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Party of One

How Single Women Stack Up in the U.S. Economy

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Summary

For decades, marriage was the most common household structure for women. It has long-shaped women's relationship with the job market and helped propel wealth, in part from married men being the highest income earners of any group and, in more recent decades, through dual-income households. More broadly, the union brought economies of scale that made large expenditures like housing easier to achieve. But there has been a gradual shift in household structure taking place in the United States. Now, more than half of women are single. The change is rippling across the economy and leaving a mark on the labor market, wealth and spending.

- **A record 52% of women were unmarried or separated in 2021.** The rising share of single women households has been driven entirely by women who have never married. Due to women increasingly pushing back marriage or forgoing it all together, the number of never-married women has grown a staggering 20% over the past decade.
- **Single women are providing an outsized lift to the labor force.** The number of never-married women in the labor force has grown three times faster than the broader labor pool over the past decade. The rapid increase stems from never-married women's growing ranks, but also larger gains in labor force participation compared to other groups, including never-married men.
- **Despite single women becoming increasingly important to the workforce, the pay gap between single men and women persists.** Never-married women working full time earned 92.1% of what never-married men earned in 2022, down from 95.8% a decade prior. Meantime, the pay gap between separated, divorced and widowed women and men has been stuck in a narrow range since the Great Recession.
- **Lower earnings create an uphill battle for single women to build wealth.** Median wealth among single women was 18% lower than single men in 2019. The wealth gap widens to 29% among never-married women, even when controlling for factors like age, education, homeownership and children.
- **Weaker earnings and wealth lead single women to spend less than single men and the average household.** The rate of spending growth for single women has kept pace with broad expenditure gains over the past decade, but this growing group spends differently. Single women devote a higher share of outlays to necessities like housing and healthcare, while over the past decade, expenditures on education and food away from home have grown faster than those of single men.

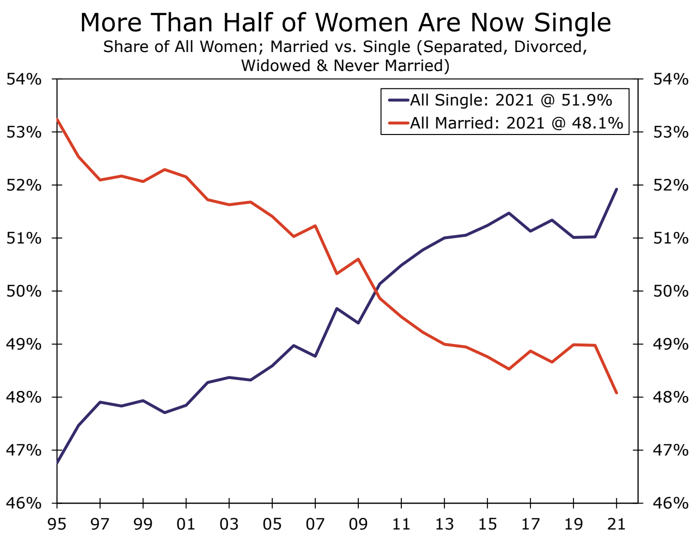
Overall, single women are becoming an increasingly influential part of the American economy. At a time when employers are struggling to hire and are facing anemic growth in the labor force ahead, the rising number of never-married women, who have higher labor force participation than currently or previously married women, are helping to fill the void. With more women on their own, singles are also a growing consumer segment.

But single women's increased influence in the jobs market has yet to improve the pay picture relative to men. With little to no progress on the pay gap over the past decade, it remains difficult for single women to save and invest, which keeps them in a more precarious financial position than their married or male counterparts. Narrowing these gaps is important for the financial security of a growing segment of the U.S. population, which could help support businesses with a significant single women customer base.

