

Chapter 4: Women and Financial Assets

Introduction

This chapter considers financial assets and earnings as opposed to material assets including housing assets, and explore how the pattern of ownership of financial assets paints a different picture (if any) of women from the previous chapter. The total wealth of households is made up with their income and assets. Income includes earnings from both economic activity and other sources such as pensions, rent from properties, and profits from investments, while assets can be categorised as financial assets (including savings and investments) and material assets (eg ownership of real estate, automobiles and, in Japan's case, membership of a golf club!). Overall assets of individuals or households also consist of the sum of both positive and negative assets (debts). Compared with housing assets, financial assets can be more personalised and may reflect women's financial status as an individual more accurately, especially in societies like Japan where 'joint accounts' are not possible. Cross-cultural comparison will highlight different accumulation patterns of financial assets among women. The survey specifically asked questions in three areas: women's savings, investments, and pensions. In particular, the survey aimed to disaggregate women's financial assets from those of the households for married or partnered samples.

Savings

Savings are potentially an interesting area to examine cross-national differences, considering the assumed differences in saving behaviours between the two societies. Despite the prolonged recession of some 15 years, for example, Japan is still known as a nation of savers. However, does it only apply to male-heads of the households, or do women also save a considerable amount in Japan compared with their British counterparts?

The majority of the British sample had saving accounts in banks or building societies. Thirty-three per cent (331 women) had one saving account, 20% (206

women) had two, and 12% (119 women) had three saving accounts, while 22% (222 women) did not have any. Even among those who had savings, however, the amounts were not very significant. Twenty-four percent (183 women) of all the samples had savings less than £500 and 58% under £5,000. On the other hand, only 38.6% of Japanese samples had savings under one million yen (£5,000: £1=¥200), which was 20 percentage points lower than the British samples. Over 10% of the Japanese samples had savings over four million yen (£20,000) while 8% of the British samples did so. We also have to note that 24% of the Japanese samples said they had no savings (16% of married samples did not even have savings under their husband's name). Overall, while a half of the British women with savings had less than £2,500, their Japanese counterparts are slightly better off in terms of savings.

As Figures 4.1 and 4.2 indicate, there were clear age differences in both societies as older age groups held more savings than their younger counterparts. In Britain, over a half of those aged between 25-34 had either no savings (22%) or savings under £500 (32%), while higher percentages of women in the older age group (45-54) had more substantial amount of savings (see Figure 4.1). In Japan, similarly, over a half of those aged between 25-34 had either no savings (25%) or savings under ¥500,000 (£2500) (30%) and 16% of those aged between 45-54 had savings over £20,000.

Figure 4.1: Amount of savings in total (including joint savings) by age in Britain

