



Distribution of income within families receiving benefits

Traditionally, social security policy has treated the household as a single unit, and not considered the financial relationships between household members. This qualitative study examined patterns of money management, control and allocation within families on benefits at a time when the introduction of a Working Families Tax Credit would change who within a household received income. The study found:

- f* Most households saw responsibility for meeting children's needs as the woman's domain, irrespective of the financial management and control systems used. □
- f* Women were more likely than men to spend the income they received directly on the family, while men used some of their income as personal spending money. □
- f* Income in some households was unequally distributed, which disadvantaged women. □
- f* The way household income was managed and controlled in families was affected by: who received it; where it came from; the amount; and couples' perception of whether the breadwinning role is the man's or jointly shared.
- f* Household income tended to be more equally shared if:
 - men recognised that breadwinning could be a joint activity
 - women were used to receiving direct benefit payments
 - women received a high proportion of the family's total income
- f* Household income tended to be less equally shared if:
 - Income Support/Jobseeker's Allowance was paid to the man
 - men received informal earnings or used commercial credit
 - young mothers deferred to older male partners
- f* Couples rejected the idea of splitting payment of Income Support/Jobseeker's Allowance between the partners, although some suggested that it could benefit women in the most unequal households.
- f* Both men and women were opposed to having Family Credit paid through the pay packet. Women were concerned they would lose control over its allocation if it was not paid to them directly.
- f* The authors conclude that reforms such as the minimum wage or a Working Families Tax Credit, which reduce the proportion of income paid directly to the mother, could result in less income being used to meet family needs in many households, so that compensating measures, such as increasing Child Benefit, may be necessary.

Background

This qualitative study of 31 couples adds to previous research on the distribution of income within households by focusing on money management and control exclusively in families receiving social security benefits. All the couples interviewed had at least one very young child. About half of the couples were receiving Income Support or income-related Jobseeker's Allowance, while the other half were receiving the 'in-work' benefit, Family Credit. All were receiving Child Benefit. Each partner in the couple was interviewed separately.

The study examined how the source, the amount, and who received the income affected its distribution. It also looked at the impact of each partner's financial responsibilities on their material and psychological well-being.

Policy makers have considered different ways of splitting payment between partners, and it is now proposed to pay Family Credit as a tax credit through the pay packet. The study examined the processes involved in the distribution of income between household members, the couples' attitudes towards different payment options, and their potential impact on the welfare of individuals within the family.

Sources of income

Wages

Men and women saw wages as conferring on the earner a greater entitlement to spend than on the non-earner, even when this entitlement was not used in practice, particularly by women. One man commented in relation to his wages, "I do feel a percentage should be mine." In contrast, a woman whose husband earned the wage mused on what it would be like to have:

Something that's just mine, a little corner of my life that's mine, because nothing else is. Everything's theirs and his, and I'd just like to have something that's mine and I can do what I want with.

This study found that if women's income from wages, or benefit, formed a substantial proportion of the household income, women's control over the allocation of income between family members was greatly enhanced.

Family Credit

Women usually controlled Family Credit, which they allocated to the family, and they valued it highly as a guaranteed weekly budgeting tool. It was positively valued by both men and women, despite a belief that it enabled employers to pay inadequate wages. Some men had initially questioned the logic of a supplement to the man's wages being paid to his partner, but having experienced it, had come to see it as appropriate to pay money intended for the family to the woman.

Income Support/Jobseeker's Allowance

Most men both claimed and cashed these benefits. The eligibility rules for the Jobseeker's Allowance, requiring one partner to be the job-seeker, appeared to inhibit attempts at more flexible sharing of job-seeking and child-care responsibilities which would allow interchangeable roles.

In contrast to Family Credit, a striking degree of stigma was experienced by recipients of Income Support/Jobseeker's Allowance due to: a feeling of being seen by society solely as a claimant; the level of accountability attached to the receipt of benefit; and recipients' perception of these benefits as belonging to tax-paying wage-earners rather than to themselves:

It's like a 'negative' income...sometimes I feel like I have to justify the money that I get and what I spend it on to the Benefits Agency. You're unemployed twenty-four hours a day...It's not a nice thing to be. And it's like a label that someone's attached to you.

Child Benefit

Child Benefit was earmarked for the children and collective household items. Personal spending by men and women from this source was seen as prohibited, and was described by one man as like "robbing the bairns".

