Security in Retirement
The impact of housing and key critical life events

Andrea Sharam, Liss Ralston, and Sharon Parkinson
Swinburne University of Technology

October 2016
The Swinburne Institute for Social Research

The Swinburne Institute for Social Research is one of the largest social science and humanities research centres in Australia.

Our research addresses some of Australia’s most significant social, economic and environmental problems. We have strong links with researchers and policymakers around the world and our staff work across disciplines including economics, statistics, sociology, history, media studies and political science.

We work closely with industry, government and community partners to extend the evidence base, identify solutions to complex problems and contribute to public debate.


Any opinions, findings, conclusions, or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the Institute.

Acknowledgement

Swinburne University acknowledges the generous support of the Lord Mayors Charitable Foundation, without which this research would not have been possible. The authors would also like to acknowledge the generous advice of Professor Terry Burke.

Suggested citation


DOI: 10.4225/50/57A90C89F1E8B

Contact details

Dr Andrea Sharam
Swinburne Institute for Social Research
asharam@swin.edu.au, 03 92145465

Copyright

© Swinburne University of Technology 2016

This work is licensed under a Creative Commons Attribution-Non Commercial 4.0 International License, see http://creativecommons.org/licenses/by-nc/4.0/.
Contents

Executive summary ................................................................. 2

The study .............................................................................. 2
Key findings ........................................................................... 3
Recommendations .................................................................... 3
General .................................................................................. 4
Cohort-specific recommendations ............................................ 4
Other ...................................................................................... 5

1 Introduction ........................................................................... 6
1.1 Background .......................................................................... 6

2 What wealth is required to have a modest 'lifestyle' in retirement? ........ 10
2.1 Age Pension ......................................................................... 10
2.2 Association of Superannuation Funds of Australia retirement standards . 10
2.3 Impact of housing costs ....................................................... 11

3 Critical life events ................................................................. 15
3.1 Definition and lineage of the ‘critical life events’ concept ............... 15
3.1.1 Critical life events: a typology ......................................... 17
3.2 Housing experience and shocks ............................................ 18
3.3 Household formation and dissolution ..................................... 19
3.4 Critical life events—insurance nexus .................................... 20
3.4.1 Financial resources as insurance ..................................... 21
3.4.2 Financial management and values about money .................. 23
3.4.3 Debt and formal or informal borrowing capacity ................ 23
3.4.4 Formal insurance mechanisms ......................................... 24
3.4.5 Government support and housing assistance ................. 25
3.4.6 Household resources as ‘insurances’: a typology .......... 25

4 The demographics of risk and wealth ...................................... 27
4.1 Wealth of 65–69 year olds: 2003 and 2013 .............................. 28
4.2 Wealth of 55–59 year olds: 2003 and 2013 .............................. 31
4.3 Wealth of 45–49 year olds: 2003 and 2013 .............................. 33
4.4 Housing profile of longitudinal relationship groups ................ 35
4.5 Other findings ..................................................................... 36

5 Single parents ........................................................................ 38
5.1 Numbers of single parents .................................................. 38
5.2 Tenure ................................................................................. 39
5.3 Wealth and geographical locations ....................................... 40
5.4 Conclusion .......................................................................... 45

6 The lived experience of the impact of divorce on housing and wealth .... 46
6.1 Method .............................................................................. 46
6.2 Interviews with women ....................................................... 46
6.2.1 Settlements ...................................................................... 47
6.2.2 Locality, timing of purchase and disposal of housing .......... 50
6.2.3 Tenure change ............................................................... 50
6.2.4 Child care post-divorce .................................................. 51
List of tables

Table 1: ASFA retirement standard annual budgets for various households and living standards for those aged around 65 (March quarter 2015, national).............................. 11
Table 2: ASFA lump sums required (in $2015) at retirement for modest and comfortable lifestyles................................................................. 11
Table 3: Income and after-housing income: aged renters compared with aged homeowners and ASFA standards ........................................................................ 12
Table 4: Revised Social Readjustment Rating Scale.................................................. 16
Table 5: A classification of critical life event types, showing examples............... 17
Table 6: Household resources: examples of ‘insurances’ types......................... 26
Table 7: Tenure categories and descriptions ......................................................... 27
Table 8: Wealth categories and definitions............................................................. 28
Table 9: Percentage of female single parent age cohort in home ownership, 2003 and 2013 ........................................................................................................ 40
Table 10: Owner couples with dependents, median net wealth in home and superannuation, 2003 and 2013 ($2013); superannuation as a percentage of wealth.... 41
Table 11: Female single parents, housing costs by tenure, 2003 and 2013 ($2013)...... 42
Table 12: Single parent households, median weekly income, 2003 and 2013 .......... 79
Table 13: Age Pension payment rates, March 2015 ............................................. 80
Table 14: Age Pension maximum assets permitted for full pension eligibility ........ 80
Table 15: Age Pension maximum assets permitted for part pension eligibility ....... 80
Table 17: Age Pension income test ...................................................................... 81
Table 18: Commonwealth Rent Assistance payments............................................ 81
Table 19: Median wealth in Other Property for 65–69 year old Owner/Owner households, 2003 and 2013 ................................................................. 85
Table 20: Weekly housing and income for 65–69 year old Owner/Owners, 2003 and 2013 ........................................................................................................ 85
Table 21: Superannuation balance of Owners aged 55–59 years in 2003; 65–69 years in 2013 ................................................................. 87
Table 22: Weekly income and housing costs of 65–69 year old Renters, 2003 and 2013 ........................................................................................................ 89
Table 23: Weekly income and housing of 65–69 year old Renter/Owners, 2003 and 2013 ........................................................................................................ 90
Table 24: Median wealth in Other Property for 55–59 year old Owner/Owner households, 2003 and 2013 ................................................................. 92
Table 25: Superannuation balances of 45–49 year olds in 2003; 55–59 year olds in 2013 ................................................................. 94
Table 26: Percentages of 55–59 year olds by length of time in dwelling, 2013 ........ 95
Table 27: Weekly income and housing costs, 55–59 year old Renters, 2003 and 2013. 96
Table 28: Owner/Owner households’ median net wealth in Other Property ........... 98
Table 29: Weekly income and housing costs, 45–49 year old Owner/Owners, 2003 and 2013 ........................................................................................................ 98
Table 30: Percentages of 45–49 year old Owners by length of time in dwelling, 2013 ... 99
Table 31: Percentage of 45–49 year old Renters by length of time in dwelling, 2013 ... 102
Table 32: Weekly income and housing costs, 45–49 year old Renters, 2003 and 2013 102
Table 33: Longitudinal family status sample numbers, unweighted observations and individuals, pooled HILDA waves 1–14 ......................................................... 103
Table 34: Long-term relationship by tenure, weighted by percentage within relationship ................................................................. 104
Table 35: Weighted housing transitions, t to t+1, by all tenures: 35–64 years old........ 104
Table 36: Weighted housing transitions by gender: males who moved from couple to single ........................................................................................................ 106
Table 37: Weighted housing transitions by gender: females who moved from couple to single ........................................................................................................ 106
Table 38: Weighted housing transitions by parent gender and relationship change: male parents who moved from couple to single ......................................................... 107
Table 39: Weighted housing transitions by parent gender and relationship change: female parents who moved from couple to single ......................................................... 107
Table 40: Weighted housing transitions by gender and relationship change: males moving from couple to single, t and t+2 ................................................................. 108
Table 41: Weighted tenure transitions by gender and relationship change: females moving from couple to single, t and t+2 ................................................................... 108
Table 42: Weighted tenure transitions by gender and relationship change: males moving from couple to single, t and t+3 ................................................................... 109
Table 43: Weighted tenure transitions by gender and relationship change: females moving from couple to single, t and t+3 ................................................................... 109
List of figures