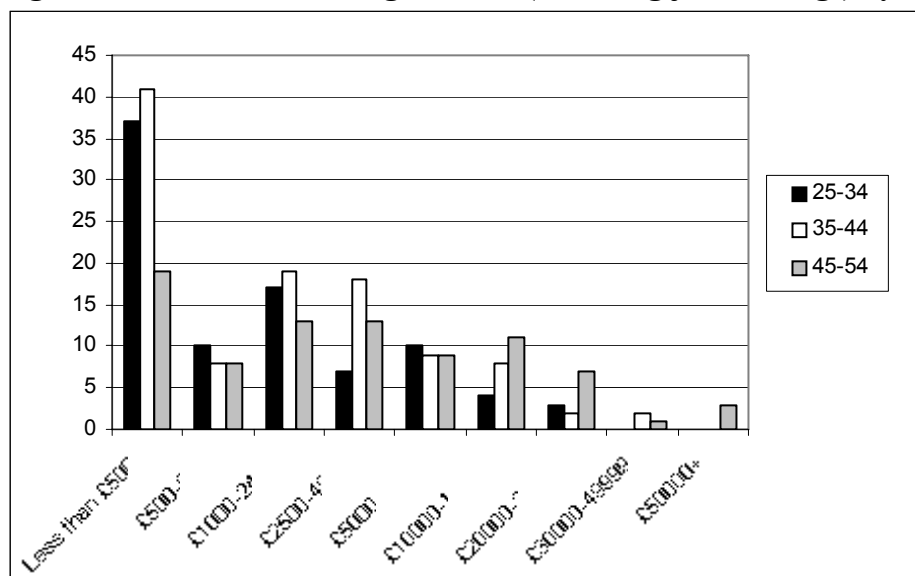
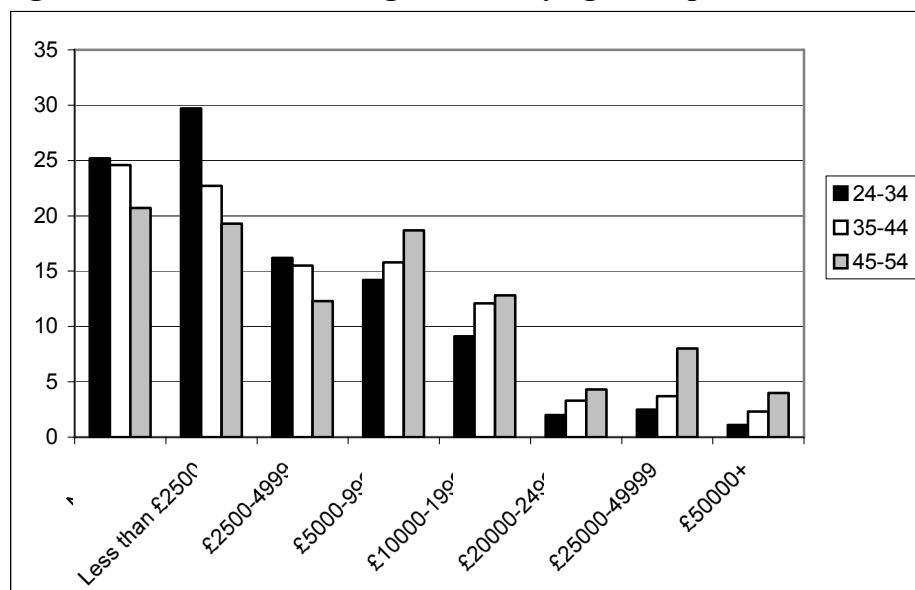


Figure 4.2: Amount of savings in total by age in Japan



Income is one of the most significant indicator to determine the amount of savings the women held. Among those who were earning low incomes, the saving amounts were inevitably lower, and their amount of savings increased as their income increased (Figures 4.3 and 4.4).

Figure 4.3: Amount of savings in total (including joint savings) by women's income in Britain