Financial management and control

In two-thirds of the couples the woman managed the household finances, i.e. was concerned with the day-to-day practicalities of budgeting.

In half the couples, however, the man had overall control over how the money was allocated. In most couples receiving Income Support/Jobseeker's Allowance where the man had financial control, he regularly had a fixed amount of personal spending money. Men in couples receiving Family Credit who had financial control accessed less regular but greater amounts of personal spending money, sometimes by purchasing goods on credit.

Financial management and stress

Women reported higher levels of stress and worry about finances than men, particularly when there were high levels of debt.

Men recognised that they had been relieved of financial stress:

I don't have to worry about the snotty letters from the bank - my wife gets those...I am able to concentrate on other things that interest me.

She sorts it all out, it's less worry for me.

In the small number of cases where the man did manage the money, they too experienced stress and worry. More typically, men worried about securing employment.

Although women often found the financial management responsibility burdensome, some did derive some peace of mind from it and a sense of pride from the skills involved.

Individual and collective expenditure

Both men and women saw it as the woman's responsibility to ensure that children's material needs were met. Women typically took the main responsibility for restraining their own and their partners' spending in order to prioritise the children's needs, and went without food, clothing and toiletries:

I'd rather buy a toothbrush for him and for Thomas before I buy one for me. As a general rule, I'd go without things like that, I'd tend to say "I'm fine, I'll have a toothbrush next time when we've got the money." If it's something for him, he usually says to me "Is it all right?" It generally is, but it's nice that he says. And if I ask him, he'll say "Well, we haven't got that much money," and I'll say "Don't worry about it then," and I'll try and be all bright and breezy, but inside feel awfully disappointed that we can't have things, and sometimes you're brought up short like a choke chain.

Men prioritised personal spending more highly than did women. They were less able to give specific examples of personally 'going without'.

Even small amounts of personal spending were significant for men's sense of well-being, but few women had access to any personal spending. Women found it very difficult to spend on themselves from their partners' wages, and did not see any element of Income Support/Jobseeker's Allowance as being for their own personal use. Some men felt they were legitimately able to spend money on themselves because they had earned the money. Others felt able to do this because they used the money on items which they considered part of 'collective expenditure' such as on DIY or car maintenance. By contrast, women's expenditure on their children, which could be viewed as 'collective', was in fact classified by their partners as individual spending.

Explaining the division of income within the household

Although in most cases women managed the family income on a day-to-day basis, men more often determined how it was allocated. Male financial control was associated with more personal spending money for men and more financial deprivation for women.

Men's financial control was greater when they were seen by the couple as the sole 'breadwinner'. Where 'breadwinning' was seen as a joint activity, control of its expenditure was shared, and there was a more equal distribution of income between the partners.

Factors contributing to male financial control

In over a third of cases, both partners felt the man should receive the main income, whether through benefits or wages. Payment of Income Support/Jobseeker's Allowance to men reinforced this perception. In these couples, the man had regular spending money.

Men who obtained money from casual work felt that this money belonged to them, and some men used commercial loans for individual expenditure.

In a few couples, usually where a young mother was partnered by an older man, the woman had found it difficult to manage a low income and the husband had taken over financial management. In these couples, men allocated a proportion of the family income to themselves as personal spending money, and women's ability to engage in autonomous spending was reduced.

Factors leading to more egalitarian distribution

In about a third of couples, limited labour market opportunities meant some men who would have preferred to be the sole earner had to accept a shared responsibility for 'breadwinning'. These couples also tended to share financial control. Here in particular, the rules for claiming Jobseeker's Allowance, which require a single job-seeker, inhibited flexible sharing of paid work and child care.

Financial control was more often shared in couples where the woman had at some time received benefit herself, whether as a single parent, or as the current recipient of Family Credit, Disability Living Allowance or Invalid Care Allowance.

Where income received by the woman, whether from wages or benefit paid directly to her, was a high proportion of household income, there tended to be more equal financial control.

Methods of payment

Couples were asked to comment on different ways of paying a family's social security benefits:

On balance couples rejected the idea of splitting payment of Income Support/Jobseeker's Allowance because they felt that this could cause marital discord. Some thought that men might see their share as personal spending money, leaving women with even less money to provide for the family. Some, however, considered that paying benefits to individuals might help those women who had little access to their partner's income.

Some women who did not want to receive benefits directly felt that a positive attribute of paying all the benefit to the man was that it preserved his sense of contributing to the family income.