Figure 1: Number of 65–69 year olds by tenure and household type, 2003 and 2013 .... 29
Figure 2: Median net wealth of 65–69 year olds by tenure and household type, 2003 and 2013 .......................................................... 30
Figure 3: Number of 55–59 year olds by tenure and household type, 2003 and 2013 .... 31
Figure 4: Change in tenure for 55–59 year olds between 2003 and 2013 ....................... 31
Figure 5: Median net wealth of 55–59 year olds by tenure and household type, 2003 .... 32
Figure 6: Number of 45–49 year olds by tenure and household type, 2003 and 2013 .... 33
Figure 7: Change in tenure for 45–49 year olds between 2003 and 2013 ..................... 34
Figure 8: Median net wealth of 45–49 year olds by tenure and household type, 2003 and 2013 ................................................................. 34
Figure 9: Median net wealth of NESB migrant households, 45–54 and 55–64 year olds, 2003 ($2013) ..................................................................... 36
Figure 10: Number of female single parents by tenure, 2003 and 2013 ...................... 39
Figure 11: Melbourne metropolitan area, female single parents aged 35–54, income <$1,250 .................................................................. 43
Figure 12: Regional Victoria, female single parents aged 35–54, income <$1,250 ........ 43
Figure 13: Wealth types of female single parents aged 40–44 by tenure, 2003 and 2013 ($2013) .............................................................................. 44
Figure 14: Median net wealth of female single parents by tenure, 2003 and 2013 ($2013) ......................................................................................... 44
Figure 15: Melbourne metropolitan area, couple and single Renter households 65+ years (singles income $400–599 per week, couples income $600–799) ..................................................... 59
Figure 16: Regional Victoria, couple and single Renter households 65+ years (singles income $400–599 per week, couples income $600–799) ..................................................... 59
Figure 17: Wealth types of 65–69 year old Owner/Owners, 2003 and 2013 ............... 83
Figure 18: Wealth types of 65–69 year old Owners, 2003 and 2013 ($2013) ............. 85
Figure 19: Wealth types of 65–69 year old Rents, 2003 and 2013 ($2013) .................. 88
Figure 20: Wealth types of 65–69 year old Renter/Owners ($2013) ............................ 90
Figure 21: Wealth types of 65–69 year old Renter/Owners ($2013) ........................... 91
Figure 22: Wealth of 55–59 year old Owners by tenure and household type, 2003 and 2013 ($2013) ................................................................. 92
Figure 23: Wealth of 55–59 year old Rents by tenure and household type, 2003 and 2013 ($2013) .............................................................................. 94
Figure 24: Median net wealth of 45–49 year old Owner/Owners by tenure and household type, 2003 and 2013 ($2013) ............................................... 96
Figure 25: Wealth types of 44–49 year old Owners, 2003 and 2013 ($2013) .............. 98
Figure 26: Wealth types of 45–49 year old Renter/Owners, 2003 and 2013 ($2013) .... 99
Figure 27: Wealth types of 45–49 year old Rents, 2003 and 2013 ($2013) .............. 100
Figure 28: Population projections for Renters 50 year olds and over
### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ASFA</td>
<td>Association of Superannuation Funds of Australia</td>
</tr>
<tr>
<td>CALD</td>
<td>Culturally and linguistically diverse</td>
</tr>
<tr>
<td>CLE</td>
<td>Critical life events</td>
</tr>
<tr>
<td>CRA</td>
<td>Commonwealth rental assistance</td>
</tr>
<tr>
<td>ELT</td>
<td>Equity land trusts</td>
</tr>
<tr>
<td>HARP</td>
<td>Home advice and repair program</td>
</tr>
<tr>
<td>HRA</td>
<td>Home retention assistance</td>
</tr>
<tr>
<td>HILDA</td>
<td>Household, Income Labour Dynamics Australia</td>
</tr>
<tr>
<td>ILU</td>
<td>Independent living units</td>
</tr>
<tr>
<td>NESB</td>
<td>Non-English speaking background</td>
</tr>
<tr>
<td>NRAS</td>
<td>National Rental Affordability Scheme</td>
</tr>
<tr>
<td>PRS</td>
<td>Private rental sector</td>
</tr>
<tr>
<td>RAM</td>
<td>Reverse annuity mortgages</td>
</tr>
<tr>
<td>SMSF</td>
<td>Self-managed superannuation funds</td>
</tr>
<tr>
<td>SIH</td>
<td>Survey of Income and Housing</td>
</tr>
<tr>
<td>TAFE</td>
<td>Tertiary and further education</td>
</tr>
</tbody>
</table>
Executive summary

This research examines the wealth holdings of men and women at midlife (40–64 years old) and those who have recently retired, and the impact of some key life events in shaping that wealth. Approaching retirement and retirement itself can be a stressful and insecure time if the resources are not available for achieving a modest lifestyle in retirement. This study evaluates the degree to which households are financially ready for retirement and in particular the impacts of partnering and divorce/separation on this readiness. Such critical events may have major effects on the ability to obtain and remain in home ownership and hence maintain a modest lifestyle and avoid housing problems.

The study

Using a range of research methods, the report presents:

- An analysis of the income and asset test applied in the assessment for eligibility for the Age Pension and the relationship of the associated income levels to retirement standards of the Association of Superannuation Funds of Australia. This in turn enables an assessment of the capacity of households in different income and tenure circumstances to avoid problematic housing circumstances.

- A conceptual understanding of critical life events as they relate to housing circumstances. This is drawn from a review of a wide range of literature.

- An outline of the demographics of wealth and associated risk for midlife households. This is based on a cross-sectional analysis of the ABS Survey of Income and Housing (SIH) and compares the wealth of households in 2003–2004 and in 2013–2014.
  - Three age cohorts are examined in detail: 45–49 year olds, 55–59 year olds and 65–69 year olds, representing early midlife, late midlife and recent retirees respectively. The wealth of those 70 years and over is also examined.
  - Of these age cohorts, lone person male, lone person female and couple-only households are considered in depth, permitting interrogation of gender effects and the risk effects of forming different household types; this raises the question of whether economies of consumption are available in being part of a larger household.
  - Wealth is viewed in relation to tenure status, with four tenure types scrutinised: Owners, who own or are purchasing their home and who do not own any other property; Owner/Owners, who own or are purchasing their home and who own or are purchasing other property; private Renters, who do not own any property; and Renter/Owners, private renters who own or who are purchasing property other than the rental home they live in.
  - The types of wealth examined are owner-occupied housing, other property, superannuation and other wealth.

- In addition, given the vulnerable position of many single parents, the SIH is used to examine the wealth of this cohort separately.
The impact on tenure of relationship status change is examined using the Household, Income Labour Dynamics Australia (HILDA) longitudinal survey data.

In-depth qualitative interviews with divorcees who owned or who had been purchasing a home with their former partner and who in 2015 were between five and 10 years out from their separation. Most were living in Victoria, but not all.

Key findings

- An increasing number of older people in Australia are experiencing housing insecurity and impoverishment in retirement. Overwhelmingly these are lone person households living in private rental.
- A large number of Australians are unable to accumulate savings for retirement; lone person or couple households living in private rental at the age of 45–49 years are likely to be private renters in retirement.
- Nationally, there are close to 426,000 individuals over the age of 50 years living alone or with a partner in private rental. Population projections suggest there will be 606,340 over 50 year old renters in 2030 and in 2050 832,319.
- While community concern has focused on the unprecedented number of older women requiring housing assistance, between the ages of 50 and 70 years there are twice as many males than females. Over 70 years of age the reverse is true.
- Retired lone person and couple-only renters have little wealth and women tend to be somewhat poorer than men. Renters at early midlife have more savings than those who are retired, but what they have is still grossly inadequate.
- Older private renters have managed rental increases by moving to low-cost markets in urban fringe and regional areas, or by trading down in size and quality of property.
- Men and women have distinctly gendered pathways into rental poverty in older age. For women it is the cost of care and the gender wage gap, for men it reflects low educational attainment, low income and disability. The housing market itself is a source of impoverishment for both genders.
- Critical life events such as marital breakdown and redundancy, which disrupt the normal routines of life and often household income, can have major impacts on wealth and in many cases on the ability to hang on to home ownership. This is particularly the case for women. Men however who move from couple to single relationship status are more likely to also move from outright ownership or purchasing to private rental.
- Homeowners who owned investment property in 2013 were far more highly leveraged on their investment properties than their counterparts were in 2003, reflecting a shift in household wealth accumulation strategies following the introduction of capital gains concessions in 1998. Conversely, the amount of equity in the owner-occupied housing of these households at late midlife (55–64 years) increased considerably, suggesting capital gains made on investment properties are invested in their homes.
Recommendations

Policy recommendations (Chapter 7) are broadly of two types; general ones that would assist low to moderate income households, including midlife and retiree households, and those that are specific to the latter group because of some distinctive attributes of the examined cohorts, eg inability to increase income in later life, limited wealth or the experience of critical life events which more commonly occur when one is older.

General

1. There needs to be substantial community investment and an appropriate regulatory environment for affordable housing in order to provide opportunities for midlife households who may be ineligible for social housing but cannot afford full market price housing. This will involve substantial community investment in social housing to house:
   - current and future aged pensioners who are non home owners and who experience financial stress
   - younger low-income or otherwise disadvantaged persons.

2. Social housing eligibility should be widened in order to cater for a broader range of incomes in order to prevent the loss of wealth associated with being a private renter and the potential for retirees to exhaust their resources before end of life.

3. Renters should be able to enjoy some of the security that people have through home ownership. This could be achieved primarily by providing for security of tenure in residential tenancies legislation. Further support could include:
   - institutional investment in rental housing
   - age-specific private rental supplements in addition to existing rental assistance
   - a NRAS-type program targeted to age pensioners.

4. Taxation provisions should be modified in order to dampen housing price inflation and encourage growth of more affordable housing stock. This should include:
   - removing the capital gains concession
   - targeting negative gearing to new supply only.

5. Consideration should be given to reinstating death duties or an inheritance tax for wealth levels above a certain amount and at a very moderate rate to minimise political resistance. The funds from such a scheme should be hypothecated to an affordable housing program for designated client groups (ie different to social housing).