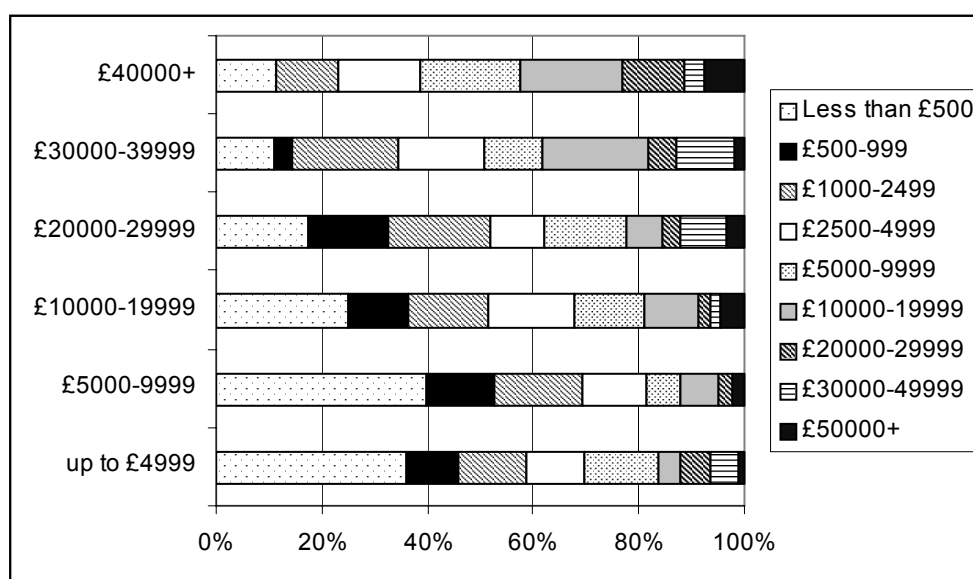
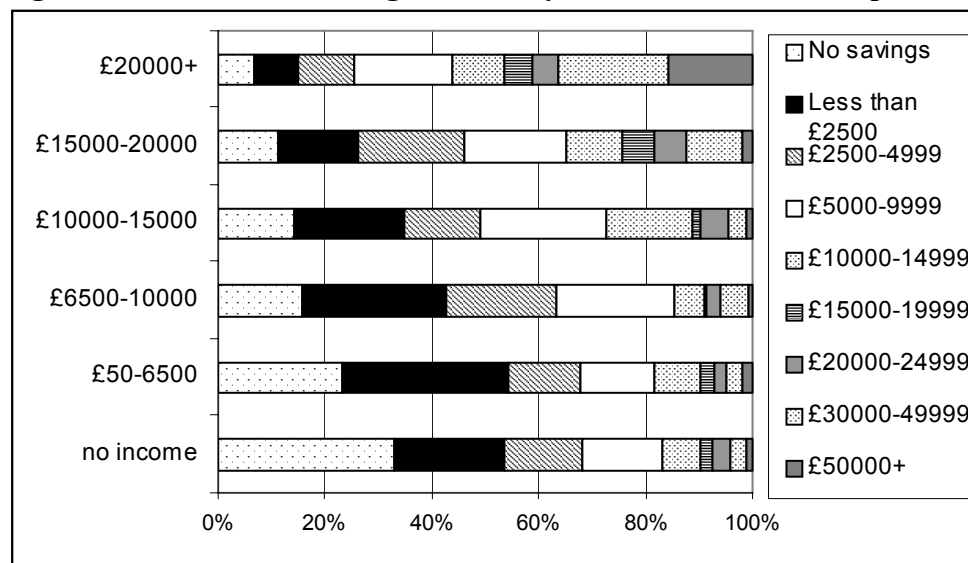


Figure 4.4: Amount of savings in total by women's income in Japan



The above figures in Britain were not strictly the women's 'personal savings' but included their 'household savings'. Fifty-four percent of the above savings were held jointly by the respondent and their partner, and only 25% (172 women) of the sample held their savings solely. The joint account holders (all of them either married or cohabiting) were further asked about the amount of savings they held *personally* – the data showed that distribution of the amounts remained relatively similar but the number of women who fell in the categories was halved (Table 4.1).

Table 4.1: Comparing the amount of the women's household and personal savings in Britain

	Household savings	Women's personal savings
Less than £500	183 (24%)	98 (26%)
£500-999	64 (9%)	26 (7%)
£1000-2499	98 (13%)	48 (13%)
£2500-4999	88 (12%)	38 (10%)
£5000-9999	73 (10%)	29 (8%)
£10000-19999	63 (8%)	23 (6%)
£20000-29999	28 (4%)	12 (3%)
£30000-39999	10 (1%)	2
£40000-49999	14 (2%)	2
£50000+	22 (3%)	3
Total	643	281

Due to the fact that joint accounts are not possible in Japan, the Japanese sample was asked separately about the amount of savings they have under their husband's name as well as their own. In general, the amount of savings under the husband's name was much higher than that of women's (Table 4.2).

Table 4.2: Comparing the amount of the husband's and wife's savings in Japan (married samples only [exclude single women])

	Wife's savings	Husband's savings
No savings	24.1%	15.8
Under £2500	24.0	15.8
£2500-4999	14.6	14.0
£5000-9999	16.0	17.5
£10000-14999	9.3	11.1
£15000-19999	2.7	4.6
£20000-24999	3.1	7.0
£25000-49999	4.0	8.6
£50000+	2.2	5.6

Employment status and marital status are another determinants when examining the women's saving patterns. Their employment status – full-time, part-time or no income (at home or not seeking work) – dictates the levels of their financial assets in both societies. In Japan, there was a clear differentiation between regular and non-regular (part-time, contract) workers and a half of the women who were employed full-time had savings over £5,000 while only one-third of their non-regular counterparts did so (Table 4.3). In Britain, on the other hand, being employed full-time or part-time did not really make a significant difference in their savings (Table 4.4). Inevitably, in both societies, however, those who were not engaged in economic activities held much less savings – more than a half of the samples had no savings or savings less than £2,500 in Japan and more than a half had less than £1,000 (42% were even less than £500) in Britain.

