning, afternoon or evening out – 14.4 per cent of people did not participate in such an event because they could not afford it.

The final item refers to the capacity to spend some money on oneself for personal consumption, leisure or hobbies without having to ask other household members. Fewer than six per cent of partners are deprived according to this item.

Turning to the level of deprivation across all five items, we see that 21.8 per cent of partners are deprived on at least one item and 7.8 per cent are deprived on two or more of the items. We use the items as a scale to measure the level of individual deprivation. Although the reliability of the scale is low (Cronbach’s alpha is 0.546), it is the best that can be accomplished with the available items. The reliability would

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<sup>3</sup> The item on heating also forms part of the basic deprivation scale. In measuring basic deprivation, the response of the householder is assigned to every person in the household. For the purpose of the individual deprivation measure, responses of the individual adults are used. There may be differences between individuals in responses on heating where, for example, someone at home during the day might do without heating but heating is turned on in the evening when others are at home.

not be improved by the addition of other possible items measured at the individual level, such as the burden of personal debt or being able to save regularly<sup>4</sup>.

**Table 2.2 Percentage of adults in couple households experiencing an enforced lack on individual deprivation Items**

Name	Indicator	Percentage Deprived
<b>Food</b>	During the last fortnight was there ever a day (i.e. from getting up to going to bed) when you did not have a substantial meal due to lack of money? (Yes/No) Deprived if 'yes'.	4.3%
<b>Heating</b>	Have you ever had to go without heating during the last 12 months through lack of money? (I mean have you had to go without a fire on a cold day, or go to bed to keep warm or light the fire late because of lack of coal/fuel?) (Yes/No) Deprived if 'yes'.	7.1%
<b>Mobile phone</b>	Do you own a mobile phone? Would you like to have a mobile phone but you cannot afford it? (Yes/No) Deprived if do not own and would like, but cannot afford.	1.3%
<b>Social life</b>	Did you have a morning, afternoon or evening out in the last fortnight, for your entertainment (something that cost money)? Yes/No For what main reason haven't you had a morning, afternoon or evening out in the last fortnight? (Didn't want to; full social life in other ways; couldn't afford to; couldn't leave the children; illness; other). Deprived if 'couldn't afford to'.	14.4%
<b>Money to spend</b>	Apart from regular expenses, do you feel free to spend money on yourself without asking other members of your household for your personal consumption, leisure and hobbies? (Yes, always or almost always; Yes, but only when I consider the price to be reasonable; Never or almost never (except for purchases of minor importance; Such expenses are not wanted/needed) Deprived if 'Never or almost never'.	5.9%
<b>% Lacking 1 or more</b>		<b>21.8%</b>
<b>% Lacking 2 or more</b>		<b>7.8%</b>

Note: Base = partners in couple households, SILC 2010, analysis by authors.

## 2.7 Irish measure of consistent poverty

Consistent poverty measures the proportion of the population that is at-risk-of-poverty and living in a household lacking two or more items of a list of eleven items from the basic deprivation index. This is a key indicator in the *National Action Plan for Social Inclusion 2007-2016* (Office for Social Inclusion, 2007).

<sup>4</sup> The reliability drops to 0.523 with the addition of the items on personal debt and saving.

## 2.8 Socio-economic characteristics

An important question in this technical paper concerns the extent to which there are differences in household financial regime according to the socio-economic characteristics of the couple. We describe the measurement of two such characteristics here, disability and social class.

### 2.8.1 Disability

Disability is based on an item from the individual questionnaire: ‘For at least the last 6 months have you been limited in activities people usually do, because of a health problem?’ Three possible answers were offered, and those answering “yes, very limited” or “limited” were considered as having a disability. Although a measure that included specific mention of disability and of mental health would be preferable, (Gannon and Nolan, 2005), this is the wording used in SILC.

### 2.8.2 Social class

Social class is important in the poverty literature as it captures longer-term command over resources and exposure to deprivation (Breen and Rottman, 1995). Social class is measured using the European Socio-economic Classification (ESeC) (Rose and Harrison, 2007 and 2010). The ESeC schema is based on the work of Erikson and Goldthorpe (1992). At a European level, researchers have already established that a strong relationship exists between ESeC social class and both poverty and deprivation (Whelan, Watson and Maître, 2007; Watson, Whelan and Maître, 2009). The ESeC schema distinguishes ten social classes, as shown in Figure 2.2.

**Figure 2.2 The European Socio-economic Classification (ESeC)**

Social class categories	
1.	Large employers, higher grade professional, administrative & managerial occupations
2.	Lower grade professional, administrative and managerial occupations and higher grade technician and supervisory occupations
3.	Intermediate occupations
4.	Small employer and self-employed occupations (excl. agriculture, etc.)
5.	Self-employed occupations (agriculture, etc.)
6.	Lower supervisory and lower technician occupations
7.	Lower services, sales and clerical occupations
8.	Lower technical occupations
9.	Routine occupations
10.	Never worked and long-term unemployed.



We use an aggregated version of the ESeC schema in this report for ease of presentation. We focus on the contrast between social classes 1 and 2 (professionals, managers, senior officials and large employers) and other social classes. We attribute the ESeC of the household reference person (the person responsible for the accommodation) to all household members. Where two or more people are jointly responsible, we use a ‘dominance rule’ – essentially, taking the social class of the person with the greatest command over resources.

## 2.9 The 2010 SILC module on income pooling and decision-making

The 2010 SILC survey contains a number of items that allow us to open the ‘black box’ of the household to examine how income is shared and managed. The main items are shown in Figure 2.3.

**Figure 2.3 SILC 2010 items on income pooling and financial decision-making**

Item	Wording	Base
<b>Income pooling</b>	Which proportion of your personal income is pooled for common household expenses or savings and for other household member’s expenses or savings? 1. All personal income 2. More than half of personal income 3. About half of personal income 4. Less than half of personal income 5. None	All adults
<b>Decision-making (shopping)</b>	Who in your couple is generally more likely to take decisions on everyday shopping? (More me, balanced, more my partner)	Partners in couple
<b>Decision-making (children’s expenses)</b>	Who in your couple is generally more likely to take decisions on important expenses to make for the child(ren)? (More me, balanced, more my partner)	Partners in couple
<b>Decision-making (furniture etc.)</b>	Who in your couple is generally more likely to take decisions on expensive purchases of consumer durables and furniture? (More me, balanced, more my partner)	Partners in couple
<b>Decision-making (borrowing)</b>	Who in your couple is generally more likely to take decisions on borrowing money? (More me, balanced, more my partner, never arisen)	Partners in couple
<b>Decision-making (savings)</b>	Who in your household is generally more likely to take decisions on saving money? (More me, balanced, more my partner, never arisen)	Partners in couple
<b>Decision-making (big decisions)</b>	Who in your household, on the whole, is more likely to have the last word when taking important decisions, not just financial ones? (More me, balanced, more my partner)	Partners in couple

Each adult in the household is asked how much of their personal income is contributed for common household expenses. In analysing income pooling, we distinguish separately those who do not have a personal income.

There is also an 'income regime' variable on the 2010 module based on the householder's response to the question: "How do you deal with the incomes you receive in your household?" The householder's responses are not consistent with the answers on income pooling given by the individual household members. This may be because the householder lacks full information on how much of their individual incomes household members are contributing. For this reason, and also because the 'income regime' item is only asked of the householder, we prefer to focus on the responses given by the individual household members.

When we focus on financial decision-making in this report, we limit our attention to couples and ask who in the couple is mainly responsible for decisions on shopping, children's expenses, larger expenses such as furniture, borrowing, saving and major decisions more generally. The response categories are 'more me', 'balanced' and 'more my partner'. As we shall see, there is general agreement between the partners as to how these decisions are made.

In the next section, we begin our overview of financial regimes in households by examining the extent to which individuals within households pool their incomes for general use by the household as a whole.

### 3. Personal income and income pooling in households

#### 3.1 Introduction

This section investigates the extent to which individuals receive personal incomes and contribute this personal income for the benefit of the household as a whole. We begin with a broad overview of all adults living in multi-adult households before narrowing the focus to partners in couples.

In examining income pooling we take two perspectives. The first is the behaviour of individual household members and their response to the question on how much of their personal income they contribute for household use. The second perspective is the overall household perspective. Given the different behaviours of individual members and their different levels of income, how much of all the personal income coming into the household is made available for household use? Conventional poverty measurement assumes that it is all available. How valid is this assumption? To avoid confusion in dealing with these two different levels (individual behaviour and consequences at household level), we will refer to individuals as ‘contributing’ their income and to income as ‘pooled’ at the household level. Note that ‘pooling’ in this context means being made available for the use of the household as a whole or the use of other household members. The wording of the item emphasises the use of the income and could include paying certain bills or making purchases for other household members. It does not necessarily imply that there is a physical ‘kitty’ or a bank account for this purpose.

#### 3.2 All multi-adult households

##### 3.2.1 Personal income

We begin by focusing on all adults in multi-adults households and considering whether they have personal incomes and the relative size of each adult’s personal income. Table 3.1 shows how this varies by position in the household. By ‘position in household’ we mean whether the person is living with a partner, living with children, is a single person living with his or her own parent(s) or is living with other adults (but not with a partner or own children under 18). We select adults aged 18 and over living with at least one other adult.

We first consider whether the adult has a personal income. As described in section 2.5.4, personal income includes gross earned income and gross social transfers

linked to the individual in the SILC dataset. The latter includes social welfare payments and child benefit, but not rent or mortgage supplements (which are assumed to accrue to the household). Most adults do have a personal income (90 per cent). The percentage is lowest (80 per cent) among single adults living with parents. Those living with a partner and children (defined here as being under the age of 18) are most likely to have a personal income (98 per cent). Few lone parents in multi-adult households receive no personal income (5 per cent). Recall that personal income, as defined here, includes child benefit which is typically received by the mother of the children. All households with children under the age of 18 will receive child benefit.

The final column gives an indication of the proportion of total personal income in the household accounted for by the personal incomes of those in different positions in the household. The incomes of single adults living with parents tend to be low, on average. As the last column in Table 3.1 shows, it amounts to only 22 per cent of the total personal income of all members of their households – well below the 42 per cent average across all adults in multi-adult households.

**Table 3.1 Receipt of personal income and gross personal income as percentage of all personal incomes in household by position in household**

	Has personal income	Has no personal income	Personal Income as % of sum of all personal incomes in household
<b>Lives with partner (no children of any age)</b>	84%	16%	49%
<b>Lives with partner and children (1+ under 18)</b>	98%	2%	48%
<b>Lives with partner and children - all over 18</b>	84%	16%	35%
<b>Lone parent: lives with children, no partner but 1+ other adult</b>	95%	5%	57%
<b>Single, lives with parents</b>	80%	20%	22%
<b>Non-family household</b>	90%	10%	38%
<b>Total</b>	90%	10%	42%

Source: SILC 2010, analysis by authors. Base = all persons aged 18 and over living with at least one other adult in households where personal income is greater than zero.

The average personal income of someone living with a partner and children is almost half of the total personal income coming into the household (48 per cent). The figure is similar (49 per cent) for the average personal income of someone living with a partner, but no children. The incomes of people living with a partner and one or more

adult children tend to account for a lower average percentage of total personal incomes (35 per cent). This is because there are likely to be more adults with an income in these households so that the share of any one individual is lower. We see a similarly low average figure (38 per cent) for adults in non-family households.

The income of the average lone parent in a multi-adult household amounts to 57 per cent of the sum of all personal incomes in the household. In most cases, the lone parents included in this analysis are lone parents with at least one adult child.

### 3.2.2 Contribution of personal income for household use

Next we turn to the proportion of personal income that each adult contributes for household use. As noted in section 2.9, this is based on responses to the question: “Which proportion of your personal income is pooled for common household expenses or savings and for other household member’s expenses or savings?” Responses are ‘all personal income’, ‘more than half’, ‘about half’, ‘less than half’ and ‘none’.

We can see from Table 3.2 that only about half (52 per cent) of adults contribute all of their individual income. This is the pattern that is assumed in the calculation of household poverty lines. The figure rises to just under two thirds (65 per cent) pooling half or more of their incomes.

We might expect the level of contribution to vary by the person’s position in the household, and this is indeed the case. Considering those individuals who do have some personal income, single adults living with their parents are least likely to contribute anything to the household. About half (47 per cent) contribute no personal income and only eight per cent contribute all of their individual income for the benefit of the household. Those in non-family households are also likely to contribute none (27 per cent) or less than half of their personal income (41 per cent).

In households with children, the adults contribute a higher percentage of their personal incomes. Over two thirds of adults with a personal income, living with a partner and a dependent child (i.e. child under the age of 18), contribute all of their personal income and only eleven per cent contribute less than half.