Cohort-specific recommendations

1. Housing assistance should be diversified, with new products aimed at short-to-medium term support for home purchasers who experience adverse critical life events. These could include:
   - mortgage housing assistance
2. The development of a greater range of housing products could provide appropriate housing opportunities for midlife and retiree households who have little to moderate wealth. These could include:

- equity land trusts
- shared equity housing
- reverse annuity mortgages
- a new generation of ‘caravan’ parks providing permanent, prefabricated housing
- support for deliberative developers
- support for the creation of a smart housing market.

**Other**

Given the weaknesses and gaps identified in this study, the collection of statistical data on migrants and people of NESB needs to be expanded.
1 Introduction

This research project was instigated by an apparent increase in the number of older single women entering the homelessness population in Australia. Since the mid to late 2000s, homelessness agencies have noted that older single women with low needs were a new group seeking assistance and were difficult to help because the homelessness services system for singles has historically developed to assist high-needs groups. Services established for older single males, were not as appropriate for older single females. A number of recent studies (Sharam 2008, 2011, 2015; McFerran 2010) have highlighted that older single women are at risk of becoming homeless. By 2015 a consensus emerged among housing assistance providers that there was a problem (Stone et al. 2016). However, we feel that it is just as important to enumerate the single older males at risk as it is to quantify the number of single older females at risk.

A considerable amount is known about individuals who enter the homelessness services system and the reasons for their homelessness. Poverty figures large for most, but many also have high needs relating to issues such as domestic violence, drug and alcohol abuse, mental ill health, ex-prisoner status and youth. Historically, older, low needs single women were rare and even older, high needs single women did not present to homelessness services particularly often. Older single men commonly presented, but the vast majority were high needs. This indicates gender differences, but the nature of those differences requires further exploration.

We adopt a critical life events (CLE) approach and a gender lens to assist in understanding why people may find themselves in an at-risk population, and why they may go on to experience homelessness. CLE are transitions that reflect developmental or life course milestones such as partnering, loss of partner, re-partnering, birth of children, health changes and accidents, employment and housing transitions. In short these are events that critically changes the status quo for a household, frequently triggering further events. The concept and importance is developed in detail in chapter 3.

1.1 Background

Older single people who rent privately have emerged as a group increasingly vulnerable to housing insecurity and homelessness in their old age (Reform of the Federation white paper, Australian Government 2014; Morris 2016). Unlike outright home owners, age pensioner renters incur significant housing costs at a time when their income has typically dropped substantially, leaving many in considerable poverty. This points to the key role of housing equity in providing social security for the aged in Australia. For example, an age pensioner paying median rent on a one-bedroom flat in Melbourne in March 2015 had a post-housing income of just over 51 per cent of an age pensioner homeowner with no other assets.¹ Left with an annual after-housing income of $9,635, this example renter would be severely impoverished by anyone’s definition.

¹ Assuming the homeowners have the housing costs included in the Association of Superannuation Funds Australia retirement standard; includes Rent Assistance.
Australia’s high post-World War II rate of home ownership permitted the Age Pension to be set at a relatively low level compared to other developed countries. Today, however, a sharp decline in housing affordability means home ownership rates are faltering for younger households with long term implications for the cohort this study is concerned with. (Burke et al. 2014, Wood et al. 2008). House prices in Melbourne and Sydney have doubled in a little over a decade, but income growth has not kept pace (Yates 2008). High housing prices mean the average male weekly earnings multiple required to buy a median-priced house increased from 3.3 in September 1985 to 8.2 in June 2010 (Worthington 2012). An increasing number of households retire with considerable housing debt (Colic-Peisker, Ong & Wood 2014). Home ownership in Australia has, as a consequence, been described as ‘a (crumbling) fourth pillar of social insurance’ (Yates & Bradbury 2010).

For a long time those unable to acquire their own housing could obtain subsidised rental housing via public housing authorities. But the stock of of public housing dwellings has hardly changed in the last two decades despite a large increase in households generally and those in need specifically (Groenhart and Burke 2014) declined substantially. The remainder is narrowly targeted to those with high multiple needs, thus effectively excluding a large number of poor households. As a consequence, the private rental sector even more so than in the past is now home to the majority of low-income rental households. A third of private renters are long-term renters, having spent 10 years or more continuously in private rental. Stone et al. (2013, p. 2) highlight one of the implications for public policy:

There appears to be an ageing effect, where increases in the middle-aged year cohorts living long-term in the private rental sector are working their way up to older aged renters.

Financial assistance is provided to low-income private tenants via Commonwealth Rental Assistance (CRA), but these payments are capped and the welfare effectiveness of public assistance declines as rents increase. This has proven to be problematic; real rents rose rapidly between 2006 and 2009, and then more slowly – but still by more than inflation – until 2011 (Hulse, Reynolds & Yates 2014).

Low-income households also compete with wealthier households for a dwindling number of affordably priced rental dwellings. As a result, low-income households are displaced to localities that are more affordable, such as the city fringe and regional areas, but have poorer prospects for employment and typically lack services and public transport, further undermining people’s capacity to improve their economic situation. While CRA ameliorates the impact of rising rents somewhat, it has been insufficient to prevent the increasing spatial polarisation of our cities along socio-economic lines. These policy parameters and market conditions set the broad conditions for the increasing vulnerability of older renters.

In the traditional life-course approach, households consolidate their wealth at midlife: children become independent and mortgages are paid off. But the trajectory of a single marriage partnership over a lifetime now only reflects the circumstances of around half of coupled Australian households. Divorce, separation and re-partnering are usual. Midlife therefore is increasingly a period of transition and disruption rather than one of wealth consolidation. There are indications that women’s vulnerability to housing insecurity and homelessness later in life has increased, with such social change contributing to an increase in the number and proportion of older, single women in the population, including many who never marry (Morris 2007).

These social changes have been driven by many factors, including the introduction of no-fault divorce, the wide availability of the contraceptive pill by the end of the 1960s, the introduction of the single mother’s pension and the ending of legal illegitimacy in the mid-1970s. Free higher education, introduced in the 1970s, saw large numbers of women
entering tertiary education. In the 1980s, equal opportunity and equal wages legislation encouraged the women’s entry into the paid labour force. Women’s participation in employment has increased greatly, with economic restructuring delivering growth in service industries, although women’s employment is often only part-time or casual. At the same time, economic restructuring has seriously reduced the number of unskilled, full-time ‘male’ jobs available. Men who experience long-term unemployment are less likely to partner, which has implications for their housing.

As immigrants and people from culturally and linguistically diverse (CALD) backgrounds are over-represented both in the aged population and among those who experience poverty (Tully, Beer & Faulkner 2007), we could also expect to find an over-representation of people from CALD backgrounds among older people at risk of housing insecurity or homelessness in retirement. There is evidence to suggest a significant negative wealth gap between foreign-born and native-born couple households (Doiron & Guttmann 2009). Stone et al. (2015) highlight the impact of the housing market on recent immigrants’ ability to sustain their tenancies and accumulate wealth. The ageing of CALD communities has received attention in terms of aged care (Australian Government 2012) but little in regard to housing and retirement.

The over-representation of CALD background people in the aged population reflects the impact of post-World War II mass immigration (Australian Government 2012). This program sought unskilled labour and did not require English language proficiency, thus permitting large number of migrants from non-English speaking, predominantly European countries. The educational attainment of these immigrants is low. From 1977 immigration policy became more selective, and by the late 1990s it was highly selective (Cobb-Clark 2003). From this period onwards the number of business and skilled visas increased, while family reunion, humanitarian and refugee numbers were reduced.

The housing disadvantage faced by Indigenous people across their life course is also well documented, and rates of home ownership among Aboriginal people are well below those of the non-Indigenous community.

Our interest here is in households who are at midlife, which we define as aged 40–64 years, and who are the next generation of retirees. Collectively this cohort accounts for 32.2 percent of all households. By early midlife most are housing purchasers and most will become outright home owners by retirement, but an increasing proportion will not. The circumstances of and disruptions experienced by households at midlife are therefore key to understanding the housing and wealth prospects for the next generation of retirees.

In attempting to understand the shift from a common housing biography (which is the assumption of life course analysis), we use a ‘life events’ approach, which in part reflects the randomness of life as a game of ‘snakes and ladders’ wherein individuals are variously lifted up or plunged down seemingly by chance, but also reflects structural advantage and disadvantage. In a very clear departure from life course analysis, the life events approach examines how adverse impacts are mitigated by the availability of insurances, whether formal market and non market insurances such as motor vehicle insurance, and income protection or non formal insurances such as the accumulated wealth and savings of a household, social capital or family support. Recovery from an adverse event is often contingent on the availability of insurances and the attached conditions. Many forms of insurance (such as family support) are exhaustible; repeated need for them can result in their loss. Importantly, the life events approach permits us to trace cumulative impacts.