Table 4.3: Amount of savings (wife's name) by employment status in Japan (%)

	Manager, full-time	Non regular worker	Self- employed	Without job
No savings	11.1	23.7	19	30.4
Under £2500	21.4	29.7	22.6	20.4
£2500-4999	15.6	14.4	15.5	14.5
£5000-9999	20.8	15	15.5	15.5
£10000-14999	10	8.5	7.7	8.2
£15000-19999	3.4	2.2	3	2.4
£20000-24999	3.2	2.4	5.4	3.6
£25000-49999	10.6	2.5	7.1	3.1
£50000+	3.9	1.4	4.2	1.9

Table 4.4: Amount of savings by employment status in Britain (%)

	Full-time	Part-time	At home/not seeking work	Other
Less than £500	20	23	42	40
£500-999	9	8	11	4
£1000-2499	14	14	9	13
£2500-4999	12	11	10	11
£5000-9999	10	11	11	3
£10000-19999	8	11	4	6
£20000-29999	4	5	2	3
£30000-39999	1	2	0	2
£40000-49999	3	1	0	3
£50000+	2	2	2	8

In terms of marital status, unmarried women had slightly more savings than their married counterparts reflecting their ‘employed’ status (unmarried women are more likely to be employed than married women), while divorced women had the least savings in Japan (Table 4.5). Widows, on the other hand, held the highest amount of savings on average – for example, one-third of widows had savings more than £25,000 in Japan. Similar to the patterns of home ownership, inheritance from late husbands tends to boost the level of their wealth. The British data however showed different patterns of accumulation. Married and co-habiting women had the highest amount of savings on average. The low level of savings among single women may reflect the fact that single women were more likely to be younger (25-34) in our sample (and the younger age group held the least amount of savings in comparison). It is difficult to conclude from the aggregated data that there is distinctive economic fortune between divorcees and widows in Britain. However, almost a half of the

women in this category held savings less than £1,000 may mean women without a partner is in general disadvantaged from the asset accumulation (even the aggregated data did not show the high amount savers in this category with Japan).

Table 4.5: Amount of savings by marital status in Japan (%)

	Married	Divorced	Widowed	Never married
No savings	24.1	23.4	14.3	20.8
Under £2500	24	27.7	9.5	23.3
£2500-4999	14.6	13.8	9.5	16.3
£5000-9999	16	13.8	19	17.9
£10000-14999	9.3	6.4	4.8	6.3
£15000-19999	2.7	3.2	0	2.5
£20000-24999	3.1	4.3	9.5	2.5
£25000-49999	4	4.3	28.6	6.7
£50000+	2.2	3.3	4.8	3.7

Table 4.6: Amount of savings by marital status in Britain (%)

	Married/ co-habiting	Single	Divorced/ widowed/ separated
Less than £500	22	29	36
£500-999	7	16	11
£1000-2499	13	12	14
£2500-4999	13	9	8
£5000-9999	10	9	9
£10000-19999	9	9	4
£20000-29999	4	0	4
£30000-39999	1	1	3
£40000-49999	2	0	0
£50000+	2	0	4

The women were saving for a variety of reasons, which were often related to their life-course events. In Britain, approximately a half of the sample was saving to provide a sense of security. This answer can be however interpreted in a variety of ways – saving for old age, to supplement pensions, and so on – and may overlap other responses. The women in the older age group (45-54) were more likely to save for their old age care (16%), to supplement their pensions (18%) and to pass on assets to relatives (9%), compared with their younger counterparts (25-34) (7%, 7% and 1%, respectively). The life-cycle model of savings is applicable in the British case since people tend to be saving towards events in their own life-course rather than saving up for the future generations. Thirty percent of the sample (223 women) mentioned

‘other’ reasons for savings. Single women were more concerned about their costs for old age care (16%) compared with their married and cohabiting counterparts (9%) reflecting the fact of absence of spouses who are often first call of support.