In couples where men spent large amounts of money on themselves, and in two cases where non-means-tested benefits were paid individually to partners, there was support by the women for direct payments to themselves.

Both women and men opposed paying Family Credit through the pay packet. Women's opposition reflected the perceived advantages of current methods, which gave them guaranteed weekly income separate to their partner's wages:

No way! No...it's knowing that I'm going to get that money on a Tuesday and it will cover the nappies, the electric. I can go out and pay those bills on the Tuesday knowing that I've got the cash in my purse and not having to go through the bank account to get it. I wouldn't want it through his wages.

and

If you're getting Family Credit and it's the man that's working I suppose some men would think, I'm earning it, it's my money. When you get Family Credit now, it goes to the woman even if it's the man that's working, so at least the woman knows she's got something there each week rather than having to ask her husband for it.

Women in households where Family Credit was the only income to which they had access were particularly opposed to the idea.

As well as acknowledging the positive aspects of women's receipt of Family Credit, men who opposed it being paid through their wage packets were distrustful of employers:

I wouldn't like that, because I wouldn't trust my employer. They're not very good on being totally honest with your wages.

Conclusions and policy implications

The interaction between attitudes, economic circumstances and behaviour, and in particular between men and women within the household, and between families and the labour market, needs to be taken into account in policy formulation.

Couples' perceptions of their roles, and their responses to the needs and constraints of partners, children and labour market opportunities account for different distribution patterns within the household and affect the welfare of its individual members. The ways in which benefits are paid impact on the processes involved.

Although payment of Income Support/Jobseeker's Allowance to individuals would not be universally welcomed, the findings of this study indicate that it could be important for a minority of women in the most unequal households.

The study also provides some support for the Budget proposal to encourage the partners of unemployed claimants to seek work. It would help those who were trying to share responsibilities for both paid work and family care, provided it was accompanied by greater flexibility in the benefits system to facilitate partners' job-seeking. However, in this study, some couples supported a more traditional model of the family, and this too needs to be taken into account in formulating policy.

The study found that money paid direct to mothers is more likely to be used to meet family needs. The introduction of a minimum wage and a Working Families Tax Credit may reduce this amount. This may need to be compensated for, possibly by increased Child Benefit. Both men and women in the study expressed doubts about the wisdom of replacing Family Credit, paid directly to the woman where the man is the sole earner, with tax credits paid through the wage packet.

The announcement that couples will be able to choose whether the Working Families Tax Credit is paid through the pay packet or as a cash benefit goes some way to meeting the concerns about its impact

on the distribution of income within families. However, the researchers' findings regarding the dynamics of financial decision-making raise serious questions as to how 'real' this choice would be in safeguarding the credit as money to be spent on the children. In the most inegalitarian families women are unlikely to have the power to exercise the choice in their own favour. Even in other families, there may be a reluctance to challenge the presumption that this is money to top up the man's low wages. Therefore, it is essential that the choice is presented in such a way as to legitimate the existing notion that the money is for the family and for the mother to control.

About the study

The 31 couples in the study took part in separate in-depth interviews in their homes. The interviews were tape recorded, fully transcribed and analysed 'manually' and using the Nud*ist programme.

How to get further information

A full report, *Purse or Wallet? Gender Inequalities and Income Distribution within Families on Benefits* by Jackie Goode, Claire Callender and Ruth Lister, is published by the Policy Studies Institute and can be obtained from Grantham Book Services, Tel 01476 541080, Fax 01476 541061, price £13.95. Further information about the research can be obtained from Jackie Goode on 01509 223672, Ruth Lister on 01509 223350 or Claire Callender on 0171 468 0468.

The following *Findings* look at related issues:

- The extent of financial independence for women born in 1958, Nov 95 (*SP85*)
- Life on a low income, Jun 96 (*SP97*)
- Expenditure on children in Great Britain, Jul 97 (*SP118*)
- Bridges from benefit to work, Sep 97 (*SP130*)
- The Working Families Tax Credit, Options and evaluation, Mar 98 (*FO258*)
- Income and wealth: the latest evidence, Mar 98 (*F368*)

Full details of all JRF *Findings* and other publications can be found on our website: <http://www.jrf.org.uk>. If you do not have access to the Internet or have any further queries on publications, contact the Publications Office on 01904 615905 (direct line/answerphone for publications queries only).