The purpose of this report is to examine one form of such insurance that being the household wealth holdings (especially housing equity) of men and women at midlife and those who have recently retired, and the impact of some key life events in shaping that wealth, in order to draw out the implications for achieving a modest lifestyle in retirement.

SISR Working Paper 2016/10/1
In particular we are concerned with the impacts of partnering and divorce/separation, because of how these change the economies of household consumption and therefore shape associated hardship or opportunity, particularly for housing. The key research question we explore is:

- How do housing, partnering, income/wealth at midlife affect different household types up until retirement? More specifically:
  - What is the housing wealth position of lone-person households compared to couple-only households, and how does this vary over time and across gender and CALD?
  - How is housing wealth accumulation affected by not being partnered by midlife or loss of a partner at midlife?
  - What can be said about the relationship between housing wealth and other forms of wealth?

In the next chapter we examine the key standard of living benchmarks for retirement, to show the significant financial disadvantage of renting in old age. In chapter three we introduce the ‘critical life events’ framework, and review the housing literature for what it can tell us about housing and housing shocks as specific critical life events. We turn in chapter four to the Australian Bureau of Statistics (ABS) Survey of Income and Housing, which provides us with a representative cross-sectional sample of the Australian population. We examine data from 2003 and 2013 to determine what changes occurred in individual wealth during a period of considerable change in the housing market. We also present analysis of the impact of changes in relationship status using the Household, Income Labour Dynamics survey (HILDA) longitudinal survey. The special circumstances of single female parents are addressed in Chapter five. In chapter six we present the findings of interviews with 20 people who had purchased housing with a partner and then divorced or separated between five and 10 years ago. This enables a longer view of the impacts of divorce than has previously been attempted. At chapter 7 we provide further discussion on the findings, and in chapter 8 present policy options.
2 What wealth is required to have a modest ‘lifestyle’ in retirement?

Calculating the funds required (capital and income) to sustain retirement is dependent on many factors. Assumptions regarding longevity, health and interest rates are but a few of the issues that impinge on whether a given quantum of wealth is sufficient to maintain a particular standard of living into the future and over a sustained period. Our aim here is not to undertake such work, but to use established benchmarks: the Age Pension and the ‘modest retirement standard’ advocated by the peak body for superannuation funds, the Association of Superannuation Funds of Australia (ASFA).

2.1 Age Pension

The Age Pension could be said to represent community consensus regarding a minimum level of income required for retirement (one that assumes home ownership). The Age Pension has, since the later 1970s, ostensibly reflected pensioners’ (after housing) costs of living and wage increases (Pension indexation: a brief history 2014).

The pension is currently increased to reflect growth in the Consumer Price Index or the Pensioner and Beneficiary Living Cost Index, whichever is higher. When wages grow more quickly than prices, the pension is increased to the wages benchmark. The wages benchmark sets the combined couple rate of pension at 41.76 per cent of Male Total Average Weekly Earnings. The single rate of pension is two-thirds of the couple rate (Australian Government 2015). The pension has a number of elements starting with a base rate, a pension supplement and an energy supplement and varies depending on household type. Table 1 in the Appendix 2 documents the rates as of March 2015 as used in this study.

The Age Pension is means tested with an asset test and an income test. The asset test, which excludes the primary residence, comprises a sliding scale with a relatively low threshold at which the pension starts to reduce but a high maximum threshold Non-home owners may hold more non-housing assets (in effect reflecting the value of a home) before they reach the maximum permitted for a part pension. Age pensioners who rent may be entitled to CRA of up to $3,317 per annum A non-home owner household may have assets of $348,500 (single) or $433,000 (couple) before their pension payment is reduced (For details on the various asset and income test provisions for owners and renters see Table 15 to 18 Appendix 1). The CRA is capped; with the maximum payment currently well below market rents in major housing markets. Table 8 (in section 2.3) demonstrates the extent to which pensioners paying market rent are disadvantaged compared to pensioners who own their own home outright.

2.2 Association of Superannuation Funds of Australia retirement standards

ASFA uses four budget standards for retirement that are updated on a quarterly basis. The four standards are: single modest, couple modest, single comfortable and couple comfortable. The modest retirement standard assumes slightly more income than the Age Pension, and assumes only basic activities will be undertaken. ASFA bases its retirement standards on a budget standards approach that reflects the cost of living, reviewed quarterly. The ASFA benchmarks assume full home ownership at retirement and reasonably good health. Tables 1 and 2 present the income and assets necessary for each of the ASFA standards.
Table 1: ASFA retirement standard annual budgets for various households and living standards for those aged around 65 (March quarter 2015, national)

<table>
<thead>
<tr>
<th></th>
<th>Modest lifestyle</th>
<th>Comfortable lifestyle</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
<td>Couple</td>
</tr>
<tr>
<td>Total per year</td>
<td>$23,438</td>
<td>$33,799</td>
</tr>
</tbody>
</table>

Source: ASFA 2015.

The ASFA modest standard assumes full home ownership, and in addition to receipt of the full Age Pension, savings (lump sum) of $50,000 and $35,000 respectively for single and couple households (Table 2). This modest standard assumes that most of the annual household budget is funded by the receipt of the Age Pension. The comfortable standard assumes part-pension and drawdown of capital over time.

Table 2: ASFA lump sums required (in $2015) at retirement for modest and comfortable lifestyles

<table>
<thead>
<tr>
<th></th>
<th>Single modest</th>
<th>Couple modest</th>
<th>Single comfortable</th>
<th>Couple comfortable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lump sum</td>
<td>$50,000</td>
<td>$35,000</td>
<td>$430,000</td>
<td>$510,000</td>
</tr>
</tbody>
</table>

Source: ASFA 2015.

The savings suggested by the ASFA modest standard are well within the maximum assets permitted by the pension asset test ($202,000 and $286,500 respectively). For the comfortable standard, the lump sums are far higher than the maximum permitted for a full pension, but permit a part pension payment (reduced on a sliding scale).

2.3 Impact of housing costs

In this section we show the results of using the Centrelink calculator to determine the annual after-housing income for a range of renters and home owners (Table 3). We use the average rental on a one-bedroom flat in metropolitan Melbourne for the March 2015 quarter ($309 per week) as our rental housing cost (Government of Victoria 2015). We also use the ASFA single and couple modest standards, which assume assets of $430,000 and $510,000 respectively. The housing costs of the homeowners are $3,642 (single) and $3,497 (couple), including contents insurance. The housing costs for renters include only rent.

We examine the following renters:

1. single with no assets
2. single with $50,000 in assets, the savings recommended by ASFA for the single modest standard
3. single with the maximum assets permitted for receipt of the full pension
4. single with the maximum assets permitted before becoming ineligible for any pension payment
5. couple with no assets
6. couple with $35,000 in assets, the savings recommended by ASFA for the couple modest standard
7. couple with the maximum assets permitted for receipt of the full pension
8. couple with the maximum assets before becoming ineligible for any pension payment.

We repeat this exercise for homeowners (categories 9–16) and add two other home owning households (17 and 18): a single household with the minimum assets ASFA deems necessary for the comfortable standard ($430,000), and a couple household with the minimum assets ASFA deems necessary for the comfortable standard ($510,000).

Table 3: Income and after-housing income: aged renters compared with aged homeowners and ASFA standards

<table>
<thead>
<tr>
<th>Household</th>
<th>Income</th>
<th>After-housing income</th>
<th>ASFA Modest standard</th>
<th>ASFA Comfortable standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assuming paying rent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Single, no assets</td>
<td>$25,703</td>
<td>$9,635</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Single, $50,000 assets</td>
<td>$26,608</td>
<td>$10,540</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Single, max full pension, $348,500 assets</td>
<td>$31,574</td>
<td>$15,506</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Single, max part pension, $922,000 assets</td>
<td>$31,574</td>
<td>$14,515</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Couple, no assets</td>
<td>$36,857</td>
<td>$20,789</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Couple, $35,000 assets</td>
<td>$37,469</td>
<td>$21,401</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Couple, max full pension, $433,000 assets</td>
<td>$46,988</td>
<td>$30,920</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Couple, max part pension, $1,298,000 assets</td>
<td>$44,113</td>
<td>$28,045</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assuming home ownership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Single, no assets</td>
<td>$22,365</td>
<td>$18,722</td>
<td>$23,438</td>
<td>$42,569</td>
</tr>
<tr>
<td>10. Single, $50,000 assets</td>
<td>$23,270</td>
<td>$19,627</td>
<td>$23,438</td>
<td>$42,569</td>
</tr>
<tr>
<td>11. Single, max full pension, $202,000 assets</td>
<td>$27,081</td>
<td>$23,439</td>
<td>$23,438</td>
<td>$42,569</td>
</tr>
<tr>
<td>12. Single, max part pension, $775,500 assets</td>
<td>$24,483</td>
<td>$20,840</td>
<td>$23,438</td>
<td>$42,569</td>
</tr>
<tr>
<td>13. Couple, no assets</td>
<td>$33,716</td>
<td>$30,219</td>
<td>$33,799</td>
<td>$58,444</td>
</tr>
<tr>
<td>14. Couple, $35,000 assets</td>
<td>$34,328</td>
<td>$30,831</td>
<td>$33,799</td>
<td>$58,444</td>
</tr>
<tr>
<td>15. Couple, max full pension, $286,500 assets</td>
<td>$41,467</td>
<td>$37,970</td>
<td>$33,799</td>
<td>$58,444</td>
</tr>
<tr>
<td>16. Couple, max part pension, $1,151,500 assets</td>
<td>$36,229</td>
<td>$32,732</td>
<td>$33,799</td>
<td>$58,444</td>
</tr>
<tr>
<td>17. Single, $430,000 assets</td>
<td>$26,728</td>
<td>$23,086</td>
<td></td>
<td>$42,604&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>18. Couple, $510,000 assets</td>
<td>$40,381</td>
<td>$36,884</td>
<td></td>
<td>$58,444&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a</sup> Centrelink calculator (2015) – deems income from savings (investments) – figure provided combines pension and savings income. Includes rent assistance and other supplements.