In Japan, the highest percentage of the respondents (37.7%) mentioned ‘passing onto relatives’ as the reason for saving (multiple answers). This may reflect the cultural practice of Japanese families focusing on trans-generational accumulation of assets. Another interesting point is in relation to people’s perception of risks under the prolonged recession in Japan – securing a stable life (32%), preparing for tight household budget (27%) and providing a sense of security (10%) were all scored high reflecting increasing precariousness among households in their employment status, conditions, and incomes. In general, considerably less percentages of people mentioned savings as part of their old age security (9.8% for old age care; 9.3% for supplementing pensions) compared with their British counterparts. When we look at the results by age, the similar patterns have emerged. Higher percentages of the older respondents mentioned old age care (15.8%) and pension supplement (13.4%) as reasons for savings compared with their younger counterparts (4.6% and 2.9% respectively by the 25-34 age group). The reason (to pass onto relatives) scored the highest (34.5%) by the youngest age group may mean more on helping children in their up-bringing process (ie funding their education) than on inheritance perspectives.

Pensions

In Britain, overall, 45% (449 women) mentioned that they would have a basic state pension through their National Insurance contributions when they reached retirement age; 36% (363 women) were contributing to an occupational pension but 29% (290 women) did not have any type of pension. While in Japan those who claimed not to have any pension were much lower in percentage (11.6%); and the majority (84.9%) were expecting to receive state pensions thanks to a series of pension reforms by the governments to provide wider eligibility to different sections of the society. Under the unique characteristics of the Japanese pension system, 43% of the women were eligible to claim the state pension through dependent status (Class 3) on their spouse who contributes in Class 2 category without any additional contribution by themselves or their spouse. Twenty-six percent of the women had their own state/occupations pensions (Class 2) and 17% made the flat-rate contribution to Class

1 pensions. Some 17% were insuring themselves in the private market (personal pension insurance) on top of the state / occupational provision.

The breakdown by age and marital status in Table 4.7 revealed that the women in the youngest age bracket were less likely to be contributing towards pensions (133 samples: 39% of the age group), while those in the older age group are more likely to have both state and occupational pensions (51% and 43% respectively in the 45-54 age group) in Britain. Moreover, married/cohabiting women were more likely to have some sort of pension compared with their single and divorced/separated counterparts. Similarly in Japan, the highest percentages of the women in 25-34 had no pensions while private investment in pension insurance increased by age (Table 4.8). The rates of marriage may reflect the type of public pension the women were ‘contributing’ towards across the age groups: the younger age group (25-34) may have included more unmarried and childless women who were likely to be in employment and thus contribute towards Class 2 pension scheme while child care responsibility of those aged 35-44 may have helped increase their dependency on their husband (Class 3 pension scheme).

Table 4.7: Types of pension by age and marital status in Britain (%)