I'm Doing My Own Little Thing: The Rise in Single Women Households

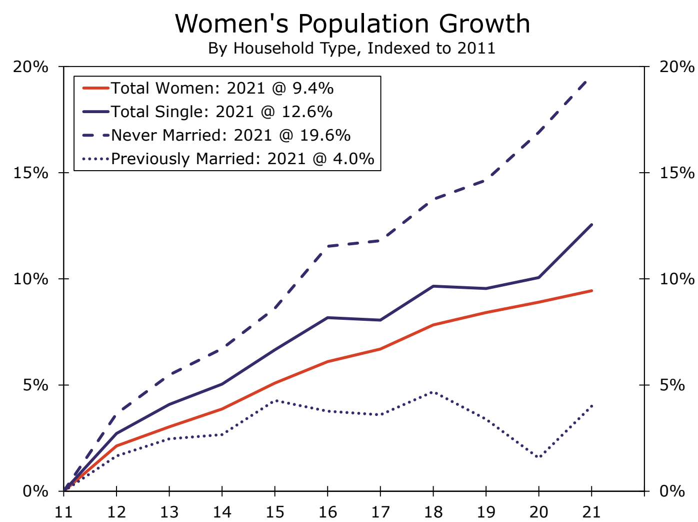
Women today are more likely than ever to head their own households. A record 52% of women lived in single households in 2021, which is equivalent to around 26% of the total U.S. population (Figure 1).[1] Like any large group, single women are hardly a monolith. Under the umbrella of "single" lies women who have previously been married and are now either separated, divorced or widowed, alongside those who have never been married. Over the past decade, the share of women previously married but now single has been little changed at around 22%. Instead, the rising share of single women households has been driven entirely by never-married women. The number of women delaying or forgoing marriage altogether has grown 20% since 2011, outpacing the 16% increase in never-married men and rising two-times faster than the total population (Figure 2).[2]

Figure 1



Source: U.S. Department of Commerce and Wells Fargo Economics

Figure 2



Source: U.S. Department of Commerce and Wells Fargo Economics

Not surprisingly, younger women are most likely to have never married, with over 80% of women under 30 never having tied the knot in 2021 (Figure 3). Part of the increase reflects a later age of marriage. Women's median age of first marriage was just over 28 years old in 2022, which is about one and a half years later than a decade ago and nearly eight years later than in the early 1960s (Figure 4). But the increase also reflects a growing share of women who never marry. Around 6% of those aged 65 or older were never married in 2021, up from 4% in 2011 and one-and-a-half times larger than the share 20 years ago.

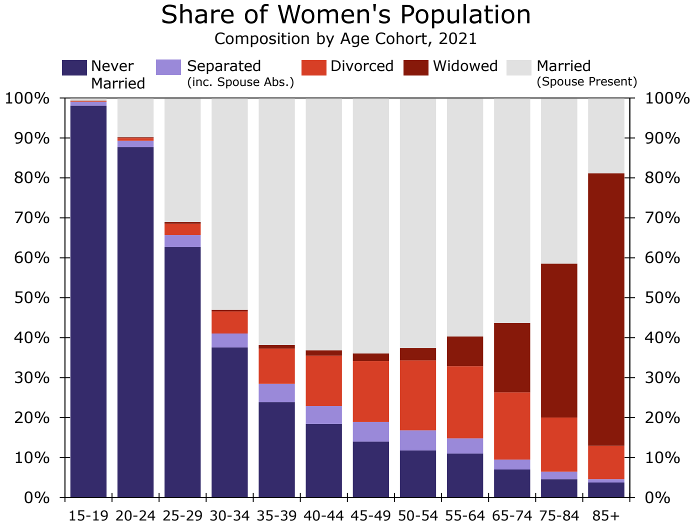
While more women of all ages have never married, the relationship history of singles shifts greatly with age. Older single women are more likely to be separated, divorced or widowed. The prior state of marriage can bring with it a different financial, family and career picture relative to single women who have never married.

With women pushing back marriage or forgoing it altogether, the number of never-married women has grown 20% over the past decade.

Admittedly, these data oversimplify the economic and financial ties of households today. While the share of married households has declined, the drop in partnership may only be true in the traditional sense. A growing share of couples are cohabitating with around 8% of singles estimated to be living with a partner in 2022, almost double the rate of 20 years ago.[3] Cohabitation could also mean at least some degree of co-mingled finances. Furthermore, these marriage statistics only recently include same-sex couples.[4]

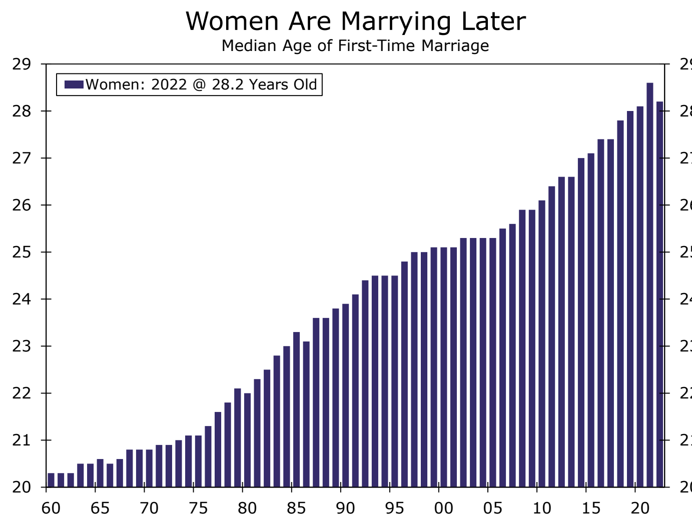
The reasons that fewer women today are married are wide-ranging, and include social, economic and even legal considerations, most of which are beyond the scope of this report. But, as women spend a greater portion of their lives as a single economic unit, it is ushering in changes to their relationship with the labor market, prospects for building wealth and spending patterns.