<sup>b</sup> Requires drawdown on savings.
Table 3 shows the devastating financial impact of paying rent when reliant on the Age Pension. Assuming full supplements and rent assistance, a single pensioner paying median market rent would have an annual after-housing income of $9,614.20. A home-owning single age pensioner receives a little over 95 per cent of the ASFA modest retirement standard amount, but a single pensioner in private rental paying median market rent on a one-bedroom flat has, post-housing costs, the income equivalent of 41 per cent of the ASFA standard amount. Table 3 indicates an optimum asset holding for couples ($286,500). However, this does not take account of the ability to draw down on savings to fund current expenditure, which is the assumption of the ASFA standards. The implications of having savings can be teased out through the following scenarios.

A single renter with $50,000 in savings paying more than the median rent will deplete their savings rapidly (the median rent figure we have used requires an annual drawdown of $8,000 on their savings; $50,000 would be exhausted within 6.25 years). This household is extremely vulnerable to future critical life events that increase their cost of living, and to homelessness once their savings are exhausted.

A couple renter household with $35,000 in savings has economies of scale in consumption available to couple households, but lower wealth. This household is also extremely vulnerable to future critical life events which increase their cost of living, and to homelessness once their savings are exhausted.

A single renter with more than $50,000 but less than $160,000 in assets has the savings required to enable drawdown and could pay median rent for between six and 20 years. This household is still vulnerable to critical life events which increase their cost of living.

A couple renter household with more than $35,000 and less than $260,000 in assets has less than the minimum savings ($260,000) required to enable drawdown of $13,000 per annum to pay median rent for 20 years. This household is vulnerable to future critical life events which increase their cost of living.

The ASFA standard assumes a very small annual drawdown on $50,000 in savings to meet the modest retirement standard. A single homeowner with $50,000 in assets has equity in the home that is theoretically available for drawdown. Depending on the value of the home, that equity could be considerable. This equity provides considerable ‘insurance’ and prevents the household from being especially vulnerable.

The ASFA standard assumes a very small annual surplus for a couple homeowner household with savings of $35,000. As for a single homeowner, the home represents considerable ‘insurance’ and prevents the household from being especially vulnerable. The greatest critical life event threat is the loss of a partner not because of loss of the dwelling which typically transfers to the surviving partners but a weaker ability to pay housing costs notably if there is any mortgage for an owners or if rent payments presumed two incomes.

In conclusion, the Australian Age Pension assumes home ownership, and the asset test permits the homeowner to hold savings in the home that are exempt from the test but are accessible to the owner. Non-home owners are permitted a larger pool of assessible savings and can claim CRA. This policy setting was formulated at a time when home ownership levels were very high and the private rental sector very small, as many low-income households could access social housing. Today, a quarter of households are in the private rental sector and there is very limited opportunity to access social housing. A key question that we will consider in chapter four is what level of assets (owner-occupied housing and other wealth) homeowners and renters hold. The answer suggests that Age Pension policy is seriously out of step with housing policy.

In the next chapter we discuss critical life events; those events that mark our lives, sometimes for the better (such as getting married or gaining qualifications), but often for the worse (such as divorcing, losing a job or experiencing a critical illness). Sometimes
simply being born into a particular type of family or place will confer an advantage or a disadvantage. Such random contextual factors are also critical life events. In Australia, gender, for example, will largely determine the type of work a person undertakes and the amount they earn. Critical life events can assist the accumulation of housing equity and other wealth or they can be devastating, wiping out any chance of home ownership in retirement.
3 Critical life events

The concept of ‘critical life events’ (CLE) stems primarily from the domains of health and psychology to describe the interaction of events that have major impacts on peoples’ lives, the ways individuals react to and manage these events, and some of the impact of this combination. In a modified, sociological form, the concept has increasing relevance for interpreting the intersection of the life events individuals experience in the context of economic and social systems, the individuals’ agency in response, and the combined impact. With regards to housing, a CLE framework has the capacity to inform our understanding of:

1. the non-housing life events and housing ‘shocks’ experienced by individuals and households
2. the ways parts of the housing system compound or mitigate the adverse consequences of these events
3. the role of personal/household capabilities and other ‘insurances’ that enable households to manage various life events and potentially avoid the accumulation of multiple adverse events that could lead to homelessness or increased reliance on government housing supports.

3.1 Definition and lineage of the ‘critical life events’ concept

CLE are transitions that reflect developmental or life course milestones such as partnering, loss of partner, re-partnering, birth of children, employment and housing transitions. In addition, a range of hardships such as serious illness or injury to oneself or to close family or friends, economic loss, and disasters are CLE that typically alter the status quo, frequently triggering further events. CLE are known to have cumulative impacts, often occurring over long periods. In economics, adverse critical events are often associated with hysteresis (Flatau et al. 2004, glossary):

Hysteresis arises when a negative (positive) shock has long-lasting impacts so that when the shock is reversed, the affected person(s) does not return to the same position they were in before the shock.

The CLE concept arose from research into individual responses to disease (Holmes & Rahe 1967). It was identified that stressful life events had significant impacts on physical health, psychological wellbeing and social welfare, and this has informed the concept of resilience used in contemporary social policy (Moloney et al. 2012). Holmes and Rahe (1967) developed a set of events rated according to the severity of impact. The original set of events has been revised (Table 4) and now informs a number of Australian longitudinal panels. Moloney et al. (2012) note that while many studies do not formally adopt the CLE lens, they observe adverse events or transitions triggering further events.

The way in which individuals experience adverse CLE is influenced by personal and contextual circumstances (Baxter et al. 2012). Coping strategies, personal appraisal of events reflecting a person’s control beliefs or belief system (Allen 2000), and previous or current exposure to other events, along with command over material and non-material resources, are each ‘critical for adaptation’ (Jopp & Schmitt 2010, p.168). Successful responses to CLE include the need for ‘time, money, skills, [and the] cooperation of others’ (Ajzak 1991, p.182).

Locus of control is a psychological concept that captures individuals’ beliefs about the controllability of life events and is a key component of self-control (Cobb-Clark et al. 2013). While the ‘locus-of-control gap in savings rates’ has been found to be highest
among rich households, the ‘gap in wealth accumulation associated with locus of control is particularly important for poor households at the bottom of the wealth distribution’ (Cobb-Clark, Kassenboehmer & Sinning 2013; p. 2), for whom even small losses can have major ramifications. In more sociological terms we can think of the locus of control as an ‘insurance’, as further discussed in Section 3.4.