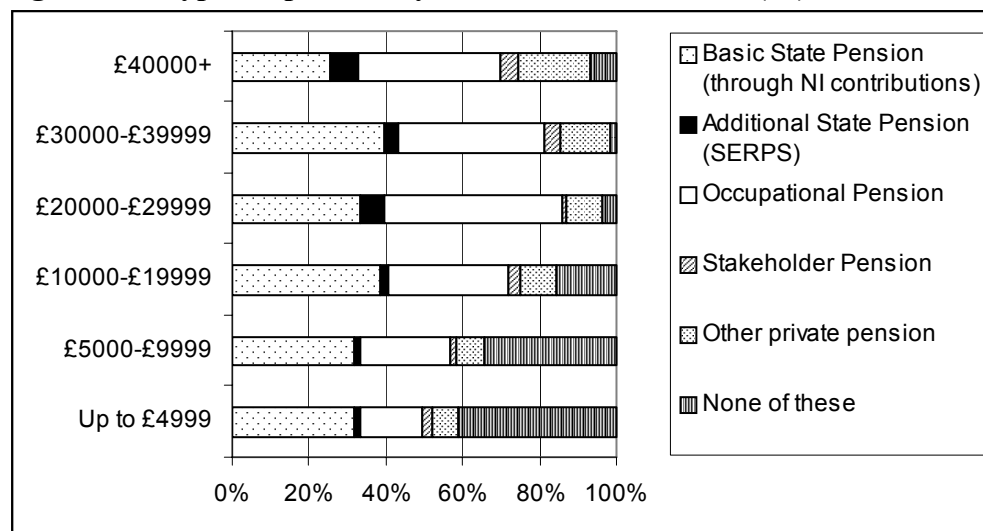
	Age			Marital status		
	25-34	35-44	45-54	Married/ Living together	Single	Divorced/ Widowed/ Separated
Basic State Pension (through NI contributions)	36	48	51	44	42	46
Additional State Pension (SERPS)	2	6	4	4	3	5
Occupational Pension	28	38	43	38	27	38
Stakeholder Pension	4	3	3	4	3	3
Other private pension	12	14	12	14	14	7
None of these	39	23	25	27	34	33
Don't know/not stated	2	5	2	2	6	3

Table 4.8: Types of pension by age and marital status in Japan (%)

	Age			Marital status			
	25-34	35-44	45-54	Married	Divorced	Widowed	Never married
Public Pension Class 1	15	15.7	19.1	14.4	31	40.9	23.8
Public Pension Class 2	28.7	21.9	26.8	20.9	46	31.8	51.2
Public Pension Class 3	38.2	46.5	42.7	51.5	1	9.1	0
Additional/Corporate Pensions	0.6	2	1	1.2	1	4.5	1.2
Personal Pension Insurance	8.6	20.1	21.3	17.1	14	27.3	15.3
No pension	14.6	11	9.5	10.2	20	9.1	18.5
Other	0.1	0.5	0.1	0.1	1	0	1.2

Employment status and income level are strong determinants in gaining access to occupational pensions, let alone other pensions including basic state pension. Fifty-four percent and 46% of those in full-time work had a basic state pension and occupational pension, respectively in Britain. Over 70% of the women who were earning between £20,000 and £39,999 were contributing towards an occupational pension, while over 40% of those earning less than £10,000 had no pension. Moreover, the higher income, the more likely that the women had a private pension in Britain (Figure 4.5).

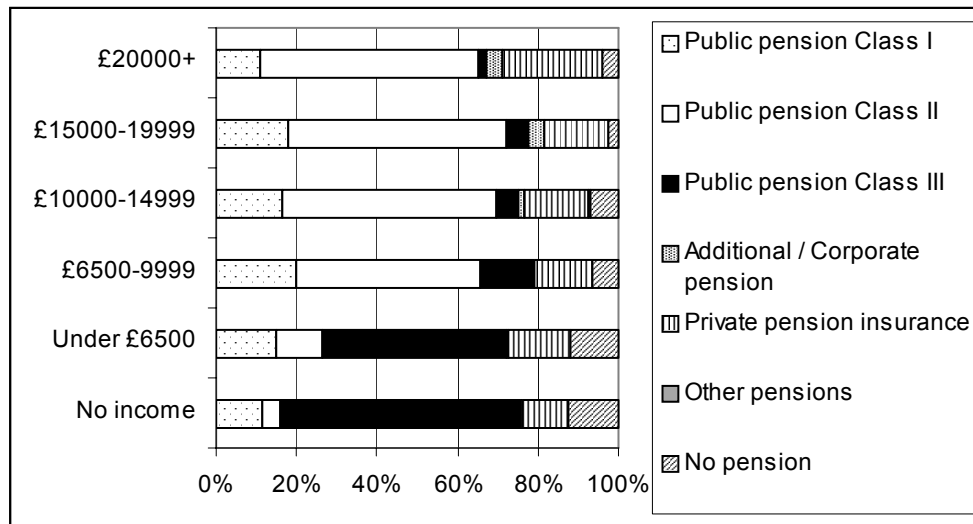
Figure 4.5: Types of pension by income level in Britain (%)