**Table 3.2 Contribution of income for household use by position in household (where personal income >0)**

	Proportion of Person's Income that is Contributed for Household Use					Total
	All	More than Half	About Half	Less than Half	None	
Lives with partner (no children of any age)	57%	17%	11%	11%	3%	100%
Lives with partner and children (1+ under 18)	68%	14%	7%	3%	8%	100%
Lives with partner and children - all over 18	66%	17%	9%	5%	3%	100%
Lone parent: lives with children, no partner but 1+ other adult	57%	18%	7%	6%	12%	100%
Single, lives with parents	8%	4%	6%	35%	47%	100%
Non-family household	11%	9%	11%	41%	27%	100%
<b>Total</b>	<b>52%</b>	<b>13%</b>	<b>8%</b>	<b>12%</b>	<b>14%</b>	<b>100%</b>

Source: SILC 2010, analysis by authors. Base=adults with at least some personal income and living in multi-adult households.

### 3.2.3 Proportion of total personal income pooled for household use

In this section we look at the impact on household resources of level of individual incomes and proportion of individual incomes contributed. We provide an estimate of the proportion of all personal income in a household that is pooled for household use. In most poverty research, we assume that all of the income coming into the household is shared equally. We already saw above that most adults do not make all of their income available for household use: only about half of them contribute all of their personal incomes, and the contributions of young adults living with their parents are particularly low. How much this matters depends on the income levels of those who contribute little of their income and those who contribute a lot of their income. If the higher-income household members share all of their incomes, the percentage of total personal income that is pooled could still be very high.

In asking how much of the total personal income received by all household members is pooled for household use, we bring together the item on the proportion of personal income each adult contributes for household use with information from SILC on the total personal income of each adult.

The first step is to calculate the amount of income that is contributed for household use by each individual<sup>5</sup>. This calculation is straightforward for individuals who say that they pool all of their personal income, none of their income or ‘about half’ of their income. In these cases we take 100 per cent, 0 per cent and 50 per cent, respectively, of the personal income as the amount that is contributed (see Table 3.3). The range is potentially greater where someone says that they pool ‘less than half’ or ‘more than half’. To deal with this variability we construct a range of possible estimates. The ‘low estimate’, a ‘medium estimate’ and a ‘high estimate’ that differ in terms of how these two categories of contribution (‘more than half’ and ‘less than half’) are treated, as shown in Table 3.3. We assume that someone who contributes ‘less than half’ of their personal income might contribute anything from 5 (low estimate) per cent to 45 per cent (high estimate). The medium estimate takes figures of 25 per cent for ‘less than half’.

**Table 3.3 Definitions used in calculation of amount of personal income each person contributes**

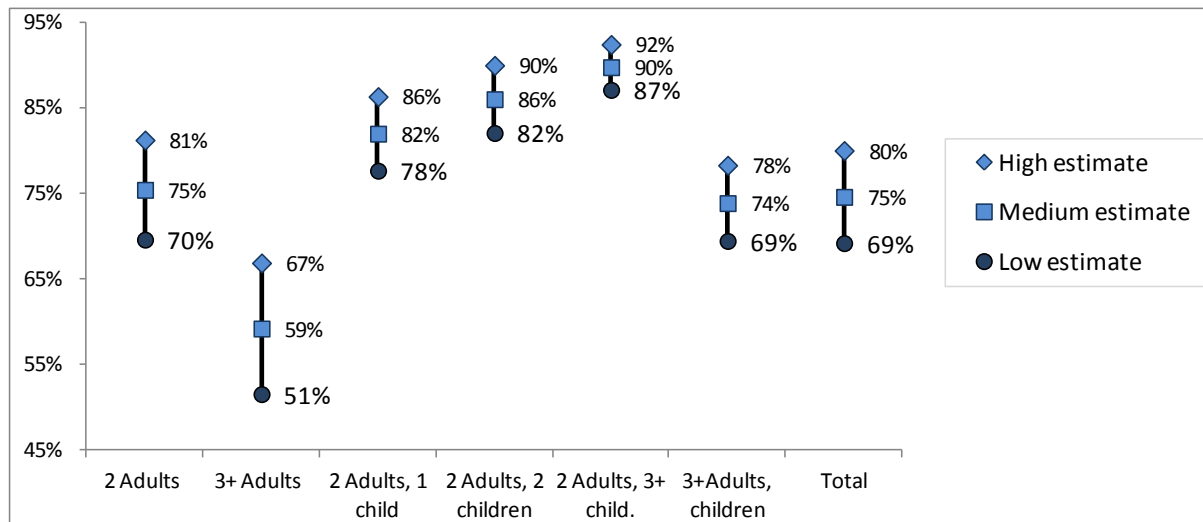
How much is contributed?	Amount used in the calculation of how much income is pooled		
	Low estimate	Medium estimate	High estimate
All pooled	100%	100%	100%
More than half	55%	75%	95%
About half	50%	50%	50%
Less than half	5%	25%	45%
None	0%	0%	0%

The results of the calculations are shown in Figure 3.1. The figure shows the estimated percentage of all personal income coming into a household that is pooled, by household type. Overall, between 69 per cent (low estimate) and 80 per cent (high estimate) of income is pooled, with the medium estimate at 75 per cent. There are large differences by household type, as we would expect, based on the differences in the proportion of income contributed by individuals, according to their position in the household. In general, the proportion of all personal income pooled increases with the number of children in the household, and decreases with the number of adults. In a two-adult household, for instance, the medium estimate is that

<sup>5</sup> This is done based on gross income, since disposable income (with tax and social insurance contributions subtracted) is not available on SILC at the individual level. To the extent that household members have different levels of tax and social insurance liability, a calculation based on take-home pay would be different. In particular, since those with higher incomes pay a higher percentage of tax, a calculation based on take-home pay would narrow the gap between men and women.

75 per cent of income is pooled. This increases to 82 per cent where there is one child, 86 per cent where there are two children and 90 per cent where there are three or more children. As the number of adults in the household increases, the percentage of income that is pooled falls: the medium estimate is 59 per cent for households with three or more adults compared to 75 per cent for households with two adults.

**Figure 3.1 Estimate of percentage of total gross personal income in household that is pooled by household type**



Base: Households with more than one adult, SILC 2010. Calculations by authors.

The increase with the number of children suggests that the amount of income that is pooled may be partly determined by the needs of the household. The fall in the proportion pooled as the number of adults increases reflects, in part, the lower contribution made by single adults living with their parents.

The estimated level of pooling suggested here is higher than the level of pooling reported by Rottman (1994) for the late 1980s. His findings indicated that in Irish households, 55 per cent of income was shared. The low estimate in the present analysis was 69 per cent and the medium estimate was 75 per cent for multi-adult households.

### 3.3 Couple households

#### 3.3.1 Personal income of male and female partners

We now consider the personal income of the partners in couples. We saw in Table 2.1 that approximately 70 per cent of adults in multi-adult households live as part of a couple. We would expect to see gender differences in personal income in couple households because of the traditional gendered division of labour. Table 3.4 shows



the percentage of male and female partners with a personal income in different types of couples.

Only four per cent of male partners have no personal income compared to 14 per cent of female partners. The fact that child benefit is normally paid to the mother means that virtually all female partners who have children under the age of 18 receive a personal income, compared to 71 to 72 per cent of female partners with no children under the age of 18.

**Table 3.4 Receipt of personal income by male and female partners in couples**

	Men		Women	
	Has personal income?		Has personal income?	
	Yes	No	Yes	No
<i>Position in Family</i>				
<b>Lives with partner (no children of any age)</b>	96%	4%	72%	28%
<b>Lives with partner and children (1+ under 18)</b>	96%	4%	100%	0%
<b>Lives with partner and children - all over 18</b>	97%	3%	71%	29%
<b>Total</b>	96%	4%	86%	14%

Source: SILC 2010, analysis by authors. Base = all persons aged 18 and over living with a partner in households where personal income is greater than zero. Sum of personal incomes includes incomes of other persons in the household (e.g. adult children).

A useful way to examine gender differences in couples is to ask what proportion of the total gross personal income of the couple is income of the female partner. We use the same procedure as described in section 3.2.3 above to calculate this proportion. This time the base is the total personal income received by the couple rather than the total personal income received by all adults in the household. If there are other adults in the household, such as adult children of the couple, we do not consider their incomes. Table 3.5 shows the percentage of couple income represented by the personal income of the woman by her age group, education and economic status.

On average, the personal income of the female partner amounts to 30 per cent of the gross personal income of the couple. As we might expect, the proportion of couple income accounted for by the female partner varies by her age, education and economic status. The female proportion is a good deal higher among women under the age of 45 (42 per cent) and among women with third level educational qualifications (45 per cent). In couples where the woman works, the proportion of

gross personal income received by the female partner is 50 per cent of the total. This may seem surprising, given that women's earnings tend to be lower than men's, but note that a certain proportion of working women will have partners who are not at work (either unemployed, retired or otherwise inactive) and that in couples with children, the female proportion is boosted by receipt of Child Benefit, which is normally paid to the mother<sup>6</sup>. The proportion of couple income received by the female partner is only 25 per cent, on average, for female partners over the age of 65 and 22 per cent where the woman is not active in the labour market.

**Table 3.5 Per cent of gross personal income in the couple accounted for by personal income of the female partner by her age, education and principal economic status (PES)**

		Average % female
<b>Age</b>	<b>18-44</b>	42%
	<b>45-64</b>	33%
	<b>65+</b>	25%
<b>Education</b>	<b>Up to Low 2nd</b>	28%
	<b>High 2nd</b>	34%
	<b>3rd level</b>	45%
<b>PES</b>	<b>At work</b>	50%
	<b>Unemployed</b>	39%
	<b>Inactive</b>	22%
<b>Total</b>		30%

Note: SILC 2010, data analysis by authors. Base= couples with at least some income.

### 3.3.2 Contribution of personal income by male and female partners

We now turn to the proportion of personal income that is contributed for household use by male and female partners in couples. We might expect that the percentage of income contributed by the male partner would decline as the female share of the couple's income increases. Does this happen? And does the woman's contribution increase as her share of the couple's income increases?

Table 3.6 addresses these questions. The table shows the estimated percentage of income contributed, broken down by the proportion of the total couple income

<sup>6</sup> Additional analysis showed that where both partners are in paid employment, about 46 per cent of couple income is received by the female partner.

received by each partner<sup>7</sup>. For instance, in couples where the female partner receives no income and, by definition, the male partner receives all the income, male partners contribute an average of 90 per cent of their incomes for household use.

**Table 3.6 Estimated proportion of personal income contributed for household use by proportion of couple income received by each partner**

	Male partner contribution (est. %)	Female partner contribution (est. %)
<b>Proportion of couple income received by each partner</b>		
<b>Female none, male all</b>	90%	---
<b>Female up to <math>\frac{1}{3}</math>, male over <math>\frac{2}{3}</math> (but not all)</b>	88%	67%
<b>Both between <math>\frac{1}{3}</math> and <math>\frac{2}{3}</math></b>	84%	83%
<b>Female more than two <math>\frac{2}{3}</math>, male up to <math>\frac{1}{3}</math></b>	81%	85%
<b>Female all, male none</b>	---	*
<b>Total</b>	86%	77%

Note: SILC 2010 data, analysis by authors. Base= couples with at least some income. Note: \* Figures not shown for women where female partner receives all the income because there are fewer than 100 cases.

Overall, male partners contribute a larger percentage of their personal income for household use (86 per cent) than female partners (77 per cent). This is strongly related to one partner's level of personal income relative to that of the other partner. As the proportion of total income received by each partner increases, that partner tends to contribute a greater percentage of personal income for household use. As the female proportion increases from under one third to more than two thirds, she increases her contribution from 67 per cent to 85 per cent. As the male proportion increases from less than one third to more than two thirds, his contribution increases from 81 per cent to 88 per cent and he contributes 90 per cent of his income when the female partner receives no income.

When both partners receive roughly similar proportions of the total couple income (i.e. each receives between one-third and two-thirds of the income) the estimated percentage contributed by each partner is very close at 83 to 84 per cent. When a partner receives more than two-thirds (but not all) of the income, the gender gap is also small: male partners in this situation contribute 88 per cent of their personal incomes and female partners contribute 85 per cent.

<sup>7</sup> The estimate of the percentage contributed uses the 'medium estimate' method outlined above and shown in Table 3.3: it assumes that 50% is contributed if the person pools 'about half', that 25% is contributed if the person pools 'less than half' and that 75% is contributed if the person pools 'more than half'.

The gender gap is widest when the partner receives less than one third of the total couple income. When the male partner receives under one third of the total couple income he contributes 81 per cent of his personal income for household use. The corresponding figure for female partners is 67 per cent.

Table 3.7 focuses on differences in contributions by age, education and economic status of the woman and man. The estimated percentage of personal income contributed for household use tends to be higher for older couples and the gender gap in income pooling is also narrower for older couples. Among men over the age of 65, an average of 89 per cent of personal income is contributed and the figure for women over 65 is 86 per cent, compared to 82 per cent and 74 per cent, respectively, among partners aged 18 to 44 years.