Table 4: Revised Social Readjustment Rating Scale

<table>
<thead>
<tr>
<th>No.</th>
<th>Event</th>
<th>No.</th>
<th>Event</th>
<th>No.</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Death of spouse/mate</td>
<td>18</td>
<td>Assuming responsibility for sick or elderly loved one</td>
<td>35</td>
<td>Pregnancy of self/spouse/mate</td>
</tr>
<tr>
<td>2</td>
<td>Death of close family member</td>
<td>19</td>
<td>Loss of or major reduction in health insurance/benefits</td>
<td>36</td>
<td>Experiencing discrimination/harassment outside the workplace</td>
</tr>
<tr>
<td>3</td>
<td>Major injury/illness to self</td>
<td>20</td>
<td>self/close family member being arrested for violating the law</td>
<td>37</td>
<td>Release from jail</td>
</tr>
<tr>
<td>4</td>
<td>Detention in jail term or other institution</td>
<td>21</td>
<td>Major disagreement over child support/custody/visitation</td>
<td>38</td>
<td>Spouse/mate begins/ceases work outside the home</td>
</tr>
<tr>
<td>5</td>
<td>Major injury/illness to close family member</td>
<td>22</td>
<td>experiencing/involved in auto accident</td>
<td>39</td>
<td>Major disagreement with boss/co-worker</td>
</tr>
<tr>
<td>6</td>
<td>Foreclosure of mortgage or loan</td>
<td>23</td>
<td>Being disciplined at work/demoted</td>
<td>40</td>
<td>Change in residence</td>
</tr>
<tr>
<td>7</td>
<td>Divorce</td>
<td>24</td>
<td>Dealing with unwanted pregnancy</td>
<td>41</td>
<td>Finding appropriate child care/day care</td>
</tr>
<tr>
<td>8</td>
<td>Being a victim of a crime</td>
<td>25</td>
<td>Adult child moving in with parent/parent moving in with adult child</td>
<td>42</td>
<td>Experiencing large unexpected monetary gain</td>
</tr>
<tr>
<td>9</td>
<td>Being a victim of police brutality</td>
<td>26</td>
<td>Child develops behaviour or learning problem</td>
<td>43</td>
<td>Changing positions (transfer/promotion)</td>
</tr>
<tr>
<td>10</td>
<td>Infidelity</td>
<td>27</td>
<td>experiencing employment discrimination/sexual harassment</td>
<td>44</td>
<td>Gaining new family member</td>
</tr>
<tr>
<td>11</td>
<td>Experiencing domestic violence/sexual abuse</td>
<td>28</td>
<td>Attempting to modify addictive behaviour of self</td>
<td>45</td>
<td>Changing work responsibilities</td>
</tr>
<tr>
<td>12</td>
<td>Separation from or spouse/mate</td>
<td>29</td>
<td>Discovering/attempting to modify addictive behaviour of close family member</td>
<td>46</td>
<td>Child leaving home</td>
</tr>
<tr>
<td>13</td>
<td>Being fired/laid-off/unemployed</td>
<td>30</td>
<td>Employer reorganisation/downsizing</td>
<td>47</td>
<td>Obtaining a home mortgage</td>
</tr>
<tr>
<td>14</td>
<td>Experiencing financial problems or difficulties</td>
<td>31</td>
<td>Dealing with infertility/miscarriage</td>
<td>48</td>
<td>Obtaining a major home loan other than home mortgage</td>
</tr>
<tr>
<td>15</td>
<td>Death of a close friend</td>
<td>32</td>
<td>Getting married/remarried</td>
<td>49</td>
<td>Retirement</td>
</tr>
<tr>
<td>16</td>
<td>Surviving a disaster</td>
<td>33</td>
<td>Changing employers/careers</td>
<td>50</td>
<td>Beginning/ceasing formal education</td>
</tr>
<tr>
<td>17</td>
<td>Becoming a single parent</td>
<td>34</td>
<td>Failure to obtain/qualify for mortgage</td>
<td>51</td>
<td>Receiving a ticket for violating the law</td>
</tr>
</tbody>
</table>

CLEs are of interest to public policy, as adverse events are associated with losses (ranging from health to personal resilience to economic), that are sometimes temporary but often-long lasting or permanent, and which in turn are often associated with further losses and an associated increased need for social insurances. In relation to housing and retirement policy and the need for housing assistance, events that affect the financial or other capacity of households to accumulate equity in housing are of interest.

3.1.1 Critical life events: a typology

Based on the traditional accounts of CLE developed in psychology, major life events can be grouped into three main types. All, in various ways, affect the financial or other capacity of households to manage various aspects of their lives — and, of relevance to the present study, their ability to accumulate equity in housing or otherwise build savings. Broadly, the CLE of interest in relation to the capacity of households at midlife to acquire housing equity are those that primarily relate to engagement in financial/labour market activities, most strongly relate to family/household change (and in turn affect financial capacity), and relate to illness, disability and ageing (also affecting the financial capabilities of households as well as other personal capabilities). Examples of these three broad types are set out in Table 5. As shown, in many cases events can lead to increased or decreased financial capacity.

### Table 5: A classification of critical life event types, showing examples

<table>
<thead>
<tr>
<th>Event type</th>
<th>Adverse impact on capacity to acquire and sustain housing equity</th>
<th>Positive impact on capacity to acquire and sustain housing equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Unemployment</td>
<td>Gain employment</td>
</tr>
<tr>
<td></td>
<td>Underemployment</td>
<td>Increase work hours or pay rate</td>
</tr>
<tr>
<td></td>
<td>Low educational attainment</td>
<td>Undertake education/training</td>
</tr>
<tr>
<td>Family formation and dissolution</td>
<td>Partnering</td>
<td>Separation/divorce</td>
</tr>
<tr>
<td></td>
<td>Death of spouse</td>
<td>Death of spouse</td>
</tr>
<tr>
<td>Dependants</td>
<td>Child bearing</td>
<td>Child achieve adult independence</td>
</tr>
<tr>
<td></td>
<td>Dependant/s care</td>
<td></td>
</tr>
<tr>
<td>Health and ageing</td>
<td>Illness/disability</td>
<td>Rehabilitation/recovery of health</td>
</tr>
<tr>
<td></td>
<td>Short-term or chronic illness</td>
<td>Rehabilitation/appropriate training for employment</td>
</tr>
<tr>
<td></td>
<td>Disability</td>
<td></td>
</tr>
<tr>
<td>Premature ageing</td>
<td>Early retirement</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Original reclassification of Social Readjustment Rating Scale (as shown in Moloney et al. 2012).*
3.2 Housing experience and shocks

While our focus is on investigating the relationship between housing experience and CLE, housing transitions themselves are typically included as CLE in the literature (Moloney et al. 2012). There is also an implicit focus on housing transition and risk within much recent housing research on household wellbeing. We outline the growing interest in CLE from housing researchers, who have for some time implicitly and more recently explicitly associated adverse housing transitions, or housing shocks, with the changing nature and increasing diversity of ‘life courses’. In addition to the shift in household norms and structures, housing researchers have identified both the housing system as a source of adverse events and housing equity as a key form of insurance.

Types of housing events typically included as CLE are ‘foreclosure of mortgage or loan’, ‘change in residence’, ‘obtaining a home mortgage’ and ‘obtaining a major home loan other than home mortgage’. From a housing perspective these events are rather normative and exclude a large range of housing experiences.

Housing research often conceives chains of events resulting in particular types of housing outcomes as housing pathways (Clapham 2002; 2005), recognising that critical events often – but not always – follow an earlier event, and/or often trigger subsequent events. Many recognised housing pathways take their nomenclature from housing transitions that are identified with CLE, and these often reflect the multiplicity of events and accumulation of effects noted in the CLE literature. Nevertheless, although this is changing, events have tended to be considered secondary to the housing outcome. In an exception to this tendency, family/domestic violence is well documented as a pathway into homelessness (Chamberlain & MacKenzie 2006; Kolar 2004; McFerran 2010), with the focus shifting from homelessness support to the preceding CLE (Smith & Weatherburn 2013) and the removal of perpetrators of violence from the family home (Spinney & Blandy 2011; Spinney 2012).

CLE are increasingly of interest in relation to the housing system, primarily the private rental sector (PRS), as a source of risk (rental increase, eviction, increased mobility, housing quality, spatial distribution of inequality), and housing equity as a source of insurance (housing equity withdrawal). Hulse and Saugeres (2008a; 2008b), Hulse, Milligan and Easthope (2011) and Hulse et al. (2012) have explored the experiences of private rental tenants to reveal extensive CLE such as violence, high residential mobility in childhood and then as adults (including homelessness), early school-leaving and fractured work histories, thus highlighting a deep association between long-term private rental tenure and homelessness and adverse CLE. These tenants experience what Hulse and Saugeres (2008b) describe as ‘precarious’ living, reflecting an accumulation of CLE impacts. Flatau et al. (2013) argue that these impacts are resulting in intergenerational precariousness and homelessness.

The nature of the PRS itself is viewed as a significant factor in this precariousness, with housing-related adverse life events (housing shocks) triggering further events (Short et al. 2011). Particular groups of tenants who have experienced major adverse events have been found to be highly vulnerable in private rental: for example, refugees (Beer & Foley 2003), people with disabilities (Tually, Beer & McLoughlin 2011) and others including those with mental health issues who are filtered out of the mainstream PRS into marginal housing tenures (Wensing, Holloway & Wood 2003; Goodman et al. 2013) or homelessness (Robinson 2003). The affordability of private rental housing is a significant driver of residential mobility, with displacement a direct effect of gentrification (Atkinson et al. 2011; Weller & van Hulten 2012). Migration from metropolitan to non-metropolitan areas has been shown to improve affordability and wellbeing (Marshall et al. 2003).

Housing researchers are increasingly interested in the contribution of CLE to creating pathways into the PRS and marginal housing tenures, and the adverse and cumulative
impacts of the PRS on vulnerable tenants. The role of housing in mitigating the adverse consequences of CLEs has also been a key research area, especially regarding housing assistance (such as social housing and private rental assistance) and private housing equity. Insurances are a key instrument for mitigation and take various forms. We discuss this in more detail in section 3.4.