While in Japan, Class III pension contributors were concentrated in the bottom two income bands (no income and income under £6,500) reflecting the dependent status of married women. ¥1,300,000 (£6,500) is a threshold for a second earner (not always

but usually wives) to remain dependent on their partner to maximise their tax benefits as a household. Otherwise, once their income exceeds £6,500 the women usually contribute themselves toward Class II pension. Also, the higher their income is, the more likely that the women held their own private pension insurance (Figure 4.6).

Figure 4.6: Types of pension by income level in Japan (%)



When the women were asked the reasons for needing the pensions, the majority mentioned financial security in later life in both societies. The older the age group, the more likely they answered the need for the pensions ‘to supplement the state pension’ and this was consistent between the two societies. It can be also interpreted that achieving higher incomes in old age can provide them additional money to pay necessary old age-related services (thus overlap with other answers). Those who answered ‘to spend on luxuries’ or ‘to allow me to retire early’ were a small minority.

Investments

In both societies, almost a half of the female samples did not have any investment under their own names. In Britain, as Figure 4.7 indicates, the women in the oldest age bracket (45-54) were more likely to have some sort of investments, solely or jointly with their partner. The most popular type of investments across the age groups was Individual Savings Accounts (ISA) (tax-free saving accounts), which tend to be flexible, have reasonable interest rates, and are low risk compared with other types of

investment. The overwhelming majority of the women in the youngest age group had no investments – over a half of the women in the 25-34 age group and 47% of those in the 35-44 age group. Almost the only means of investments in Japan was private life assurance (46.7%) – the majority of the nation insure themselves in the private market, and there are a variety of products available including life assurance combined with saving element, pension insurance, and children’s education insurance.

Figure 4.7: Types of investments (including joint investments) by age groups in Britain (multiple answers)

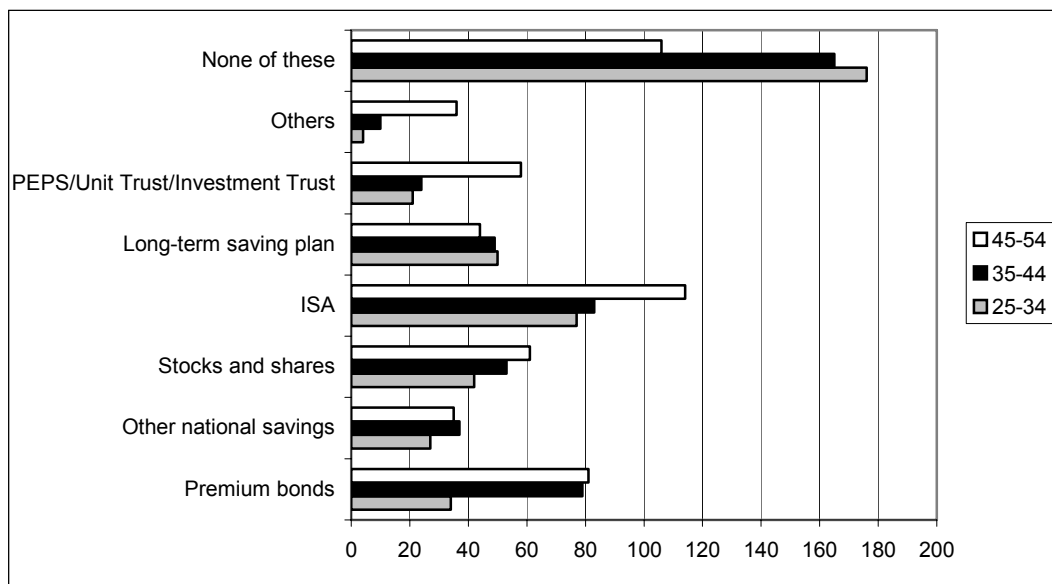
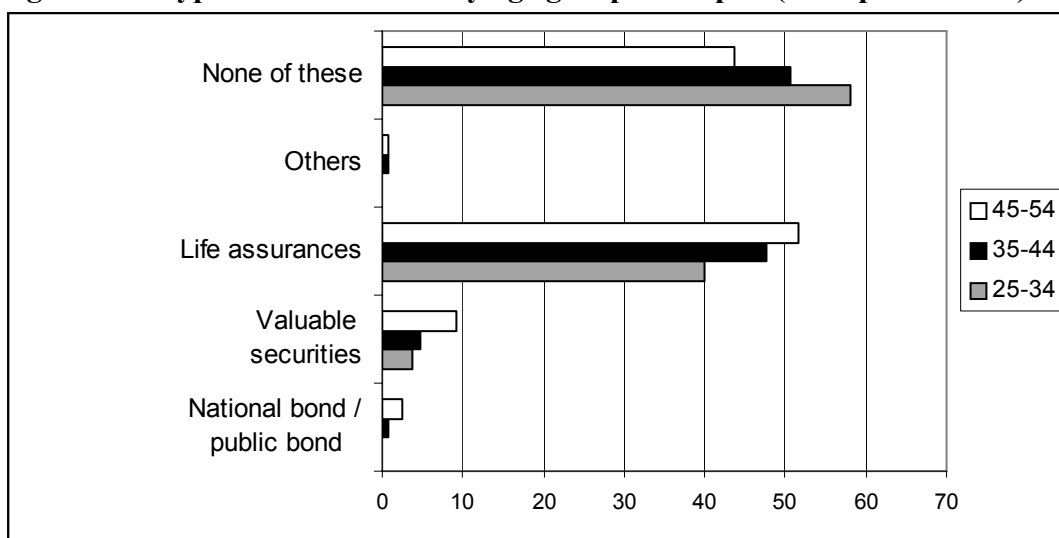