**Table 3.7 Contribution of personal income for household use by male and female partners by age, education and economic status**

		Men	Women
<b>Age</b>	18-44	82%	74%
	45-64	89%	78%
	65+	89%	86%
<b>Education</b>	Up to Low 2nd	91%	81%
	High 2nd	85%	75%
	3rd level	81%	75%
<b>Economic Status</b>	At work	84%	81%
	Unemployed	89%	84%
	Inactive	90%	71%
<b>Couple work pattern</b>	Neither works	91%	81%
	Male partner only works	89%	64%
	Female partner only works	86%	88%
	Both Work	80%	78%
<b>Total</b>		86%	77%

Note: SILC 2010 data, analysis by authors. Base= couples with at least some income.

The proportion of personal income contributed is higher at lower levels of education for both male and female partners and the contribution at each level of education is higher for men than for women. Among men, the percentage of income contributed is higher among partners who are unemployed (89 per cent) or inactive (90 per cent) than among those at work (84 per cent). The reverse is true for women where the lowest percentage contributed is among women who are inactive in the labour market. This is likely to be because women who are inactive in the labour market will tend to bring in a lower proportion of total couple income.

The variations in proportion of income contributed by couple work pattern are informative. The gender gap is narrow where both work (80 per cent contribution by men and 78 per cent by women) or where only the female partner works (86 per cent contribution by men and 88 per cent by women). The gap is wider where neither partner works (men contribute 91 per cent of personal income compared to 81 per cent for women). However, where only the male partner works the gap is very large: in these couples male partners contribute 89 per cent of their personal incomes compared to only 64 per cent contributed by women. As we will see in the next section, however, women's disposable personal income in these couples is very low (Figure 3.2).

### 3.3.3 Retention of personal income by male and female partners

So far we have seen that male partners tend to contribute a higher proportion of their personal incomes for household use, particularly when they receive a higher percentage of total couple income. An alternative view of income pooling is to examine how much income, on average, male and female partners retain after making their contribution to household expenses. Since men's earnings are higher, it may still be the case that even though they contribute a higher percentage of their income to the household, they retain a higher absolute level of income. Note that this does not include any income for personal use that may come from the other partner or from a share of the household income pool. In this sense, it is a measure of the person's *access to personal income independently of any transfers from other household members*.

Ideally, we would base this on the individual's actual take-home pay or disposable income. Since disposable income is available only at household level in the SILC dataset, the calculations are based on personal gross income adjusted by the household tax rate. In other words, the rate of tax and PRSI at the household level is applied to each person with income in the household to estimate their disposable income<sup>8</sup>.

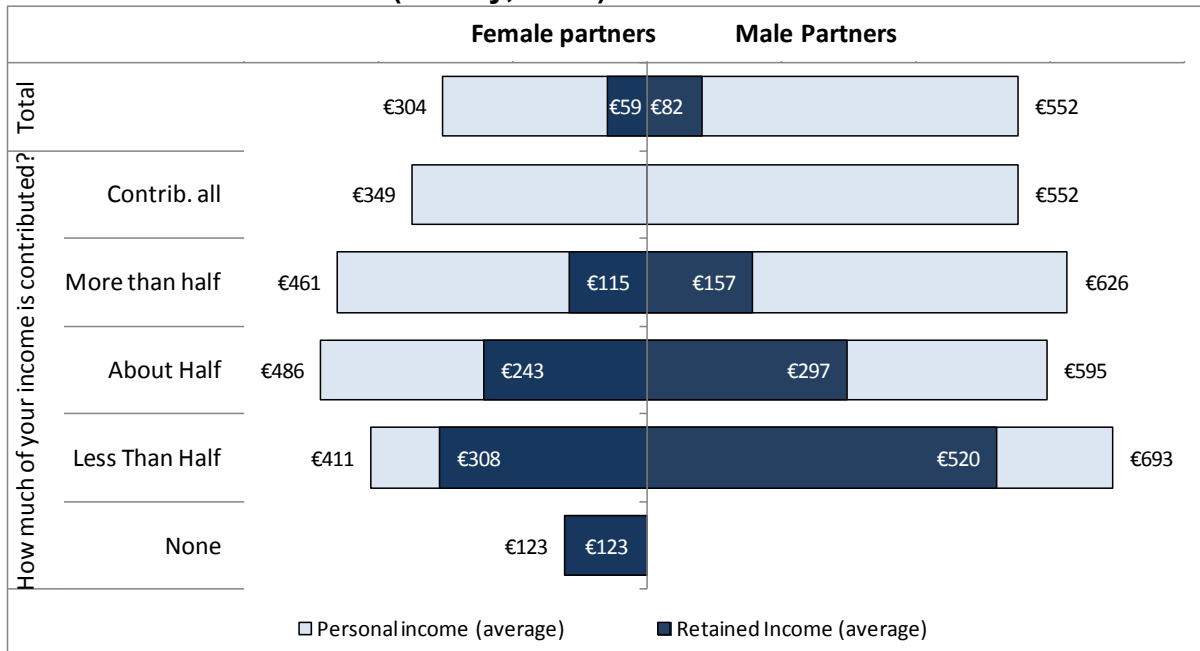
Figure 3.2 shows the results expressed in Euro per week for men and women by the proportion of personal income they contribute for household use. The chart shows the average level of disposable personal income and the average level of disposable

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<sup>8</sup> To the extent that those with higher incomes may have a higher proportion of tax deducted from their incomes at source, the calculation here will tend to overstate the gap between those with high and low incomes in couples where there is a large gap between male and female incomes.

income retained for those who contribute all, more than half, about half, less than half and none of their personal incomes. The estimate is not shown for men who contribute none of their personal incomes, because the number of cases is too small.

**Figure 3.2 Average personal disposable income received and retained by partners in couples by proportion of personal income contributed for household use (weekly, Euro)**



Base: partners in couples, SILC 2010. Analysis and calculations by authors. Personal income in this figure is estimated disposable income – estimated by taking the gross personal income and subtracting the household rate of tax and PRSI from it.

Overall, male partners have an estimated disposable personal income that averages €552 per week, compared to €304 for women. After any contribution towards the household expenses and for other people in the household, the male partners are left with €82 on average compared to a figure of €59 on average for the female partners. The independent personal income of male partners remains about 40 per cent higher than the figure for female partners. This gap is narrower than the gap in personal incomes, where the male average of €552 is about 82 per cent higher than the female average of €304. Again, this does not take account of women’s (and men’s) access to income for personal use from the household income pool.

Turning now to variations in disposable personal income by the proportion of personal income the person contributes for household use, we can see that those women who pool none of their incomes have the lowest average personal incomes (€123 per week). The next lowest average personal income for both men and women is for those who pool all of their personal incomes (€349 for women and

€552 for men). The highest average personal income for women is found among those who pool about half of their income (€486 per week) while the highest average for men is found among those who pool less than half of their personal income (€693 per week).

For both men and women, the highest average amount of disposable personal income retained is found among those who pool less than half of their personal incomes. For these groups, we find an estimated €308 per week retained by women and €520 per week retained by men.

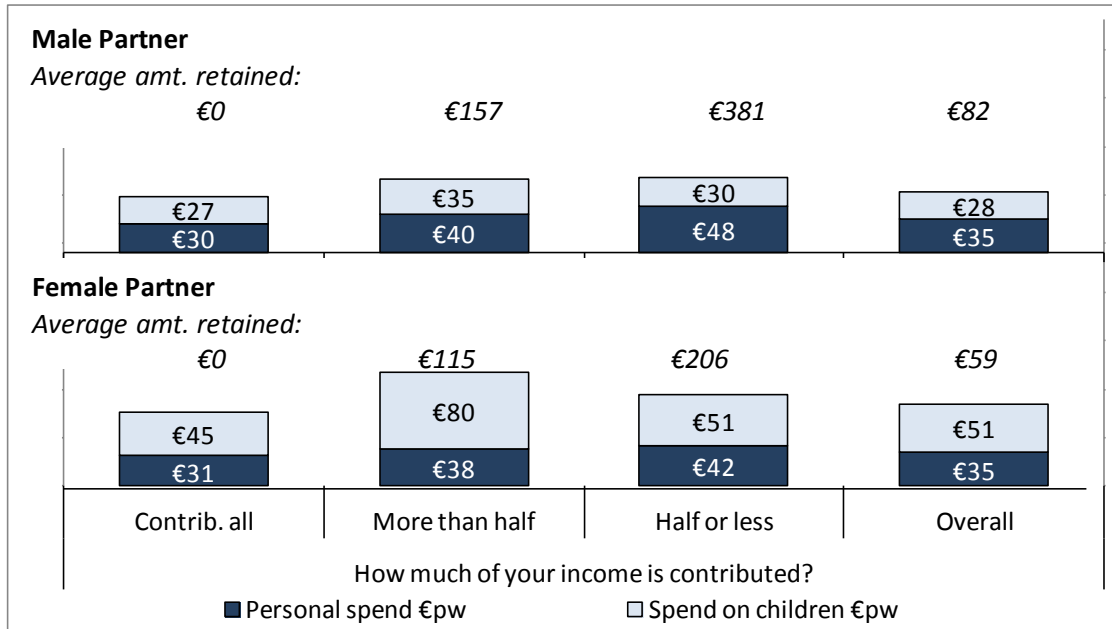
Again, note that the amount of income retained is unlikely to indicate the total amount of income available to the person for personal spending or saving. In addition to any personal income retained, partners may receive income for personal spending from the household pool. This can be seen from the comparison of the amount retained with the amount spent on personal goods and services and on goods or services for children in Figure 3.3.

Figure 3.3 shows the amount spent by each partner on personal goods (such as leisure, clothing, personal care, alcohol and tobacco) and the amount spent on the children (on leisure, education, health, clothing, toys and hobbies, personal care which the person purchases for the children). All amounts are expressed on a weekly basis. Overall, as shown in the final columns in Figure 3.3, male and female partners spend similar amounts on themselves, on average (€35 per week), but women spend more on the children (€51 per week, on average, compared to €28 on average for men). The payment of child benefit to mothers is made in recognition of the fact that, traditionally, mothers are more likely than fathers to make purchases for children.

The chart also shows the average amount of money per week retained by the partners. Note that we cannot be sure whether the money spent on personal goods and services, or on the children, is drawn from the amount retained. The partners may be drawing on household pooled income for spending, especially on children. It is clear that for some couples, the amount spent by the partners on themselves plus the amount spent on children exceeds the amount retained, so some of the spending must draw on pooled household resources. For instance, where all of the income is contributed for household use, men spend an average of €30 on themselves and €27 more on the children (where there are children in the household), while women

in a similar situation spend an average of €31 on themselves and €45 on children’s needs. Since these partners retain no income, the money spent must be drawn from the amount contributed for household use.

**Figure 3.3 Average spending on self and on children by percentage of personal income contributed for household use (weekly, Euro)**



Base: partners in couples, SILC 2010. Analysis and calculations by authors. ‘Amount retained’ in this figure refers to the estimated amount of disposable income retained by the partner. The estimate of disposable income is calculated taking the gross personal income and subtracting the household rate of tax and PRSI from it.

In other couples, the amount retained considerably exceeds the sum of the amount spent on personal goods and on goods and services for the children. We do not know whether the additional amount is saved, used to buy things for another household member or used to meet certain expenses which benefit all household members.

### 3.3.4 Income pooling in couples by poverty and economic vulnerability

We saw in Table 3.7 above that the percentage of personal income that is contributed for household use is higher among older couples, where adults have lower levels of education and where neither is working for pay. We would expect these adults to be in households with income levels below average. Does this mean that income pooling at the household level will be higher in poor or economically vulnerable couples?

Table 3.8 shows the relationship between income pooling and indicators of poverty and economic vulnerability for couples. The poverty indicators are ‘at-risk-of-poverty’, which involves having an adjusted household income below 60 per cent of the



median; basic deprivation (inability to afford at least two basic items such as adequate food, clothing, home heating and social life); consistent poverty (experiencing both basic deprivation and being at-risk-of-poverty) and economic vulnerability (an indicator that draws on relative income level, basic deprivation and experiencing financial strain, to identify a group vulnerable to poverty though they may not be currently poor).

**Table 3.8 Percentage of income contributed for household use (where income > 0) by income poverty and deprivation**

		Male % pooled	Female % pooled
<b>At-risk-of-poverty'</b>	No	85%	76%
	Yes	93%	79%
<b>Basic deprived</b>	No	85%	75%
	Yes	93%	86%
<b>Consistent Poverty</b>	No	86%	76%
	Yes	93%	82%
<b>Economically Vulnerable</b>	No	84%	75%
	Yes	94%	85%
<b>Total</b>	Total	86%	77%

Base: partners in couples, SILC 2010. Analysis and calculation by authors.