A lack of social insurance mechanisms to soften ‘adverse circumstances’ experienced by older people – and others – has been identified as contributing to the entry of the aged into private rental (Jones et al. 2007). Similarly, the entry of former owner-occupiers into social housing has been directly related to adverse events such as housing shock and disability (McNelis 2007; Wiesel et al. 2012). Indeed, social insurances in the form of household resources, and resources households can gain access to, are likely to significantly mediate the adverse effect of housing shocks in the context of CLE (discussed in section 3.4).

### 3.3 Household formation and dissolution

The greatest interest to date has been in household formation, dissolution and changing household composition, with particular focus on dissolution. Household formation is partnering (and re-partnering) for cohabitation or marriage and dissolution the loss of partner through death, divorce or separation. Partnering is understood to provide households with economies of scale in consumption and the ability to divide labour (between paid work and unpaid care); the formation of couple households remains closely associated with the birth of children (Wood et al. 2008, Mulder & Wagner 2010). Dual versus single incomes associated with partnering are increasingly related to housing opportunity (Burke, Stone & Ralston 2014). Not partnering at all is significant, as economies of scale in consumption are absent. Lower average lifetime earnings are particularly disadvantageous for single women.

A series of Australia studies have mapped the economic impact of divorce and separation on households, and include housing as a key component of analysis (reflecting discussion of property settlements), although not of tenure per se. This literature includes *Settling up* (McDonald 1986), *Settling down* (Funder, Harrison & Weston, 1993), the *Australian divorce transitions project* (Sheehan & Hughes, 2001; Dewar, Sheehan & Hughes 1999) and the *Superannuation and divorce survey* (Sheehan, Chrzanowski & Dewar 2008). The findings of these studies are remarkably consistent. The majority of couples have insufficient wealth to afford the creation of two homeowner/purchaser households upon separation. The family home tends to be the most important asset and the lack of other wealth often necessitates the sale of the marital home in order that the division of property occur. Basic assets such as housing tend to be divided equally, but non-basic assets (such as businesses and superannuation) are not, with division favouring male ex-partners. Men tend to repartner and recover from divorce, but single mothers and older divorced women who remain single experience significant hysteresis. According to Sheehan & Hughes (2001), the division of matrimonial assets in Australia reflects gendered care arrangements, with women more likely to receive the family home in the settlement in order to provide the primary caregiver and children stability. These findings are supported by a broader literature that has found partnership dissolution has major consequences for the wealth position of each partner, with tenure change generally observed for at least one, if not both, former partners (Feijten 2005; Feijten & Mulder 2005; Babacan et al. 2006; Chamberlain & MacKenzie 2006; Dewilde 2008; Gram-Hanssen & Bech-Danielsen 2008; Wood et al. 2008; Feijten & van Ham 2010; Mulder & Wagner 2010). The longer-term impacts of divorce, however, are less clear, with indications that further housing transitions are common (Feijten 2005; Beer & Faulkner 2009).
Family conflict and change in household size are significant push factors for people entering public and assisted private rental (Burke & Hulse 2002). Sole parents in particular experience higher than average mobility (Burke & Hulse 2002; Stone et al. 2013) and tend to concentrate in poorer outer suburban locations and inland and coastal regional centres, reinforcing detachment from the labour market (Birrell & Rapson 2002; Hulse et al. 2012).

De Vaus et al.’s (2014) longitudinal analysis (using waves 2, 6 and 10 of HILDA) of Australian households found that in terms of income men recovered quickly from divorce, whereas mothers who did not re-partner were still in recovery six years after the divorce. Divorced mothers tend to have majority care of children (and hence the expenses of raising them), although they also tend to increase their hours of work in order to improve their income. Social security (single parent payments) was a significant source of income for single mothers. De Vaus et al. (2014) found that there were key socio-economic and demographic differences between those couples who divorced and those who did not, with divorcing couples more likely to be younger and have lower educational attainment and less likely to have dependent children. Men of non-English speaking background (NESB) were more likely than Australian-born men to divorce, but the opposite was true for women of NESB. In relation to the impact of divorce on wealth, de Vaus et al. (2014) concluded that the disparity in wealth between divorced and non-divorced couples reflected pre-divorce circumstances; that is, divorcing couples were poorer to start with. However, this was only partially attributable to differences in demographic and socio-economic characteristics.

Re-partnering has been shown to recoup some of the losses of dissolution, while former partners who remain single experience more severe hysteresis than those who re-partner (Painter & Lee 2009). Re-partnering facilitates financial and housing recovery, but as men are more likely to re-partner than women, ‘there will be a gender bias to adverse housing consequences’ for women, with implications for demand for housing assistance (Wood et al. 2008, p. 1).

3.4 Critical life events–insurance nexus

The extent to which any CLE that threatens the income and earnings capacity of households, or other aspects of household functionality, and goes on to have an adverse effect is in many ways mediated by the resources available to households – referred to collectively in our analysis as ‘insurances’. In varying ways, and with varied degrees of success, individuals manage the risk of CLE for themselves and their family and friends, but many risks are also collectively managed. Individual risk management takes the form of private market insurances that are purchased; private self-insurances such as savings and credit; and the (non-market) ability to draw on assistance from family or friends. Socialised insurance includes income support in situations of unemployment, ill health or disability, retirement and parenting. Housing support is provided through subsidised housing including public housing and rental assistance in the case of renters. It is important to note however the home purchasers facing a critical event have no equivalent financial support and this is a big gap in Australian housing assistance.

Saunders, Naidoo and Griffiths (2008) suggest that loss of insurance is a key indicator of disadvantage and social exclusion. Insurances may be forfeited or otherwise affected by a run of shocks or unexpected events, or by terms and conditions imposed on access and use of insurances (Harriss-White 2005). An example is where credit is used to smooth income or consumption, but high interest rates payable on the debt mean repayment prevents current essential expenditure. The cumulative impact of events can be observed, according to Harriss-White (2005), in the sequencing of the loss of insurances.
One such sequence would involve a loss of access to nonproductive precautionary savings, loss of access to reciprocal, interest-free borrowing, loss of access to commercial loans at interest, loss of access to high-interest money lenders, and exhaustion of productive precautionary savings (Harriss-White 2005, p. 883).

In the following section we conceptualise insurances in relation to CLE and outline how such insurances have been approached in the housing literature.

### 3.4.1 Financial resources as insurance

The first type of insurance of interest is savings and credit. Harriss-White (2005) indicates that both savings and credit take a number of forms, which suggests there are not only differing costs associated with them but also variable access. Saving per se has attracted little housing research.

Non-productive precautionary savings (that is, non-wealth generating savings) include savings for periodic expenses such as rent and service utilities; productive precautionary savings (that is, savings intended to grow wealth) include superannuation and investments. Credit is a key means by which wealth-generating assets can be obtained, but repayment of principle and interest reduces the income available for other current purposes.

The use of productive savings for current consumption results in foregone future income. Productive savings can be liquid (cash) or illiquid, such as superannuation (Flatau et al. 2004), although hardship provisions exist that permit access to superannuation for current consumption needs. Housing equity was once regarded as illiquid because it required the sale of real property, but financial reforms have enabled access to housing equity, such as through mortgage redraw, without the need to sell housing assets.

The use of housing equity to smooth financial requirements and periods of limited income is a double-edged sword: as chapter 4 shows retired households appear to be increasingly utilising this form of now-liquid asset to support their needs, but in doing so they expose themselves to other potential risks if this action results in limited remaining equity. Problems arise where funds are too limited to assist in transition to a downsized or high-needs retirement form of housing.

Home ownership is a special form of non-productive saving. Its insurance role is of increasing interest to housing researchers examining home equity withdrawal as a means of coping with income or consumption shocks (Benito 2007; Smith & Searle 2008; Bridge et al. 2010; Ong, Jefferson, et al. 2013; Ong, Parkinson et al. 2013; Wood et al. 2013). As Ong, Jefferson et al. (2013) highlight, the older home owner’s decision to downsize via selling their home is likely to be driven by the effects of ill health, separation, divorce or bereavement in circumstances where in-situ equity withdrawal is no longer an option. Research into the effects of assets and debt on housing pathways, however, is in its infancy (Wood et al. 2010; Berry, Dalton & Nelson 2010; Christie 2000).

Jefferson et al. (2010) note that gender differences in child care provision and labour force participation result in gender differences in asset holdings and debt, with women holding fewer assets (predominantly their home); this may explain women’s greater propensity to withdraw home equity in order to fund consumption. The temporal aspect of CLE is evident in such cases, with often a very long lag between ‘event’ and impact. Women have also been found to experience more difficulties with mortgage arrears in the aftermath of adverse events, and to adopt different coping strategies (Christie 2000).

Housing equity remains the key strategy for saving for retirement but, as forms of deferred consumption, housing equity and superannuation are challenged by increasing longevity and declining rates of home purchase (Olsberg et al. 2004; Beer & Faulkner 2009; Wood et al. 2013). Wood et al. (2010) found that home owners who exited into
private rental were more likely to require housing assistance than longer-term private tenants, suggesting the impact of traumatic event(s) and evidence of hysteresis (p. 6):

Housing careers are scarred such that future interventions to support their housing circumstances become more likely.