Figure 4.8: Types of investments by age groups in Japan (multiple answers)



In terms of marital status, 61% (93 women) of the single female sample had no investments compared with 38% (265 women) of their married/cohabiting counterparts in Britain, while in Japan the considerably higher rates of the widowed samples had life assurance (73%) compared with their divorced or never-married counterparts. Those in the older age groups were likely to be widowed, which also influenced the high percentage. In Japan, self-employed sample scored the highest as life assurance holder (59%) reflecting their disadvantaged position in accessing company-based welfare.

Tenure is another indicator to determine the existence of investments since 77% of social tenants and 58% of the private tenant sample had no investments, while 74% of those who owned their property outright and 63% of the owners with a mortgage had some sort of investment in Britain. In Japan, also, those who lived in the rented sector (public, private and living in property owned by relatives) were more likely to have no investment (63%, 58% and 51% of the samples respectively) compared with their owner-occupied counterparts; and significantly higher percentages of the women who own property solely or jointly had investments (61% of those who owned their property outright and 59% of the owners with a mortgage had life assurance; and 13% of the owners without mortgage had stock and shares).

Moreover, those who had dependent children were more likely not to have any investments in Britain (51% of the sample with dependent children) while 36% of their counterparts without dependent children did not. Their income levels also determined the existence and type of investment. No clear distinction was found in Japan between those with dependant children and those without them.

The reasons for having investments vary according to their age, tenure, marital status and employment status in both societies. The percentage of those who answered 'to pay for old age care' and 'to supplement pension', for example, increases with age. Homeowners were more likely to invest 'to provide a sense of security' in Britain. Many of those who were not currently employed and also private tenants described 'other' reasons.

Overall, the level or existence of financial assets correlate that of housing assets. In both societies, the women who had higher income and better employment status (managerial, full-time employees) were more likely to own the financial assets and higher level of them. Those who owned were likely to own all areas of assets. There

were few significant cross-national differences in financial assets of the women: First, the advantage of Japanese housewives in the pension scheme (those married women without income could expect much better public pensions compared with their working / single counterparts); and second, by inheriting not only housing assets but also financial assets from late husband, the widows held the significantly high rates of life assurance (and thus the most affluent group).