Figure 3



Source: U.S. Department of Commerce and Wells Fargo Economics

Figure 4

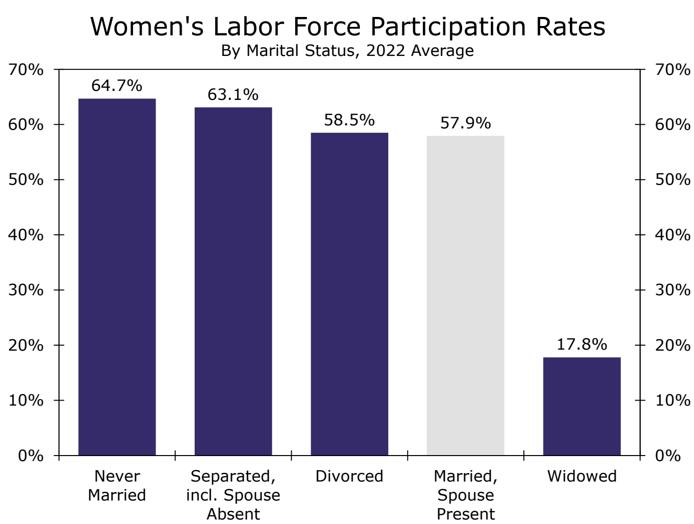


Source: U.S. Department of Commerce and Wells Fargo Economics

Pour Myself a Cup of Ambition: Single Women in the Labor Market

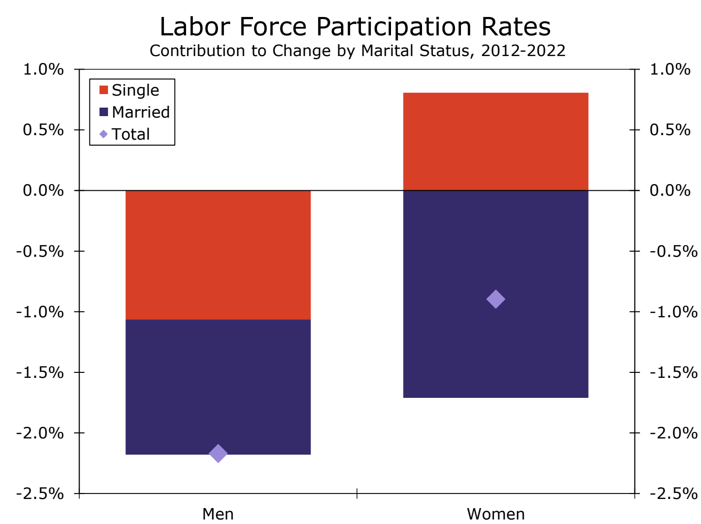
The marital arrangements of women tie closely to their labor market relationships. Except for widowed women who, as illustrated in Figure 3, are mostly beyond their prime working years, single women are more likely to participate in the labor market than their married counterparts (Figure 5). Higher labor force participation comes amid the financial reality of being on one's own increasing the need to work, and a lower likelihood of competing care constraints from children, an issue we discussed in a previous report.[5]

Figure 5



Source: U.S. Department of Labor and Wells Fargo Economics

Figure 6



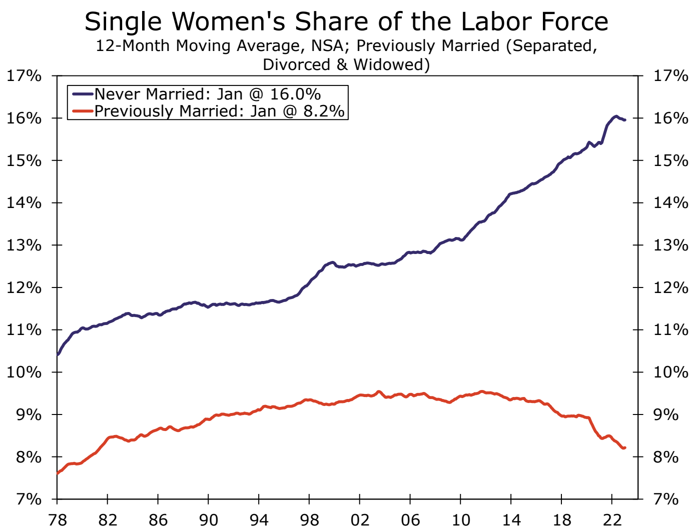
Source: U.S. Department of Labor and Wells Fargo Economics