For all indicators, the average contribution of personal income is higher among men than among women and is higher in disadvantaged couples than those not disadvantaged. Taking economic vulnerability, for instance, men contribute an average of 84 per cent of personal income in non-vulnerable households compared to 94 per cent in vulnerable households. Among men, the pattern is very similar for the other indicators (at risk of poverty, basic deprivation and financial strain), with male partners contributing 8 percentage points more income, on average, in the disadvantaged group than in the advantaged group.

Women contribute an average of 75 per cent of income in non-vulnerable households and 85 per cent in vulnerable households. The gap between the disadvantaged and advantaged group is smallest for the female partners in the case of at-risk-of poverty (3 percentage points, 76 per cent among the non-poor and 79 per cent among the poor) and largest in the case of deprivation (11 percentage points, 75 per cent among the non-deprived and 86 per cent among the deprived).

### 3.4 Summary

In this section we examined personal income in multi-adult households. We saw that most adults bring in at least some personal income. In couples, women are less likely than men to receive personal income and the amounts tend to be lower so that the income of the average female partner amounts to 30 per cent of the couple's joint income. When both partners work and when both bring in roughly the same amounts of personal income, they each contribute about the same proportion of this income for household use (78 to 80 per cent where both work and 83 to 84 per cent where both receive between one-third and two-thirds of the total couple income). When one partner has a much lower income than the other, this partner is likely to contribute a smaller proportion of the income for household use. Because men's incomes tend to be higher than women's, they contribute a higher proportion of their personal income for household use. Nevertheless, male partners also retain a larger average amount of income than female partners: an estimated €82 per week compared to €59 per week retained by women. These figures are estimates of the partner's independent access to income and do not include any share of the household income pool that may be available to them for personal spending.

In section 5 we investigate whether the pattern of contribution to household income has consequences for the standard of living in couples when we control for a range of other characteristics including the level of income and the presence of children. Before that, however, we turn in the next section to a consideration of financial decision-making in households.

## 4. Financial decision-making in households

### 4.1 Introduction

In this section we examine financial decision-making within the household. We begin by including all households with more than one adult and ask to what extent decision-making responsibility varies depending on the person's position in the household. Then we shift the focus to couple households and ask whether the male or female partner has the main responsibility for making decisions. We examine the extent to which responsibility for decision-making varies by gender, age, education and the poverty and deprivation status of the couple. We then combine information on receipt of income, income pooling and decision-making to identify different types of couple financial regime. By financial regime, we mean the combination of income sources (single or dual income, the work pattern of the partners), income sharing (whether all income is contributed for household use) and responsibility for decision-making (whether shared or not). This allows us to check the prevalence among Irish couples of the different financial regimes identified in the literature.

### 4.2 Decision-making in households

#### 4.2.1 Decision-making in different domains

At this point we turn from a focus on income to a focus on decision-making. Table 4.1 shows the percentage of adults who say they are mainly responsible for decision-making in certain areas, that the decision-making is shared or that the decision is made by someone else in the household.

There tends to be specialisation in terms of everyday decisions but a sharing of responsibility when it comes to big decisions and larger expenditures. For instance, decision-making regarding shopping is shared for only 22 per cent of adults but 53 per cent of adults have a role in decisions regarding furniture or large consumer durables. Decisions on borrowing and saving are also more likely to involve a higher percentage of adults in shared decision-making (58 per cent and 53 per cent respectively). Compared to decisions on shopping, the shared decision-making is also higher (48 per cent) in the case of expenditure for the children, where there are children in the household.

**Table 4.1 Decision-making in different domains by adults**

Decisions area ...		Per cent of adults
<b>Shopping</b>	More someone else	44%
	Shared	22%
	More me	34%
<b>Children's expenses (where relevant)</b>	More someone else	30%
	Shared	48%
	More me	22%
<b>Furniture etc.</b>	More someone else	30%
	Shared	53%
	More me	17%
<b>Borrowing</b>	More someone else	24%
	Shared	58%
	More me	18%
<b>Saving</b>	More someone else	24%
	Shared	53%
	More me	22%

Base: Adults (age 18+) living with at least one other adult, SILC 2010. Analysis and calculations by authors.

These five items are highly correlated. A decision-making scale constructed from the five items has a very satisfactory reliability score (Cronbach's alpha) of 0.820 where all five items are used, and of 0.812 where four of the five items are used (e.g. in households with no children, the item on children's expenses is dropped). The high reliability indicates that the items tend to measure a single underlying phenomenon rather than splitting into two separate scales, as the literature might suggest. There is little tendency, for instance, for decisions on everyday shopping to be made by one person and decisions on major items to be made by someone else. The decision-making scale is based on the average across the items that apply to the household situation, and ranges from 0 (responsibility for decision-making in none of the areas) to 10 (responsibility for decision-making in all of them). A score of 5 indicates shared responsibility. 'Shared' responsibility can come about where the adults are jointly responsible for each of the areas or where there is a fairly even division of responsibilities between them (e.g. one is responsible for shopping and the other is responsible for decisions on savings).

Table 4.2 shows the average decision-making score for adults by position in the household. The decision-making score is lowest for single adults living with parent(s) at 1.06 and the score is highest for lone parents living with at least one other adult at 7.91 – typically the other adult is a grown-up child of the lone parent. The average

score is close to the mid-point for those living with a partner (5.02 to 5.07) and also for those living in non-family households 4.97.

**Table 4.2 Decision-making responsibility score for adults by position in household**

	Average decision-making score
Lives with partner (no children of any age)	5.04
Lives with partner and children (1+ under 18)	5.02
Lives with partner and children - all over 18	5.07
Lone parent: lives with children, no partner but 1+ other adult	7.91
Single, lives with parents	1.06
Non-family household	4.97
<b>Total</b>	<b>4.52</b>

Base: Adults (age 18+) living with at least one other adult, SILC 2010. Decision-making scale ranges from 0 (low responsibility) to 10 (high responsibility). Analysis and calculations by authors.

### 4.3 Decision-making in couple households

At this point we turn our attention to couples. We begin by examining the extent to which couples agree regarding which partner is mainly responsible for making decisions. We then examine the association between decision-making patterns and age, education, poverty and deprivation.

For this purpose, the decision-making scale is divided into three categories of responsibility: low responsibility for decision-making (scores from 0 to 2.5); medium/shared responsibility (scores from 2.51 to 7.49) and high responsibility (scores from 7.5 to 10).

#### 4.3.1 Couple agreement regarding who makes decisions

Table 4.3 shows the decision-making responsibility scores of the male and female partners within couple households. There is a high level of agreement between the partners, with similar scores in nearly nine out of ten couples. In 88 per cent of cases, the partners are in agreement. In 64 per cent of couples both agree that responsibility for decision-making is shared. In one fifth of couples (20 per cent) both agree that the male partner has low responsibility and the female partner has high responsibility. In four per cent of couples both partners agree that the female partner has low responsibility and the male partner has high responsibility.

The disagreement usually involves the responses of one partner reflecting shared responsibility while responses of the other partner suggest that the female partner has the most responsibility. In five per cent of couples the responses of the female partner indicate shared responsibility but the responses of the male partner suggest that he has low responsibility. In four per cent of couples, the responses of the male partner suggest shared responsibility while the responses of the female partner indicate that she has high responsibility.

**Table 4.3 Couple agreement on level of responsibility for decision-making of male and female partner**

Female Partner	Male Partner			Total
	Low, <2.5	Shared, 2.51-7.49	High, 7.5+	
Low, <2.5	0%	1%	4%	5%
Shared, 2.51-7.49	5%	64%	1%	70%
High, 7.5+	20%	4%	0%	25%
Total	25%	69%	6%	100%

Base: Adults (age 18+) living with a partner, SILC 2010. Analysis and calculations by authors.

#### 4.3.2 Decision-making by age and education in couple households

Given the high level of agreement between male and female partners, we take the responses of the female partner as representing the couple situation. In Table 4.4 we examine whether the pattern of decision-making varies by age and education. The largest category is shared responsibility – especially so for younger couples and couples where the female partner has higher levels of education (both 73 per cent).

**Table 4.4 Female responsibility for decision-making by age and education in couples**

	Age			Education			Total
	18-44	45-64	65+	< 2 <sup>nd</sup> level	2 <sup>nd</sup> level	3 <sup>rd</sup> level	
Low, <2.5	5%	5%	6%	5%	5%	4%	5%
Shared, 2.5-7.5	73%	69%	65%	66%	72%	73%	70%
High, 7.5+	22%	26%	29%	28%	24%	23%	25%
Average responsibility	6.05	6.21	6.28	6.31	6.16	6.05	6.15

Note: Base=couples, taking the female responses. The difference in percentage with high female responsibility is statistically significant between women aged over 65 and those aged under 45 and between women with second level education and higher levels of education

Where one partner has more responsibility for decision-making than the other, it tends to be the woman who has more responsibility. In 25 per cent of couples the woman has high decision-making responsibility compared to only five per cent where the man has high decision-making responsibility. There is a tendency for female

responsibility to be slightly higher in older couples or at lower levels of education, but these patterns are only moderate in strength.

#### 4.3.3 Couple decision-making by poverty and deprivation

In Table 4.5 we ask whether, as the literature would suggest, there is an even higher level of female responsibility for decision-making in poor and deprived households. In both poor and non-poor couples, the responsibility for decision-making is most likely to be shared. However, in poor couples, women are more likely to have high levels of decision-making responsibility than women in non-poor couples (30 per cent vs. 24 per cent). A similar pattern is found in deprived couples, but the difference between deprived and non-deprived households is even larger (33 per cent vs. 23 per cent).

**Table 4.5 Female responsibility for decision-making by poverty and deprivation in couples**

	Income poverty		Basic Deprivation	
	Not poor	Poor	Not deprived	Deprived
<b>Females</b>				
<b>Low, &lt;2.5</b>	5%	3%	5%	5%
<b>Shared, 2.5-7.5</b>	71%	67%	72%	62%
<b>High, 7.5+</b>	24%	30%	23%	33%
<b>Average</b>	6.10	6.51	6.07	6.51

Note: Base=couples, taking the female responses. The difference in percentage with high female responsibility is statistically significant between poor and non-poor couples and between deprived and non-deprived couples.

#### **4.4 Couple financial regime typology**

In this section we ask to what extent Irish couple households can be distinguished on the basis of Pahl's typology:

- Whole-wage – one partner responsible for allocation of resources and management of expenditure
- Allowance system – main earner gives allowance to managing partner, retaining control
- Pooling system – equal access to resources and equal responsibility
- Independent management system – separate resources, separate spheres. A variation on this model is where each partner keeps control of some income.

We classify couple households according to three indicators: whether they are single or dual income, whether or not all the personal income of the partners is pooled and whether responsibility for decision-making is held mainly by the male partner, mainly by the female partner or is shared. Table 4.6 shows the cross-classification of

couples by these three indicators. Since we have included child benefit as an income source, the proportion of couples where just one partner has an income is low (less than one fifth) while in over four-fifths both partners have an income. In almost three fifths of couples, all of the income of the partners is made available for household use. In 70 per cent of couples, the responsibility for decision-making is shared, Among those remaining, the female partner is responsible for decision-making in 25 per cent of couples, and the male partner is responsible in only 5 per cent of couples for decision-making.

**Table 4.6 Source of income (single or dual), percentage of income contributed and responsibility for decision-making in couples**

Income Source	% Income Contributed	Decision-making			Total
		Mainly Male	Shared	Mainly Female	
Single Income	All	1%	9%	3%	13%
	Not all	0%	3%	1%	5%
Dual Income	All	2%	34%	11%	46%
	Not all	2%	25%	10%	37%
<b>Total</b>		5%	70%	25%	100%

Note: Base=couples, taking the female responses, SILC 2010. Analysis by authors.

Pahl's classic 'whole-wage system' (where all the income is pooled and just one partner is responsible for decision-making) is relatively rare. In only 14 per cent of couples is all the income pooled with decision-making mainly by the female partner, and most of these (11 per cent) are dual income couples with only 3 per cent relying on a single income. If we include situations where decision-making is mainly by the male partner, this increases only slightly to 17 per cent.

Pahl's 'allowance system' with partly pooled income managed by one partner is found in only 13 per cent of couples: 1 per cent are single-income with mainly female decision-making, 10 per cent are dual-income with mainly female decision-making and 2 per cent are dual income with mainly male decision-making).

The most common system in Ireland in 2010 was the fully pooled, dual income, with shared decision-making (34 per cent of couples). In dual income couples, full pooling is most common (46 per cent of couples), but part pooling is also relatively frequent (37 per cent of couples). If we could interpret the 'independent' regime broadly to include couples where both partners have an income and not all of the income is pooled (Pahl, 2004), this would include 37 per cent of couples. In most of these (25 per cent of couples), the partners are both involved in decision-making. However, we



don't know in how many of these the partners take care of separate bills or expenses, as implied in the independence model. The 'shared' decision-making category could signify either joint responsibility for all areas or a division of responsibility for different areas. The high correlation between the scores on the five decision-making items, as discussed in section 4.2.1, indicates that the 'shared' decision-making category most often arises because both partners are involved in decisions in each area (rather than having a division of responsibility by area).