The rising number of single women in the United States has thus provided some much-needed support to the U.S. labor force over the past decade. Since 2012, single women employed or looking for work have grown faster than the overall labor force (Figure 6). Never-married women have driven all of this increase. The number of never-married women in the labor force over the past decade has grown by 4.7 million, or 22%, while the number of separated, divorced or widowed women has contracted by 1.2 million, or 8.3%. All told, the number of never-married women in the labor force has grown three times faster than the total labor pool over the past decade. Never-married women now account for 16.0% of the labor force (26.2 million workers) compared to 13.9% in 2012 (Figure 7).

The number of never-married women in the labor force has grown three times faster than the total labor pool over the past decade.

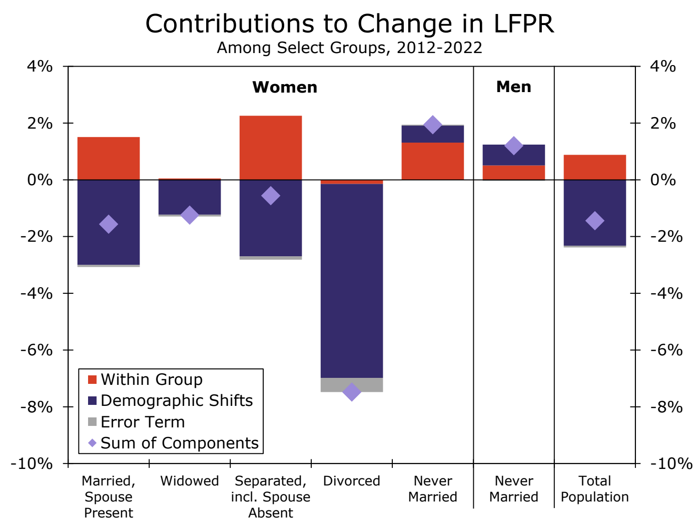
The rising number of never-married women in the labor force not only comes from their growing population, shown previously in Figure 2, but also from increased labor force attachment. The labor force participation rate of never-married women has *increased* 1.9 percentage points over the past decade, more than never-married men and in contrast to a decline in the total participation rate. (Figure 8, lavender diamonds).

Figure 7



Source: U.S. Department of Labor and Wells Fargo Economics

Figure 8



Source: U.S. Department of Labor and Wells Fargo Economics

Part of the rise in never-married women's participation rate can be attributed to the group aging; a larger share is in their "prime" working years, where labor force participation jumps after most women have finished their education (Figure 8, blue bars).[6] However, the bulk of the increase can be attributed to behavioral, or "within group," changes among never-married women (Figure 8, red bars).

In other words, never-married women of a given age are more likely to participate in the labor market than they were a decade ago. The stronger labor market relative to 2012 has likely contributed to this increase, although it is worth noting the "within group" effect for never-married women (+1.3 points) has been stronger than for never-married men (+0.5 points), suggesting there is more to the increase than a generally better jobs market.

In addition, single women are more likely to work full time than married women of the same age. Among prime-age (25-54) workers, 86% of single women worked full time in 2022 compared to 83% of married women. Along with single women growing faster than the broader labor pool, current hiring difficulties among employers would be even more challenging were it not for the rising ranks of single women in the labor force.

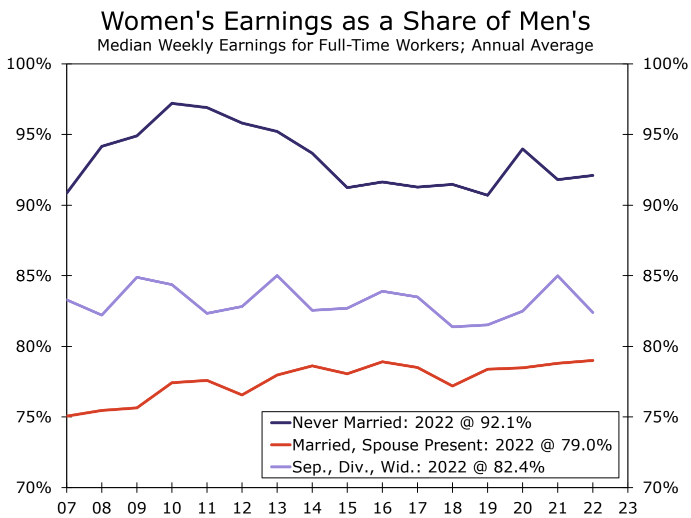
Nevertheless She Persists: Pay Gap Persists Regardless of Marital Status