Rottman's study of couples in the late 1980s found that most one-earner households followed a whole-wage system (79 per cent, 37 per cent of all couples), with most of the remainder using an allowance system (21 per cent, 11 per cent of all couples). The definition of 'whole-wage' included situations where the entire income was pooled and was managed by the non-earner. In 14 per cent of multi-earner households (seven per cent of all households at the time) spouses contributed equal amounts for common use. We do not have the information in quite the same form in the present study. It is possible that partners contribute the exact same amount of income but that it amounts to a different percentage of their individual incomes. For example, both partners may contribute €250 per week but it may be 50 per cent of one partner's personal income and 90 per cent of the second partner's personal income.

A broader definition of 'whole-wage' systems could include couples where all or most (over 75 per cent) of the income is pooled. This would amount to about 65 per cent of couples in 1989 (calculated from Rottman, 1994, p. 38). Defining as 'whole-wage' those couples where all of the income is pooled would amount to 59 per cent of couples in the 2010 SILC data— a figure somewhat lower than that reported by Rottman. Although there are big differences between the proportion of dual and single earner households in the two time periods, pooling of all or most of the income is the norm in both periods.

#### **4.5 Summary**

In this section, we focused on decision-making within the household and how decision-making is combined with income sources and income contributions of the partners in couple households. We saw that single adults living with parents have the least involvement in household decision-making while in most couples decision-making is shared. Together with the source of income and pooling of income, decision-making forms part of the household financial regime. In the next section we

ask whether the couple financial regime makes a difference to the level of basic deprivation at household level or to the level of individual deprivation of the partners.

## 5. Couple financial regime and deprivation

### 5.1 Introduction

In this section, we focus on the consequences of financial regime in couple households in terms of household and individual deprivation. Financial regime refers to income source in the couple (single or dual income, the couple work pattern), income sharing (all income contributed for household use or not) and responsibility for decision-making (whether shared, mainly the female partner or mainly the male partner). We address two questions. The first question concerns whether the financial regime has consequences for the level of basic deprivation at the household level, once we control for income and other characteristics. The second is whether the financial regime has consequences for the access by the partners in a couple to individual goods and services.

### 5.2 Influence of couple financial regime on basic deprivation of household

We begin by asking whether basic deprivation at the household level is associated with couple financial regime when we control for income and other characteristics like education, family size and marital status. To examine the effect of regime, we ran a logistic regression model with basic deprivation as the dependent variable. We include separate indicators for whether one or both partners have an income, whether income is fully contributed for household use and whether the management of income is mainly by the woman, mainly by the man or shared. Table 5.1 shows the model-estimated rate of basic deprivation in couples by each of these characteristics (see full model in Appendix Table A5.2). The model-estimated rate is the risk of basic deprivation we would expect to see when all of the other factors in the model are held constant. For instance, we would expect a deprivation rate of 21 per cent in the bottom income quintile and 5 per cent in the top income quintile if the two groups were identical in terms of household financial regime, education, number of children and other characteristics included in the model<sup>9</sup>.

As we might expect, household income decile (adjusted for household size and composition) has a strong impact on basic deprivation. There is a steep decline in the risk of basic deprivation as the level of household income increases. The model-estimated risk is 21 per cent at the bottom, 16 per cent in the middle of the distribution and 5 per cent at the top of the income distribution.

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<sup>9</sup> The analysis is based on weighted data with robust standard errors, using Stata's 'svy' routine.

**Table 5.1 Model-estimated risk of basic deprivation in couple households by couple financial regime with other characteristics controlled**

	Estimated Deprivation
<b>Bottom income quintile vs. top</b>	21%
<b>2nd income quintile vs. top</b>	18%
<b>Middle income quintile vs. top</b>	16%
<b>4th income quintile vs. top</b>	11%
<b>Top income quintile (Ref)</b>	5%
<b>Male income only vs. dual income</b>	16%
<b>Female income only vs. dual income</b>	16%
<b>Dual income (Ref)</b>	16%
<b>All income pooled by both partners (Ref)</b>	18%
<b>Not full pooling</b>	11%
<b>Mostly male decision-making vs. shared</b>	14%
<b>Shared decision-making (Ref)</b>	14%
<b>Mainly female decision-making vs. shared</b>	20%
<b>Neither works vs. both work full-time</b>	24%
<b>Only female works vs. both work full-time</b>	17%
<b>Mixed work pattern vs. both work full-time</b>	20%
<b>Only male works vs. both work full-time</b>	10%
<b>Male FT/Female PT vs. both work full-time</b>	10%
<b>Both work full-time (Ref)</b>	10%

Note: Base = couple. Estimates are based on a logit model run on weighted data with robust standard errors and represent the expected difference between groups with other characteristics controlled. The 'mixed work pattern' is one where the male partner works part-time and the female partner works either full-time or part-time. See Model 2 in Appendix Table A5.2 for the full model. Model controls for marital status, age group, education, housing tenure, social class, number of other adults in the household and number of children.

The work situation of the couple also has a strong impact, even with income controlled. If neither partner works for pay, we would expect a deprivation rate of 24 per cent compared to 10 per cent where the male partner works full-time. Once the male partner works full-time, there is no difference in the risk of basic deprivation between households where the female partner does not work, works part-time or works full-time. This might be because the labour supply of the female partner is partly determined by the needs of the household to attain a basic standard of living.

Deprivation is higher where both partners work but the man works part-time (the 'mixed' work pattern in the table, estimated at 20 per cent) and where only the female partner works (estimated at 17 per cent). Note that we have controlled for age group here. This means that the increased risk of deprivation associated with

non-working couples is specific to those of working age<sup>10</sup>. The association with work patterns, with income controlled, means that there are some factors other than income connected with work that tends to reduce the risk of deprivation. These could be other resources (such as access to savings or wealth) or the non-monetary benefits of work (such as non-income benefits and access to lending). Given the marked increase in male unemployment with the current recession, it is also likely that many of the couples where the male partner does not work full-time, experienced loss of employment as a result of the recession. In other words, the male partner not working is not an optimal or preferred strategy for these couples.

The couple financial regime also matters, but not in the way we might expect. Turning first to whether the couple has a single or dual income: once we control the *level* of income and whether each partner is at work, deprivation is not significantly different depending on whether one or both partners has an income. As a result, the model estimated rate of deprivation for couples where only the male has an income or where only the female has an income are no different from couples where both have an income (all estimated at 16 per cent).

Next we consider the effects of whether the partners contribute all of their personal incomes for household use. Somewhat unexpectedly, deprivation is *lower* where the partners contribute part (rather than all) of their incomes. The model-estimated deprivation rate is 18 per cent in couples that pool all of their incomes compared to 11 per cent in couples that do not pool all of their incomes, with other characteristics controlled<sup>11</sup>. A possible explanation for this pattern is that part pooling of income is conditional on the household being able to achieve an adequate standard of living while one or both partners retain some personal income. In other words, the partners will only keep back some of their personal income if it is not needed for the household as a whole to achieve a certain basic living standard.

Turning to the third aspect of couple financial regime – whether decision-making is shared or mainly by the male or the female partner – we see that shared decision-making is associated with a lower level of deprivation (14 per cent) than mainly-female decision-making (20 per cent). As shown in Appendix Table A5.2, mainly-

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<sup>10</sup> This could be due to the fact that older adults are likely to have occupational and private pension income and the fact that older adults may have reduced expenses (travel to work, mortgage and so on).

<sup>11</sup> The tendency for deprivation to be reduced by part pooling was not specific to higher income households: an interaction between household income level (top 3 deciles) and part-pooling was not statistically significant.

male decision-making also tends to increase deprivation compared to shared decision-making, but this effect does not reach statistical significance because of the much smaller number of cases where the male is the main decision-maker. This suggests that a co-operative approach to financial management works best in terms of ensuring an adequate household standard of living.

Although not the main focus of the analysis, it is worth noting that other characteristics of the couple are also associated with an increased risk of deprivation (see Appendix Table A5.2). Compared to couples where the female is over the age of 65, younger couples have a higher risk of deprivation. This is consistent with recent Irish findings on the lower risk of deprivation found among older adults (CSO, 2013, Table 1). The risk of deprivation is also higher for couples with children, where the female partner has a disability, for those purchasing or renting accommodation compared to those who own it outright. There are social class differences as well, with a higher risk of deprivation among those in the lower technical and manual or lower service social classes and also in the self-employed/farmer social class compared to those in the professional/managerial and intermediate social classes.

On the other hand, the analysis showed that with other characteristics controlled, there was no difference in the risk of basic deprivation between married and cohabiting couples, by presence of other adults, by disability status of the male partner or by level of education of the female partner (see Appendix Table A5.2). In the case of female education and male disability it is likely that these influence deprivation through their impact on the incomes of the household. Once income is controlled, there is no additional effect on the risk of experiencing basic deprivation.

### **5.3 Influence of couple financial regime on individual deprivation of partners**

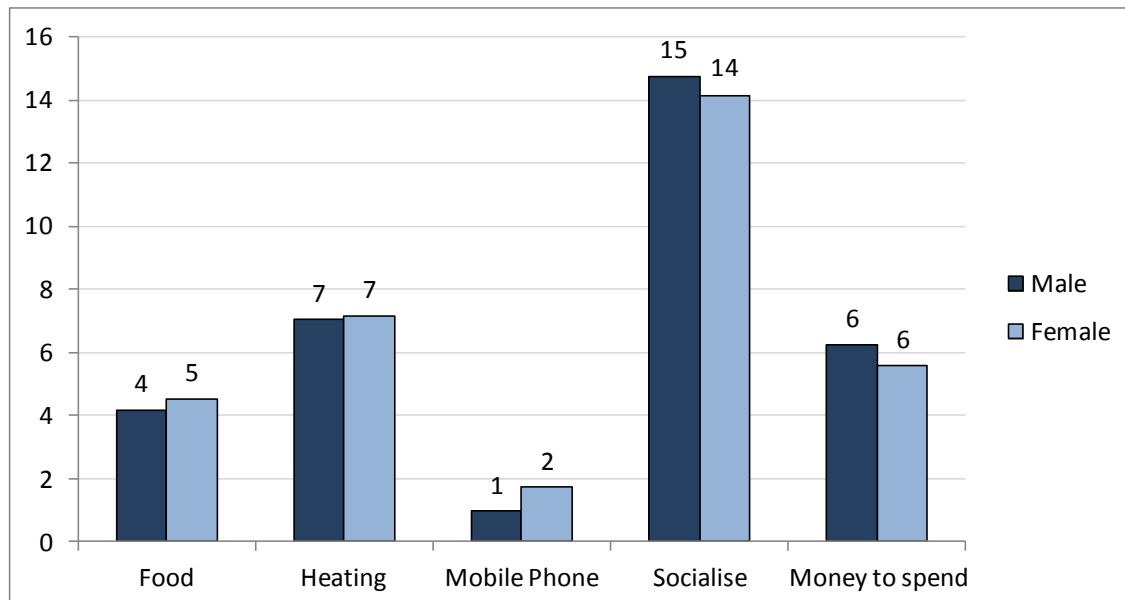
#### **5.3.1 Individual deprivation**

Does the financial regime have implications for the material well-being of individuals? In this section we examine access to goods and services measured at the level of the individual partner. As noted in section 2.6.2, individual deprivation is based on five items which are measured for every adult in the household. These items are doing without food, doing without heating, inability to afford a mobile telephone, inability to afford a morning/afternoon/evening out and not having money to spend on oneself. Unlike the household-level indicator of basic deprivation, the level of individual deprivation may differ for different adults within the household.

### 5.3.2 Level of individual deprivation among men and women in couples

Figure 5.1 shows the percentage of male and female partners who are deprived on each of the individual items. The pattern is very similar for women and men, with the highest level of deprivation on the social life item and the lowest level on the mobile phone item. The gender differences are not statistically significant.

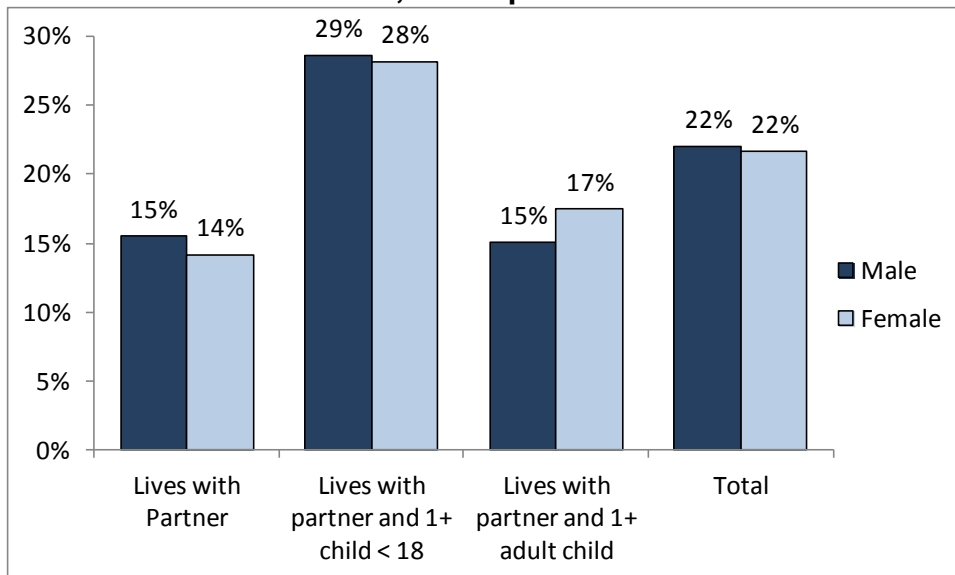
**Figure 5.1 Percentage of male and female partners in couples deprived on each individual item**



Note: Base partners in couple households, SILC 2010, analysis by authors. Gender differences are not statistically significant at  $p \leq .05$ .