Higher labor force participation, and the career experience that comes with it, benefits single women when it comes to income. The wage gap, as measured by women's median weekly earnings for full-time workers relative to men's of the same marital status, is narrower for single women than married women (Figure 9). The pay gap is smallest among men and women who have never married, reflecting the generally younger population of this group who are earlier in their career.

The pay gap between single men and women has been little changed over the past decade.

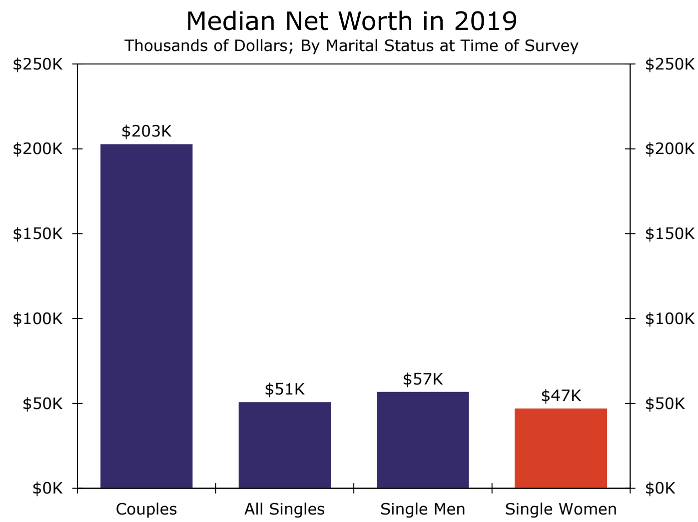
Nevertheless, the pay gap persists across men and women regardless of marital status. There are many contributing factors, including the tendency for women-dominated jobs to pay less, women taking on the brunt of child and elder care responsibilities, and lingering instances of outright or unconscious bias.[7] But despite women obtaining college degrees in greater numbers, stepped up efforts to address biases in the workplace, and women's work experience more closely mirroring men's, the pay gap between single men and women has been little changed over the past decade. The earnings of separated, divorced and widowed women relative to men of the same marital status has been stuck between 81-85% since the start of the Great Recession, while the pay gap between never-married women remains well within the prior cycle's range.

Figure 9



Source: U.S. Department of Labor and Wells Fargo Economics

Figure 10



Source: Federal Reserve Board and Wells Fargo Economics

The Only Thing Worse Than Smug Married Couples—Lots of WEALTHY Smug Married Couples

The persistent wage gap puts single women on unequal footing when it comes to building wealth. Single individuals generally hold less wealth than couples. Married men have the highest labor market earnings of any marital group (single men, married women, etc.), giving them a leg up in asset accumulation, while couples also benefit from economies of scale when it comes to living costs and, in recent decades, more dual incomes. The Federal Reserve's latest Survey of Consumer Finances (SCF) showed the median household headed by a couple (married or cohabitating) possessed around $203K in wealth in 2019.[8] In comparison, households headed by a single individual had a median net worth of just $51K, with single women lagging that of single men (Figure 10).

Median wealth among never-married women is 29% lower than the median wealth of never-married men.

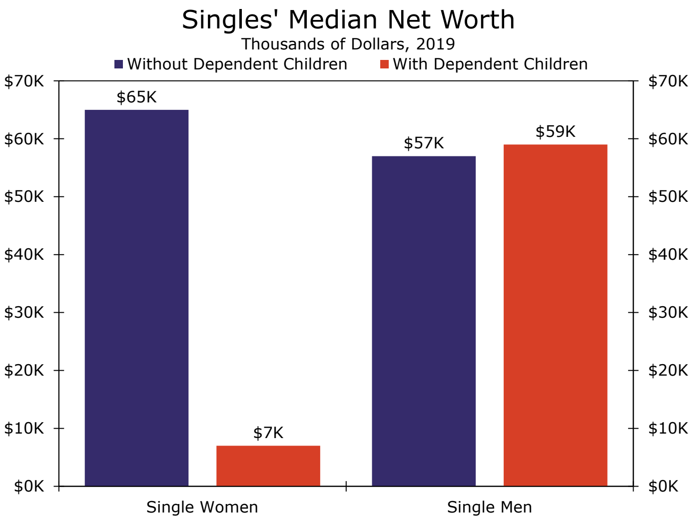
Fully parsing out gender's effect on wealth can be challenging, however, due to the effects of prior marriage and the co-mingling of finances. The SCF defines single as "neither married nor living with a partner" at the time of the survey, which can obscure the true generation of a single person's wealth. In attempting to account for these challenges, research by the Federal Reserve Bank of St. Louis found that the gender wealth penalty is the largest among never-married households when controlling for characteristics significant to wealth (e.g., marital status, age, education and children). Specifically, the median never-married woman possesses 71 cents per one dollar of the median never-married man's wealth, or a wealth penalty of 29%.[9]

Children are one of the most important considerations for single women's wealth. As mentioned previously, single women earn less income than single men, and that includes a gap between single mothers and fathers.[10] Lower income and the high costs of childcare severely dampen a single mother's ability to build wealth. In 2019, single women with dependent children had a median net worth of just $7K, compared to $65K for single women without children (the presence of dependent children has a negligible effect on single men's wealth of only $2K) (Figure 11).[11] The scant financial cushion lays bare the vulnerable position that single mothers can find themselves in when hit with a negative income shock.

While the stronger wealth position of single women *without* financially dependent children in Figure 11 looks encouraging, it is skewed by the older age profile of women relative to men. Among singles with no dependent children in the 2019 SCF, 62% of women respondents were over the age of 55, compared to 45% of men. Thus, the longer time horizon with which to have built wealth, and the greater likelihood to have accumulated assets with a spouse at some point, flatters the picture of single, childless women's wealth.[12]

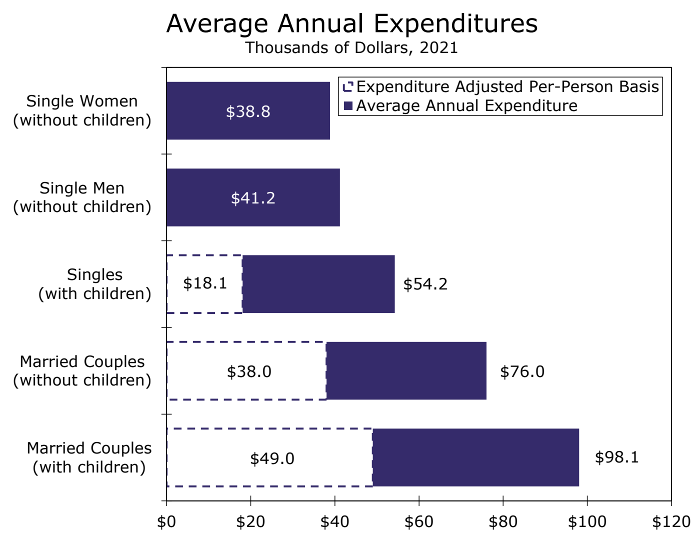
Housing likely explains some of the difference as well—real estate assets made up 40% of single, childless women's assets in 2019, higher than the comparable 33% share for men. Over the past few decades, the homeownership rate among single women has hovered about three percentage points higher than the rate for single men. While the gap may also be in part driven by age, a survey from the National Association of Realtors found single women are more willing than men to make financial sacrifices, such as cutting spending on non-essential goods, entertainment and travel, in order to purchase a home.[13]

Figure 11



Source: Federal Reserve Bank of St. Louis and Wells Fargo Economics

Figure 12



Source: U.S. Department of Labor and Wells Fargo Economics

Despite the challenges to building wealth, single women's retirement preparedness has improved over the past few decades. According to the TIAA Institute, never-married women and women who were mostly single during their "prime" years had replacement rates (i.e., projected retirement income as a percentage of pre-retirement earnings) that met or exceeded those of married women in 2020.[14] Unfortunately, part of the equalization reflects worsening preparedness among married men. Men have experienced greater retirement savings setbacks related to Social Security's higher full retirement age and job losses during the Great Recession. While this trend is unfavorable, single women's ability to prepare for retirement as effectively as married couples' is a sign that the movement away from marriage does not have to carry a significant retirement penalty.

Living in a Material World: Single Women Spending Habits

With single women tending to earn less and having weaker overall wealth profiles, it is little surprise that they also spend less when compared to single men and the average U.S. household. Still, understanding single women's spending habits matters for businesses and policymakers as they become a growing share of the population.