### 5.3.3 Individual deprivation scale

Figure 5.2 considers the percentage of partners who are deprived on one or more of the five individual items. The figure again shows that gender differences are not statistically significant, but the level of deprivation is higher where the couple has children under the age of 18. Just over one-fifth (22 per cent) of male and female partners are deprived on any of the five items, rising to 28 to 29 per cent where the partners have children under the age of 18. The figure is lower (at 14 to 15 per cent) where the partners have no children living in the household.

**Figure 5.2 Percentage of male and female partners lacking one or more individual item, in couples**

Note: Base partners in couple households, SILC 2010, analysis by authors. Gender differences are not statistically significant at  $p \leq .05$ .

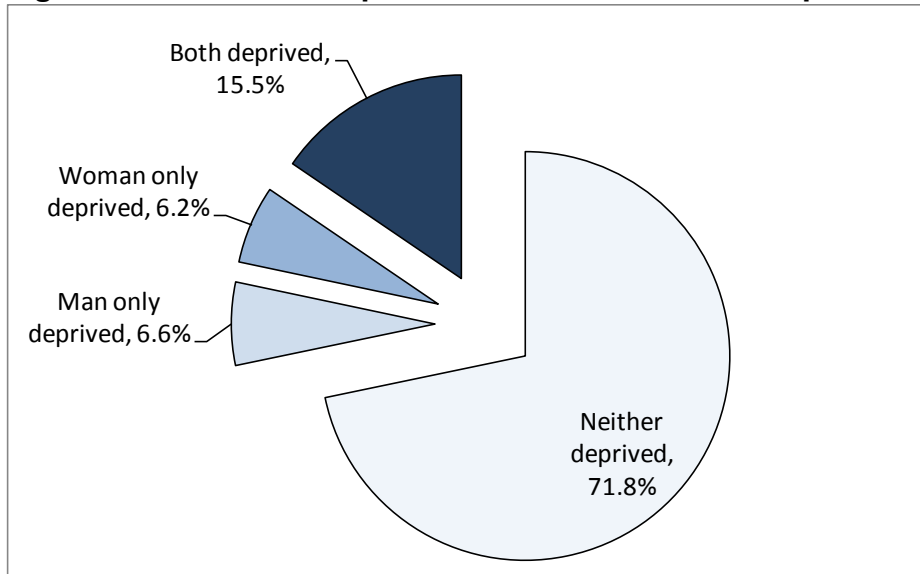
#### 5.3.4 Model of individual deprivation for male and female partners

In this section we use a statistical model to examine the impact of financial regime on individual deprivation of male and female partners in couple households, controlling for income and other characteristics. Figure 5.3 shows the extent of overlap between deprivation of the male and female partners in couples. In 72 per cent of couples neither partner is deprived of any of the five individual goods or services and in 15.5 per cent both partners are deprived. In six to seven per cent of couples only the woman is deprived and, in a similar percentage, only the man is deprived. The difference between the percentage where only the man and only the women is deprived is not statistically significant.

We conducted an analysis to check the impact of the couple's financial regime on individual deprivation, controlling for other characteristics. The analysis involved a multinomial logit regression with the categories of individual deprivation (neither deprived, male-only, female-only, both deprived) as the dependent variable<sup>12</sup>. As well as level of income, source of income, work pattern, income pooling and financial decision-making (as shown in Table 5.2), other characteristics controlled included marital status, age group, education, housing tenure, social class, number of other adults in the household and number of children (see full model in Appendix Table A5.3).

<sup>12</sup> The model is based on weighted data with robust standard errors, using Stata's 'svy' routine.



**Figure 5.3 Individual deprivation of male and female partners in couples**

Note: Base = couple households, SILC 2010, analysis by authors. The difference between the percentage of couples where only the man is deprived and only the woman is deprived is not statistically significant.

In general, Table 5.2 shows that the pattern where both partners experience individual deprivation is more structured by couple financial regime than the pattern where only one of the partners is deprived. This can be seen in that there are more statistically significant variations for 'both deprived' by aspects of couple financial regime.

In couples with lower incomes (adjusted for household size and composition) the model-estimated risk of both partners experiencing individual deprivation is higher: 18 per cent in the bottom decile compared to 6 per cent in the top decile, with other characteristics held constant. This is similar to the finding in Section 5.2 above that the level of income is very important to the risk of basic (household) deprivation. However, income level does not have a significant impact on the pattern where only one partner is deprived of individual goods and services (male-only or female-only). In other words, as income falls, both partners suffer.

Receiving income from work also makes a difference, with other characteristics controlled. The model-estimated risk that both partners will be deprived of individual goods and services is higher where neither works (22 per cent, estimated) or in the 'mixed work' pattern characterised by male part-time employment (19 per cent), than where both work full-time (11 per cent). These differences parallel those observed in Table 5.1 for basic deprivation. Where only the female partner works, there is also a tendency for male-only deprivation to be higher (12 per cent) compared to an

estimated 4 per cent where both partners work full-time. We see a parallel pattern in the increase in male-only deprivation where only the female partner has an income (an estimated 15 per cent compared to 6 per cent where both have an income).

**Table 5.2: Model-estimated percentage deprived (individual deprivation) for partners in couples, by couple financial regime, income quintile and work pattern**

		(a) Male-only deprived	(b) Female-only deprived	(c) Both Deprived
<b>Income quintile</b>	Bottom income quintile			18%
	2nd income quintile	No significant difference from reference income category	No significant difference from reference income category	18%
	Middle income quintile			15%
	4th income quintile			13%
	Top income quintile (Ref)			6%
<b>Work</b>	Neither works	n.s.		22%
	Only female works	12%	No significant difference from reference category	n.s.
	Mixed work pattern	n.s.		19%
	Only male works	n.s.		n.s.
	Male FT/Female PT	n.s.		n.s.
	Both work full-time (Ref)	4%		11%
<b>Income source</b>	Male-only income	n.s.	No significant difference from reference category	No significant difference from reference category
	Female-only income	15%		
	Dual income (Ref)	6%		
<b>Pooling</b>	Full income pooling (Ref)	No significant difference	No significant difference	17%
	Not full income pooling			12%
<b>Decision-making</b>	Mostly male decision-making	No significant difference from reference category	No significant difference from reference category	n.s.
	Shared decision-making (Ref)			14%
	Mostly female decision-making			18%
<b>Overall percentages</b>		6.6%	6.2%	15.5%

Note: Base = couple households, SILC 2010, analysis by authors. Estimates are based on a multinomial logit model run on weighted data with robust standard errors and represent the expected difference between groups with other characteristics controlled. The 'mixed work pattern' is one where the male partner works part-time and the female partner works either full-time or part-time. See Appendix Table A5.3 for the full model. Model controls for marital status, age group, education, housing tenure, social class, number of other adults in the household and number of children.

Couples where the male partner has no personal income are relatively unusual (occurring in only 4 per cent of couples, see Table 3.4) and cases where only the female partner works are also less common (11 per cent) than cases where only the male partner works (20 per cent, Appendix Table A5.1). Watson, Maître and Whelan (2012) have documented the extent to which there was a decline in full-time work by the male partner between 2004 and 2010, from 80 per cent to 64 per cent of working-age couples (p.19). The higher level of male-only individual deprivation in these situations might arise if the male partner does not feel entitled to ask for a

share of income for individual goods and services in this emerging couple income and work pattern.

The present finding that having a personal income matters more for men than for women parallels results reported by Vogler and Pahl (1994) that female control of finances did not protect them against financial deprivation but that male control of finances did serve to protect the financial interests of men.

Again, as we saw in the case of basic deprivation, income pooling is important but not in the way we might have anticipated. Where income is not fully pooled, the estimated percentage of couples where both are deprived of individual goods or services is *lower* (12 per cent) than where there is full pooling (17 per cent). Income pooling is not consequential for male-only or female-only individual deprivation in couples when other characteristics are controlled.

We again see evidence that shared decision-making is more beneficial. The model estimates that both partners experience individual deprivation in 14 per cent of couples where decision-making is shared, compared to 18 per cent where the woman is mainly responsible for decision-making. The percentage is also higher where the male is mainly responsible, but this is not statistically significant because of the smaller number of couples with this pattern (See Appendix Table A5.3). This is similar to the beneficial impact of shared decision-making on the level of basic deprivation at the household level. For the partners in the couple individually as well as for the household as a whole, then, shared decision-making is associated with better outcomes.

Other characteristics of the couple are also associated with individual deprivation (see Appendix Table A5.3). The odds that both partners will be deprived of individual goods and services is higher for younger couples, when there are children in the household, where the accommodation is being purchased or rented (as opposed to owned outright), where the male partner has a disability and in the lower technical social class. There is also an association between the woman's lower level of education and one partner (either male-only or female-only but not both) being deprived.

## **5.4 Summary**

In this section, we saw that the couple financial regime matters for the level of basic deprivation and the level of individual deprivation of the partners. In particular, shared financial decision-making was associated with better outcomes.

## 6. Conclusions

### 6.1 Introduction

The focus of this report has been on the 85 per cent of adults living in multi-adult households and on the income sources, income pooling and financial decision-making in these households. In this section, we will draw together the results to address the research questions. An examination of the policy implications of the findings would be beyond the scope of this technical paper, but we do consider the main implications for the measurement of poverty and social exclusion.

### 6.2 How much income sharing is there in households?

We began by examining receipt of personal income by adults and the proportion of this income that was made available for household use. Conventional income poverty measurement assumes that all incomes are available for the benefit of all household members. The 2010 SILC data provides an important opportunity to test this assumption. The main question is whether most income is pooled and, if not, whether there are differences by the position of the individual within the household, and between households with higher and lower total incomes.

The findings indicated that most adults (90 per cent) have a personal income from work or from social transfers. Single adults living with parents (or a parent) were the group least likely to have a personal income, but even here, 80 per cent have a personal income. In couple households, 86 per cent of women and 96 per cent of men have a personal income. On average, the personal income of female partners accounts for 30 per cent and that of male partners accounts for 70 per cent of the total couple income.

Among adults with a personal income, 52 per cent contribute all of their income for the use of the household, 13 per cent contribute more than half, 8 per cent contribute about half, 12 per cent contribute less than half and 14 per cent contribute none of their incomes. Single adults living with parents are least likely to contribute any of their personal income for household use (only about half of them do so) and only eight per cent of them contribute all of their personal incomes. Those living in non-family households (i.e. not with a partner, parent or child) are also less likely to contribute their personal incomes: 27 per cent contribute none of their personal income, a further 41 per cent contribute less than half and only 11 per cent contribute all of their personal income. The groups most likely to contribute all of their

personal incomes are those living with a partner and at least one child under the age of 18 (68 per cent).

We used the information on the level of personal income and extent of contribution by each adult to estimate the percentage of total personal income in the household that is actually available for household use. This is an approximate measure, since information on the contribution is available only as categories ('all', 'more than half', 'about half', 'less than half' and 'none'). The calculation suggested that between 69 per cent (low estimate) and 80 per cent (high estimate) of personal income is pooled in multi-adult households, with a medium estimate of 75 per cent. The lowest proportion of income is pooled in households consisting of three or more adults with no children (medium estimate of 59 per cent pooled). The highest figure was for households consisting of two adults and three or more children (medium estimate of 90 per cent pooled). Income pooling increases as the number of children in the household increases and is reduced as the number of adults increases. This pattern, together with a finding of higher income pooling in poor or deprived households, suggests that the proportion of income that is pooled depends, at least in part, on the needs of the household.

There is a gender difference in the proportion of income contributed for household use by partners in couples. Men contribute a higher proportion of their personal income (86 per cent) than women (77 per cent). This is at least partly because the proportion contributed is higher where the person has a higher income than the partner.

The percentage of income that is contributed for household use is higher in households that are at-risk-of-poverty, experiencing basic deprivation, experiencing consistent poverty or economic vulnerability. This suggests that the retention of some individual income is not independent of the total income position of the household: if resources are needed for the household as a whole to attain a certain standard of living, the extent of income pooling will tend to increase.