Single women spend less than single men and the average U.S. household.

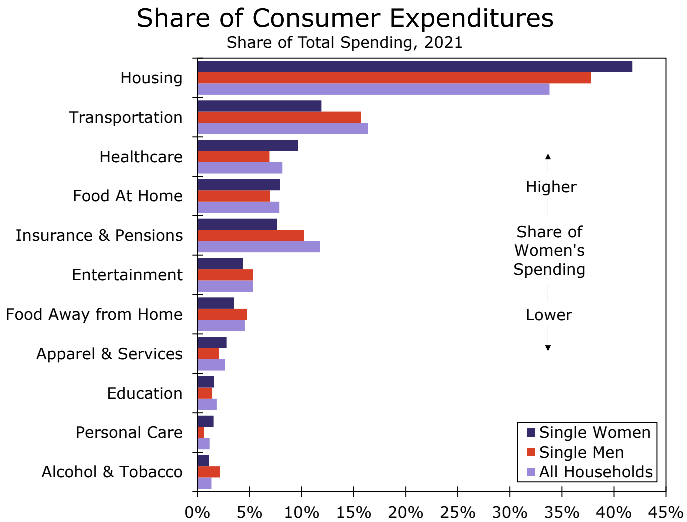
According to the latest Consumer Expenditure Survey (CES), the average annual expenditures of single women totaled roughly $39K in 2021, a little shy of the $41K average of single men. The CES defines "single" as someone living alone, thus without children or a roommate. For all U.S. households, average annual expenditures totaled around $67K. While singles spend less than the average household, in adjusting households to a per-person basis, singles without children outspend married couples without children despite having lower income (Figure 12).

The bulk of a single women's budget is dedicated to housing (~42%), but compared to all households, single women tend to devote a higher share of spending toward housing and another necessity—healthcare (Figure 13). In contrast, women devote a relatively lower amount toward transportation, food away from home and entertainment. They also put fewer funds toward pensions & insurance, which suggests less saving and further highlights the greater financial fragility of single women.

Despite single women having lower overall expenditures, spending has grown at a relatively even clip of around 3% per year on average over the past decade for both single women and men, which is consistent with a similar rate of wage gains that have kept the pay gap little changed over this period.

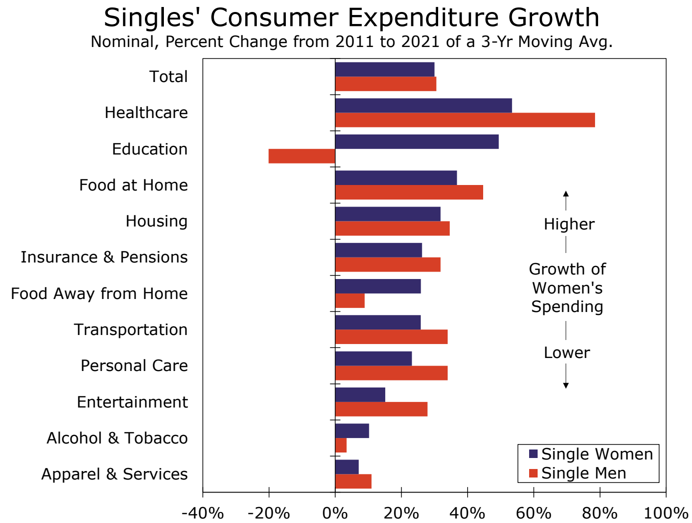
While every major category of single women's spending has risen since 2011, as seen in Figure 14, there are relatively few categories where growth in consumption has outpaced single men, with education expenditures being the notable standout. Single women's education spending rose about 50%, while it has fallen for men, which is a direct result of the faster growth in educational attainment of women compared to men.

Figure 13



Source: U.S. Department of Labor and Wells Fargo Economics

Figure 14



Source: U.S. Department of Labor and Wells Fargo Economics

For both single women and men, the fastest growth has come in healthcare expenditures. The strength in single women's healthcare spending is likely in part tied to the fact that the bulk (nearly 50%) of the single women living alone surveyed in the CES are aged 65 or older. In the Census population data, just 22% of single women are aged 65 or older, which suggests the CES is somewhat biased toward the spending of older single women. Despite this data being skewed toward older women, it is nonetheless the most comprehensive source of singles spending in terms of its detail and survey history.