Despite contributing a higher proportion of their incomes for household use, male partners in couples still retain a higher amount of disposable income, on average, because their income levels are higher. We estimated that the average male partner is left with €82 per week in disposable income compared to €59 per week for female partners. The gender gap in income increases with age, with the income of the

female partner accounting for 25 per cent of the couple income where the woman is over age 65 compared to 42 per cent where the woman is aged 18 to 44. Note that this is a measure of the person's access to income in the absence of transfers from other household members: male and female partners may receive additional money for personal use from their partners or other household members.

There is no overall gender difference in the amount of money that partners spend on themselves. On average in couple households, both men and women men spend €35 per week on themselves. Where there are children in the household, men spend €28 and women spend €51 per week on the children. For some partners, this leaves a considerable amount of income that is not contributed for household use, spent on children or on themselves. We do not know whether this additional income is saved or is used for the benefit of others inside or outside the household.

### **6.3 Decision-making in couple households**

As well as income pooling, financial decision-making was examined as an important aspect of the household financial regime. Most adults have some responsibility for decision-making across a range of areas, including weekly shopping, buying major items like furniture, borrowing and saving and (where relevant) meeting children's expenses.

We constructed a scale measuring the individual's level of responsibility for decision-making that ranged from 0 (no responsibility in any area) to 10 (sole responsibility in all the areas that apply to this household). In couple households, there is a high level of agreement between the partners as to who is mainly responsible, so we were able to use the scores of either partner to represent the couple. We used the decision-making responsibility scale to distinguish couples where decision-making responsibility was mainly by the female partner (female score from 7.5 to 10, 25 per cent of couples), mainly by the male partner (female score under 2.5, 5 per cent of couples) or shared (female score from 2.51 to 7.49, 70 per cent of couples).

### **6.4 Basic deprivation and individual deprivation in couples**

In examining the impact of household financial regime on basic deprivation and individual deprivation we focused on couple households. We examined three dimensions of household financial regime: source of income (whether one or both partners have an income and the couple work pattern), whether the partners pool all

of their personal incomes and whether decision-making is shared or is mainly the province of one partner.

Basic deprivation is concerned with the household standard of living and access to basic necessities such as food, heating, clothing and social activities. All household members are assumed to have the same access to these goods and services. About one couple in six (16 per cent) experiences basic deprivation. The second outcome we considered is individual deprivation, measured in terms of access to adequate food, heating, mobile telephone, ability to socialise and having some money to spend on oneself. Individual deprivation can differ between the partners – one might be deprived while the other is not deprived. In about one fifth of couples, one or both partners lack at least one of these goods or services, with no significant gender difference in the prevalence of individual deprivation in couples.

We found that the household financial regime does matter for basic and individual deprivation, but not always in the ways we might anticipate. Both household basic deprivation and individual deprivation are reduced where there is income from work, particularly the full-time work of the male partner. Once the level of income, receipt of income from work and other characteristics are controlled, however, it does not matter to basic deprivation whether one or both partners has an income (such as from pensions or other social transfers).

Whether one or both partners have an income does matter for individual deprivation, however. When only the female partner has an income or works for pay, the risk of individual deprivation is higher for the male partner. There is no evidence of higher individual deprivation for the female partner when she does not work for pay or receive an individual income. Cases where the male partner has no personal income are relatively unusual and cases where only the female partner works are also less common. The decline in full-time work by male partners resulting from the recession has increased the prevalence of couples relying on female work (Watson, Maître and Whelan, 2012). The higher level of male-only individual deprivation in these situations may reflect a delay in the partners' responding to this new reality with a shift in the distribution of resources within the household.

Contrary to expectations, where couples pool all of their personal incomes for household use, the level of both basic and individual deprivation tends to be higher, with other factors (including level of income) held constant. This suggests that the



partners will only retain part of their incomes if it is not needed for the household to attain a basic standard of living or for the individual partners to attain a certain level of access to goods and services.

We found that the shared decision-making within couples is associated with a lower risk of both basic and individual deprivation. The difference was statistically significant compared to female-only decision-making but not compared to the rarer male-only pattern of decision-making. The findings suggested that the involvement of both partners in financial decision-making helps to ensure a better use of household resources to ensure an adequate standard of living both collectively for the household as a whole and individually for each partner.

These findings contain some elements of support for the unitary concept of the household. We found that full pooling of income is associated with higher levels of deprivation. The most likely explanation of this pattern is that decisions on how much to contribute for household use are made with a view to the impact on the standard of living for the household as a whole and for individual members. On the other hand, there is no evidence that specialisation (e.g. one income source, one earner, one decision-maker) is associated with better outcomes. In fact, when it comes to decision-making, shared decision-making is more beneficial.

There is limited support for the power/bargaining approach to household resource allocation and only in the case of men. The power/bargaining approach, as discussed in Chapter 1, sees the consumption decisions of households as a matter of power and bargaining and would predict that access to individual goods would be greater where a person controlled a higher proportion of total household income. There is no evidence that women experience higher levels of individual deprivation where they rely on the income and work of their partners. But there is some evidence that men fare less well when they do not have an income or rely on the earnings from work of the female partner. We do not know whether this is a pattern that would persist, however, if reliance on female income and earnings were to become more common in couples. If female-only income in couples were to increase in prevalence, we may see a redistribution of resources from the female to the male partner in couples.

Apart from the couple financial regime, we found that basic deprivation and individual deprivation are structured by many of the same factors. In both cases, the level of

deprivation is increased among those with lower incomes, couples with children, younger couples (compared to those over the age of 65), where one of the partners has a disability, among those purchasing or renting accommodation (compared to those who own outright) and in social classes other than the professional/managerial social class.

### **6.5 Limitations of present study**

The analysis reported here is based on results from SILC 2010, a year in the middle of the most severe recession in the history of the State. The results must be interpreted with an eye to how these circumstances may have shaped the observed patterns and the fact that the patterns may change as Ireland moves out of recession. For instance, male employment loss in the recession was more severe than the loss of employment among women, leading to an increase in the relative importance of female earnings for couples. Since dependence on female earnings is a new experience for many couples, and one which may be seen as temporary, couple strategies for allocating resources for personal expenses may not yet have adjusted. Thus, the fact that individual deprivation among men appears to be higher in couples relying on the woman's income might partly reflect the newness of this phenomenon.

Further, the property market crash, combined with high levels of youth unemployment, is likely to have changed the extent and pattern of young people continuing to live with their parents. If young people see living at home as a temporary measure rather than something that is likely to continue for an extended period, this may limit their contribution to household expenses and involvement in household financial decision-making.

A second limitation concerns the relatively small set of indicators of individual deprivation examined here. We relied on access to goods and services measured at individual level for all adults. Although beyond the scope of the present paper, useful extensions would be to examine access to leisure time, access to health care and the capacity to save. It may well be the case that having an income of one's own and the level of income pooling matters in terms of access to these goods and services, or other goods and services that are less basic than those examined here.

## 6.6 Implications for measurement of poverty

One question we had at the outset was whether the assumption that incomes were shared was a fair representation of the access to resources of men and women within couples. In particular, since female partners are more likely to have no independent income or to have lower independent incomes than male partners, can we assume that male and female partners benefit equally from the couple's resources? We checked this by examining whether male and female partners differed in their access to individual goods and services (food, heating, mobile telephone, socialising and money to spend on oneself). There was no evidence that women suffered where they did not have an independent income. However, there was some evidence that men without an independent income were at higher risk of individual deprivation. Few couples rely completely on female income, but the proportion relying on female work has increased with the recession. The higher individual deprivation rate of men in these couples may reflect a lag in adjusting the way resources are distributed within households to this emerging reality. At any rate, it would be advisable to monitor individual access to basic goods and services on an on-going basis. As well as the items we examined here (food, heating, mobile telephone, socialising and money to spend on oneself), other basic goods and services might also be considered such as access to transport, access to health services and an ability to save some money.

We focused on very basic goods and services. There may be consequences for women when it comes to access to leisure time or to goods and services that might not be considered basic or essential. Examining some of these issues (particularly that of leisure time) would be possible with the 2010 SILC module, but this analysis was beyond the scope of the present paper.

The findings on income pooling have implications for the measurement of poverty in households with adult children or with non-family members sharing accommodation. In particular, the findings suggest that we may need to consider how incomes of adult household members are taken into account in constructing a measure of the income available to the household as a whole. This is particularly relevant to households containing non-married adult children and households consisting of non-family members. On the one hand, single adult children benefit from overall household expenditure on accommodation, food, heating and so on. On the other hand, personal income from adult children living at home is not fully available for use

to benefit other household members. This means that a focus on the 'tax unit' would not be adequate. A 'tax unit' focus would involve treating the couple and any dependent children as a unit and treating adult children as separate individual units. This would not be adequate because there appears to be a transfer of resources from parents to adult children (because spending on housing, heating and other utilities, benefits all household members), but a more limited transfer in the opposite direction. A full treatment of this issue would require either direct measurement (through additional questions on SILC) or modelling of the extent of transfer of resources that is involved where there are adult children or other persons who are not members of the immediate family.

The consequences for the assessment of income poverty are that the conventional poverty measure may overstate the disadvantage of adult children living with parents while understating that of other members of the same households (including the parents and any younger children).

These problems with the assumptions underlying the measurement of income poverty affirm the wisdom of developing a range of indicators that go beyond income-based measures. In particular, the findings reinforce arguments in favour of supplementing income-based indicators with measures of deprivation that directly measure household and individual standard of living.

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## Appendix Tables

Appendix Table A5.1: Distribution of couple characteristics (% of couples)

		%			%
Marital Status	Married (Ref)	90%	Income quintile	Bottom	20%
	Cohabiting	10%		2nd	20%
Number of children	No children (Ref)	49%	Work pattern	Middle	20%
	One child	20%		4th	20%
	Two children	21%		Top (Ref)	20%
	3+ children	10%		Neither works	28%
Number of other adults	None (Ref)	73%	Only female works	11%	
	One other adult	18%	Mixed pattern	8%	
	Two+ other adults	8%	Only male works	20%	
Age of Female	Age 18-34	25%	Income source	Male FT/Female PT	12%
	Age 35-44	20%		Both full-time (Ref)	21%
	Age 45-54	24%		Male income only	14%
	Age 55-64	19%		Female inc. only	3%
	Age 65+ (Ref)	13%		Dual inc. (Ref)	83%
Female disabil.	None (Ref)	84%	Income pooling	All pooled (Ref)	58%
	Has disability	16%		Not full pooling	42%
Male disabil.	None (Ref)	83%	Decision-making	Mostly male	5%
	Has disability	17%		Shared (Ref)	70%
Education of female	No educational quals	18%		Mainly female	25%
	Lower 2 <sup>nd</sup> level	15%			
	Higher 2 <sup>nd</sup> level	34%			
	Lower 3 <sup>rd</sup> level	6%			
	Higher 3 <sup>rd</sup> level educ (Ref)	28%			
Tenure	Own accom. outright (Ref)	45%			
	Purchasing accomm.	37%			
	Rent from local authority	6%			
	Rent privately	12%			
Social Class	Profess./managerial (Ref)	47%			
	Intermediate social class	17%			
	Self-employed/farmer	11%			
	Lower technical	14%			
	Routine/unskilled	11%			

Note: Base=couple households; N cases=2,419.



**Appendix Table A5.2: Odds of basic deprivation in couple households**

	Model 1		Model 2	
	Odds ratio	p value	Odds ratio	p value
Cohabiting vs. married	0.85	0.586	n.s.	---
One child vs. none	1.90	0.026	1.95	0.018
Two children vs. none	1.92	0.045	1.99	0.031
3+ children vs. none	2.14	0.049	2.25	0.032
One other adult vs. none	0.99	0.983	n.s.	---
Two+ other adults vs. none	1.17	0.625	n.s.	---
Age 18-34 vs. 65+	4.37	0.006	4.09	0.005
Age 35-44 vs. 65+	5.52	0.001	5.45	0.001
Age 45-54 vs. 65+	4.20	0.002	4.49	0.001
Age 55-64 vs. 65+	3.30	0.002	3.43	0.001
Female partner disability vs. not	1.98	0.005	2.10	0.001
Male partner disability vs. not	1.37	0.172	n.s.	---
No educational quals. vs. higher 3rd level	1.47	0.312	n.s.	---
Lower 2nd level vs. higher 3rd level	1.64	0.161	n.s.	---
Higher 2nd level vs. higher 3rd level	1.64	0.087	n.s.	---
Lower 3rd level vs. higher 3rd level	1.50	0.362	n.s.	---
Female income only vs. dual income	0.65	0.187	n.s.	---
Male income only vs. dual income	0.94	0.860	n.s.	---
Not full pooling vs. full pooling	0.47	0.000	0.49	0.001
Mostly male management vs. joint	1.84	0.174	n.s.	---
Mainly female decision-making vs. shared	1.96	0.001	1.90	0.002
Bottom income quintile vs. top	7.78	0.000	7.62	0.000
2nd income quintile vs. top	5.94	0.000	6.02	0.000
Middle income quintile vs. top	4.97	0.001	4.86	0.001
4th income quintile vs. top	3.31	0.015	3.02	0.021
Neither works vs. both work	3.15	0.003	3.95	0.000
Only female works vs. both work	1.75	0.137	2.27	0.004
Mixed work pattern vs. both work	2.24	0.062	2.95	0.002
Only male works vs. both work	0.83	0.606	n.s.	---
Male FT/Female PT vs. both full-time	0.56	0.153	n.s.	---
Purchasing accomm. vs. own outright	2.98	0.000	2.75	0.000
Rent from local authority vs. own outright	3.37	0.001	3.32	0.001
Rent privately vs. own outright	2.93	0.002	2.69	0.005
Intermed. social class vs. profess./manag.	1.30	0.393	n.s.	---
Self-employed/farmer	2.29	0.008	2.25	0.006
Lower technical social class	1.92	0.026	1.89	0.016
Routine/unskilled social class	2.80	0.001	2.74	0.000
Constant	0.00	0.000	0.00	0.000

Note: Base=couple households; Logit model with weights and robust standard errors run using 'svy' routine in Stata. Model 2 has non-significant coefficients constrained to equal zero. N cases=2,419.