The CES demonstrates that while the share of single women is growing, it is not necessarily translating to outsized growth in expenditures when compared to other portions of the population. Education, food away from home and alcohol & tobacco may stand to benefit from a continued rise in single women's population share especially. Healthcare is another sector that may benefit generally from singles' spending patterns amid an aging U.S. population, as it has seen the fastest expenditure growth for not only single women, but single men as well. With most unions still heterosexual in the United States, more single women over time has also translated to more single men, making them an increasingly important source of spending as well.

Single women and men are increasingly important sources of consumer spending.

Conclusion: Providing Lift to Labor, but Lag in Wealth & Spending

Single women are providing an outsized lift to the labor market. The number of never-married women in the labor force is growing three times as fast as the broader labor pool, making them an important source of labor as employers are struggling to hire today. But the near-term gain could bring longer-term pain to labor force growth, since never-married women are less likely to have children, which in turn weighs on the future U.S. labor supply.

Despite single women becoming increasingly important in the workforce, the pay gap between single men and women persists, and highlights that it is more than just a "mommy penalty" that holds back women's pay. The stubborn gap in earnings continues to weigh on single women's ability to build wealth and constrains their overall spending compared to men.

The gradual improvement in single women's labor market prospects could position them better to build wealth and gain spending power in the years ahead. But for now, single women often remain in a more financially fragile position than other segments of the population. Narrowing these gaps would improve the financial security of a growing segment of the American economy and could also help businesses with a significant customer base of single women.

Endnotes

1 - We follow the household definition of single throughout this analysis, which includes never married, widowed, divorced and separated. (Return)

2 - Never married has accounted for all the growth in the share of single women households. Among previously married and separated women, the number of single women divorced has grown 9.6%, widowed up 2.7%, and separated declined 17.8%. The number of married women has grown 6.3%. (Return)

3 - See Table AD-3, Living Arrangements of Adults 18 and Over: 1967 to Present from the U.S. Census Bureau. (Return)

4 - Same-sex married household estimates were first recorded in the Current Population Survey in 2019. See "For First Time, Same-Sex Couples in Current Population Survey Tables." (Return)

5 - In 2020, 38% of married women had children under age 18 compared to 14% of women of "other marital status," a group that includes women who have never married, are widowed, divorced, separated or married but with a spouse absent. See Table 6, Employment Status of Women, by Presence and Age of Children, Marital Status, Race, and Hispanic or Latio Ethnicity, March 2020 from "Women in the Labor Force: A Databook." U.S. Department of Labor, March 2022. (Return)

6 - To determine the contribution to the change in the labor force participation rate attributable to the shifting age profile of the population (the blue bars in Figure 8), we divided the labor force into seven age groups. We then held constant the 2012 labor force participation rate for each age group, but allowed the population shares of each group to adjust from 2012 to 2022. To determine the contribution to the change in the labor force participation rate attributable to factors beyond aging, we held constant the 2012 population shares of each age group but allowed the participation rate for each group to adjust to their 2022 rates. The summation of these effects is equal to the total change in the labor force participation rate between 2012 and 2022 for each group of workers. (Return)

7 - See "The Girl With the Draggin' W-2." Wells Fargo Economics, February 2017. (Return)

8 - The Survey of Consumer Finances defines a household as a "primary economic unit," or all people who are financially linked to the reference person completing the survey. For instance, a single woman who has a minor child living in the household and a financially dependent adult child living away from home would report three total individuals in her household. This is opposed to the Census Bureau, who defines a household as "all the people who occupy a housing unit." (Return)

9 - Ana Hernández Kent and Lowell R. Ricketts. "Gender Wealth Gap: Families Headed by Women Have Lower Wealth." Federal Reserve Bank of St. Louis, January 2021. (Return)

10 - In 2020, women with children under 18 who were never married, separated (including spouse absent), divorced, or widowed earned 81% of men of the same marital and parental status.See Table 7, Median Usual Weekly Earnings of Full-Time Wage and Salary Workers, by Marital Status and Presence and Age of Own Children Under 18 Years Old, 2020 Annual Averages from "Highlights of Women's Earnings in 2020." the U.S. Department of Labor, September 2021. (Return)

11 - Ana Hernández Kent. "Single Mothers Face Difficulties with Slim Financial Cushions." Federal Reserve Bank of St. Louis, May 2022. (Return)

12 - In 2019, widows accounted for 16% of single women households compared to 5% of single-men households. (Return)

13 - Jessica Lautz. "Single Women Buyers Outpace Men, but Not Without Sacrifices." The National Association of Realtors, December 2021. (Return)

14 - Alicia Munnell, Siyan Liu and Laura Quinby. "After 50 years of progress, how prepared are women for retirement?" The TIAA Institute, June 2022. (Return)

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