**Appendix Table A5.3: Model of individual deprivation in couples (odds ratios vs. neither deprived)**

	Male only		Female only		Both	
	Odds ratio	p value	Odds ratio	p value	Odds ratio	p value
Cohabiting vs. married	0.68	0.407	0.79	0.661	1.46	0.197
One child vs. none	1.91	0.079	<b>3.08</b>	0.005	<b>2.29</b>	0.003
Two children vs. none	1.72	0.145	<b>2.47</b>	0.041	<b>1.93</b>	0.030
3+ children vs. none	1.54	0.316	<b>4.62</b>	0.003	<b>2.78</b>	0.006
One other adult vs. none	1.16	0.685	1.34	0.313	1.02	0.933
Two+ other adults vs. none	0.39	0.104	0.49	0.160	0.98	0.945
Age 18-34 vs. 65+	2.78	0.140	1.30	0.684	2.76	0.051
Age 35-44 vs. 65+	1.67	0.467	0.41	0.176	<b>3.64</b>	0.007
Age 45-54 vs. 65+	2.34	0.189	0.73	0.582	<b>2.67</b>	0.024
Age 55-64 vs. 65+	<b>3.55</b>	0.005	2.13	0.080	<b>2.49</b>	0.015
Female partner disability vs. not	0.89	0.732	1.92	0.062	1.43	0.147
Male partner disability vs. not	<b>2.41</b>	0.002	1.18	0.617	<b>1.84</b>	0.011
No educ. Quals. vs. higher 3rd level	2.42	0.052	<b>2.95</b>	0.039	1.23	0.539
Lower 2nd level vs. higher 3rd level	<b>2.26</b>	0.031	<b>2.72</b>	0.045	1.44	0.262
Higher 2nd level vs. higher 3rd level	<b>2.76</b>	0.004	<b>2.14</b>	0.044	1.65	0.059
Lower 3rd level vs. higher 3rd level	1.67	0.578	1.63	0.441	1.48	0.348
Male income only vs. dual income	0.82	0.604	0.93	0.858	0.67	0.227
Female income only vs. dual income	<b>3.21</b>	0.009	2.64	0.095	0.94	0.869
Not full pooling vs. full pooling	0.71	0.219	0.77	0.339	<b>0.56</b>	0.003
Mostly male decision-making vs. shared	1.58	0.410	1.73	0.279	1.83	0.175
Mainly female decision-mak. vs. shared	1.29	0.380	1.48	0.147	<b>1.57</b>	0.023
Bottom income quintile vs. top	1.12	0.803	0.86	0.793	<b>4.37</b>	0.001
2nd income quintile vs. top	0.73	0.481	0.91	0.864	<b>4.08</b>	0.001
Middle income quintile vs. top	1.67	0.245	1.25	0.649	<b>3.47</b>	0.001
4th income quintile vs. top	1.15	0.739	0.91	0.840	<b>2.63</b>	0.014
Neither works vs. both work	2.25	0.097	0.81	0.651	<b>2.65</b>	0.010
Only female works vs. both work	<b>3.93</b>	0.001	0.83	0.694	1.79	0.090
Mixed work pattern vs. both work	1.54	0.514	1.86	0.205	<b>2.35</b>	0.028
Only male works vs. both work	1.62	0.282	0.74	0.492	0.96	0.906
Male FT/Female PT vs. both full-time	1.04	0.933	0.60	0.349	0.66	0.259
Purchasing accomm. vs. own outright	1.83	0.103	1.39	0.292	<b>2.42</b>	0.001
Rent from local author. vs. own outright	0.69	0.579	<b>3.50</b>	0.008	<b>4.42</b>	0.000
Rent privately vs. own outright	<b>2.83</b>	0.022	1.59	0.373	<b>3.19</b>	0.001
Intermed. soc. class vs. profess./manag.	1.34	0.346	1.15	0.708	1.06	0.834
Self-employed/farmer	1.85	0.129	1.25	0.622	1.38	0.347
Lower technical social class	1.02	0.954	1.69	0.177	<b>1.76</b>	0.041
Routine/unskilled social class	1.43	0.399	1.55	0.340	1.65	0.113
Constant	<b>0.00</b>	0.000	<b>0.01</b>	0.000	<b>0.00</b>	0.000

Note: Base=couple households; Logit model with weights and robust standard errors run using 'svy' routine in Stata. Model 2 has non-significant coefficients constrained to equal zero. N cases=2,419.

## Glossary

**At-risk-of-poverty thresholds:** income thresholds derived as proportions of median income. These are based on the household income adjusted for household size and composition (referred to as equivalised income). A household at-risk-of-poverty has an adjusted (or equivalised) income below 60 per cent of the median adjusted household income. The at-risk-of-poverty rate takes account of household income from all sources, number of adults and number of children in the household. There are some minor differences in the income concept and the equivalence scale between the Irish and EU measures of at-risk-of-poverty.

**At-risk-of-poverty:** a term used at EU level to denote whether a household's income falls below the 60 per cent of median income threshold.

**Basic deprivation:** people who are denied - through lack of income – at least 2 items or activities on this index / list of 11 are regarded as experiencing relative deprivation. This is **enforced deprivation** as distinct from the personal choice not to have the items. 11 basic items are used to construct the deprivation index:

- unable to afford two pairs of strong shoes
- unable to afford a warm waterproof overcoat
- unable to afford new (not second-hand) clothes
- Unable to afford a meal with meat, chicken or fish (vegetarian equivalent) every second day
- unable to afford a roast joint or its equivalent once a week
- without heating at some stage in the last year through lack of money
- unable to afford to keep the home adequately warm
- unable to afford to buy presents for family or friends at least once a year
- unable to afford to replace any worn out furniture
- unable to afford to have family or friends for a drink or meal once a month
- unable to afford a morning, afternoon or evening out in the last fortnight for entertainment.

The indicator of basic deprivation was developed by the Economic and Social Research Institute using data from the CSO Survey on Income and Living Conditions. See Maitre B, Nolan B and Whelan C (2006) Reconfiguring the measurement of deprivation and consistent poverty in Ireland, Dublin: ESRI, for further information on the indicator. This is the measure of deprivation used in the *NAPinclusion*.

**Consistent poverty:** measures individuals who are both at-risk-of-poverty and experiencing basic deprivation.

**Correlation:** a correlation between two variables refers to a statistical relationship of dependence between these two variables. This relationship of dependence can be measured by a correlation coefficient and there are many of them. The most widely known is the Pearson correlation coefficient – or Pearson's Chi-square test - which measures the strength of the linear relationship between two variables.

**Cronbach's Alpha:** a measure of reliability (i.e. internal consistency). It informs us how closely related a set of items are as a group.

**Disposable income:** tax and social insurance contributions are summed to household level and subtracted from the gross household income to calculate the *total disposable household income*.

**Economic vulnerability:** a measure of the economic situation of a household based on whether it is at-risk-of-poverty, experiences enforced basic deprivation and has difficulty making ends meet.

**Equivalence scales:** a set of relativities between the needs of households of differing size and composition, used to adjust household income to take into account the greater needs of larger households. In Ireland the national scale attributes a weight of 1 to the first adult (aged 14+) and 0.66 to each subsequent adult and a weight of 0.33 to each child. International comparisons such as the one done by Eurostat uses the Modified OECD scale which attributes a weight of 1 to the first adult (aged 14+) and 0.5 to each subsequent adult and a weight of 0.3 to each child.

**Equivalised income:** this refers to household income from all sources adjusted for differences in household size and composition (number of adults and children). It is calculated by dividing total disposable (i.e. after tax) household income by the equivalence scale value. It can be interpreted as income per adult-equivalent.

**European Socio-economic Classification (ESeC):** This is a social class classification system designed to be used across the EU for comparative research (Rose and Harrison 2007, 2010). The ESeC is an occupationally-based classification (based on present or previous occupation) but has rules to provide coverage of the whole adult population. The information required to create ESeC is:

- occupation coded to the minor groups (i.e. 3-digit groups) of EU variant of the International Standard Classification of Occupations 1988 (ISCO88 (COM))
- details of employment status, i.e. whether an employer, self-employed or employee
- number of employees at the workplace
- whether a worker is a supervisor
- economic sector (agriculture or other industries).

**Financial regime:** this describes the way in which couples combine income sources (single or dual, couple work pattern), contribution of personal income for household use (contribute all or some/none) and make decisions about spending (shared decision-making or decision-making by one partner only).

**Household:** a household is usually defined for statistical purposes as either a person living alone or a group of people (not necessarily related) living at the same address with common housekeeping arrangements – that is, sharing at least one meal a day or sharing a living room or sitting room.

**Household equivalent (or equivalised) income:** household income adjusted to take account of differences in household size and composition by means of equivalence scales.

**Inactive:** the inactive population is the working-age population that is not in the labour force.

**Individual deprivation:** a person-level indicator of deprivation based on five items which are measured for every adult in the household: doing without food, doing without heating, inability to afford a mobile telephone, inability to afford a morning/afternoon/evening out and not having money to spend on oneself. Unlike the household-level indicator of basic deprivation, the level of individual deprivation may differ for different adults within the household.

**Lone parent:** a parent who has primary custody of a dependent child and is not living with the other parent.

**Material deprivation (EU):** this indicator is one of the European Commission's common indicators on social protection and social inclusion. It measures the proportion of the population lacking at least 3 out of the following 9 items:

- arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments
- capacity to afford paying for one week's annual holiday away from home
- capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day
- capacity to face unexpected financial expenses [set amount corresponding to the monthly national at-risk-of-poverty threshold of the previous year]
- household cannot afford a telephone (including mobile phone)
- household cannot afford a colour TV
- household cannot afford a washing machine
- household cannot afford a car
- ability of the household to pay for keeping its home adequately warm.

**Median:** the value that divides a sample in half (e.g. the income level above and below which half the people in a sample fall).

**Median income** is calculated by ranking the population by equivalised income from smallest to largest and the median or middle value is extracted. This is considered a more appropriate measure than mean income which can be skewed by extreme values.

**Poverty and social exclusion:** these terms are defined broadly in the *National Action Plan for Social Inclusion 2007-2016* (NAPinclusion) as follows:

‘People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.’

The two concepts are very similar when used in Irish policy-making but poverty is sometimes used in the narrower context to refer to low income (or wealth). On the other hand, social exclusion is almost always used in the broader sense, to refer to the inability to participate in society because of a lack of resources that are normally available to the general population.

**Quintile:** one-fifth of a sample divided into five equal parts to show how income, for example, is spread throughout the population; each quintile represents where a person’s or household’s income is located, ranging from the bottom quintile (lowest fifth or 20 per cent) to the top quintile (highest fifth or 20 per cent).

**Reliability:** the extent to which a set of items is measuring a single underlying construct. For example, the extent to which the 11 items in the basic deprivation scale are all capturing basic deprivation. It is usually measured by Cronbach’s alpha.

**SILC:** The *Survey on Income and Living Conditions* (SILC) is the Irish component of an EU-wide exercise to gather data on income and living conditions. The Central Statistics Office (CSO) is responsible for carrying out the survey in Ireland. SILC is a voluntary household survey carried out annually and allowing comparable statistics on income and living conditions to be compiled across the EU. The CSO produces data and analysis in accordance with Irish national poverty targets, indicators and related issues.

**Social transfers:** these are cash and near cash (e.g. Free Television Licence) receipts other than those related to market income (income from employment, self-employment, interest, dividends and property). **Social transfers** include unemployment payments, old-age and survivor’s benefits, illness/disability payments, children/family related allowances, housing allowances and other social welfare payments. Social transfers also include occupational pensions.