Increasingly, households are retiring with housing debt (Wood et al. 2010). Loss of a partner may result in use of retirement savings to meet debt obligations, leaving individuals reliant on the Age Pension (Wood et al. 2008). Widows and female divorcees are less likely to replace housing equity withdrawn when a male partner leaves or dies (Babacan et al., 2006).

Employment is a key measure by which households can obtain income and generate savings. The ability to obtain more hours of work when necessary is a type of insurance, with increased income able to mitigate the financial impacts of CLE. Unemployment and underemployment are CLE that impact on income and prevent accumulation of savings. Underemployment has been found to have a significant gender dimension, with women in Australia experiencing a significantly higher rate of underemployment than men since 1994 (Campbell, Parkinson & Wood 2013). Illness and unemployment are key factors driving mortgagee repossession and resulting indebtedness, undermining subsequent private rental tenancies (Berry, Dalton & Nelson 2010). In relation to divorce, Austen (2004) found that married women at risk of divorce increase their participation in employment, to cushion the impact of separation if and when it occurs.

Women who remain out of the workforce or have only limited involvement in paid work confront financial costs if they divorce in subsequent periods. From another perspective, involvement in the workforce provides women with some insurance against the economic risk of divorce (Austen 2004, p. 163).

Some households experience CLE that prevent or reduce employment participation. Disability and poor health are triggers for loss or reduction in employment, increased social exclusion and use of housing assistance (Bridge et al. 2002; Tually, Beer & McLoughlin 2011; Kavanagh et al. 2013), and contribute to the loss of secure housing (Dockery et al. 2008; Rowley & Ong 2012). An adverse critical event, however, does not need to be directly experienced to have an impact. Both a care recipient and a carer have a reduced or complete incapacity to participate in paid work. Women at midlife find poor health and care obligations accumulate to reduce their ability to return to work (or to successfully compete for paid employment). It has been demonstrated that subsequent improvements to health or a reduction in care responsibilities do not increase their chances of re-entering employment (Austen & Ong 2009).

Unpaid care is a vital form of insurance primarily provided by families, mostly by women. Beer and Faulkner (2009) found female-headed sole parents were much more likely than male sole parents to live in a household where one or more persons had a long-term health condition, disability or impairment. The Australian Longitudinal Study on Women’s Health found that in 2004, approximately one quarter of all women in the mid-age cohort were providing care or assistance to someone due to long-term illness, disability or frailty (Warner-Smith, Powers & Hampson 2008, p. iii). In 2009–10 its imputed contribution to the Australian economy was valued at AUD$650.1 billion (Hoenig & Page 2012). Gendered caring responsibilities are a barrier to employment participation for women (Hulse & Saugeres 2008a, 2008b; Austen & Ong 2009; Sharam 2011; McFerran 2010), suggesting the cumulative impacts of CLE can be different for men and women.

Superannuation is an increasingly important type of saving in Australia, with the Superannuation Guarantee Act 1992 providing for compulsory employer contributions to most employees accounts. The absence of a compulsory superannuation scheme meant many persons prior to 1992 had little opportunity to accumulate superannuation, a situation compounded for many women who (a) prior to the 1980s were prevented from accumulating superannuation as a result of policy that forced them to leave certain types of work.
of employment, such as the public service, once they married (Olsberg et al. 2004) and
(b) who spend less time on the workforce due to more work being casualised and/or
because of child bearing and rearing responsibilities (Jefferson 2005). Thus
superannuation more generally tended to be the preserve of white collar professions,
which were and continue to be male dominated. Even today there is a weekly earnings
limit under which employers are not compelled to contribute to superannuation, which
disadvantages casual and part time workers. Self-employed people are not covered by
the Superannuation Guarantee Act 1992 and ASFA (2016) estimates that a quarter do
not have superannuation.

The significant gender wage gap between men and women has meant that female
superannuation balances typically lag well behind those of men. Furthermore, fertility has
a major impact upon female workforce participation and therefore the accumulation of
superannuation (Parr, Ferris & Mahuteau 2007).

The original provisions of the 1992 superannuation reforms did not include the capacity
to split accounts at divorce. It was not until 2002 that changes to the Family Law Act
1975 permitted superannuation to be formally split among the parties on divorce
(Sheehan, Chrzanowski & Dewar 2008). A 2001 survey found that in 64 per cent of
cases in which the family home was sold and proceeds divided, the husband’s
superannuation was not considered at all in the property settlement (Sheehan,
Chrzanowski & Dewar 2008). Revealingly, in cases where the wife kept the home (12 per
cent of cases), the husband’s superannuation was kept by the husband 42 per cent of
the time. When the husband retained the marital home (24 per cent of the time), his
superannuation was divided in 46 per cent of cases.

3.4.2 Financial management and values about money

The CLE literature draws attention to coping strategies and control beliefs in reactions to
stressful events, as these affect resilience. In particular they determine tendencies
towards profligacy or frugality. Profligacy is recognised as an aspect of some pathways
into homelessness. Frugality is less understood, although it is recognised when home
owners downsize as a means of improving income or minimising debt, and when tenants
trade down or move locality in order to secure cost savings (Judd et al. 2014). Frugality is
closely tied to very tight management of household income and expenditure.

3.4.3 Debt and formal or informal borrowing capacity

Credit, and in particular no cost or low costs credit, is a key mechanism used by
households to smooth consumption, obtain costly assets or address a crisis. Some
essential services such as electricity provision are provided on the basis of credit, and
arrears can become a problem not just for low-income households.

Low-income households, and in particular private rental households, appear to have
considerably different experiences of credit and debt to wealthy households, with credit
used to fund essential consumption rather than build assets. Credit is an important
insurance mechanism for low-income households in the absence of savings, but it is
expensive and a risky strategy. The increasing indebtedness of tenants is an issue for
sustaining tenancies (Jacobs, Natalier & Rottier 2004; Natalier et al. 2008).

Credit, however, must be accessible to be useful, and low-income private renters are far
more likely to draw on family and friends for emergency funds (Morris 2009). Homeless
families have been shown to exhaust these sources of emergency funds before seeking
homelessness support and taking on expensive forms of debt (Hulse & Sharam 2013).
Higher-income households can readily access cheaper credit, and can afford to use debt
as a means of bringing forward non-essential consumption. Housing purchasers or
owners are more likely to access competitively priced market loans (Burke & Ralston
The ability to access credit on fair terms is an advantage to middle- and higher-income households.

Denial of credit can prevent investment to increase household wealth. For example, Indigenous employment is sometimes hampered by the inability to obtain loans for vehicles that are essential to access jobs (Birdsall-Jones & Corunna 2008). Real estate agents have adopted new practices (such as rental blacklists) and utility providers conditions that seek to ensure households prioritise their accounts. Sharam (2007) argues such measures reduce tenants’ discretion to manage their cash flow, which tends to shift the problem from late payment to default.

Savings loss and debt accumulation is a known pathway into homelessness (Chamberlain & MacKenzie 2006; Chamberlain & Johnson 2011; Sharam 2008; Westmore & Mallett 2011; Tually, Beer & McLoughlin 2011). It is closely associated with family homelessness (Kolar 2004; Hulse & Sharam 2013) and family/domestic violence (Kolar 2004; Birdsall-Jones et al. 2010; Spinney 2012), with the need to obtain safe accommodation influencing the use of credit. Less well understood is the experience of debt when homeless, and implications for successful rehousing (Burke, Neske & Ralston 2004; Sharam & Hulse 2014). Debt can be a response to stress. Sharam (2011) found hedonistic behaviour indicative of giving up among single women over 40 years of age whose aspirations for home ownership had been blocked: most were failing to save for retirement and many were indebted for non-essential consumption.

3.4.4 Formal insurance mechanisms

Market-based insurance products are a means by which households can protect assets (via building, household contents and car insurance, for example) and mitigate income losses in some cases (income protection, health and life insurance). However, insurance is often costly and does not necessarily provide the protection policyholders assume they have purchased. Insurance addresses risk of loss and culpability (as with third-party property insurance for motor vehicles). It is estimated that less than 50 per cent of Australian households have each of the following common insurances – building, contents and motor vehicle insurance – with around 19 per cent of households having no insurance at all (Connolly 2014). However, there have been few independent major studies in this area (Good Shepherd Microfinance 2013), so data is derived primarily from industry sources.

Low-income households are far less likely to hold an insurance policy than other households, and also have the least capacity to cope with losses arising from being uninsured (Good Shepherd Microfinance 2013). While welfare agencies have focused on the impacts on low- to moderate-income households (Sheehan & Renouf 2006; Collins 2011; Good Shepherd Microfinance 2013), the number of major natural disasters over the past 15 years has focused industry and government on the large pool of uninsured and underinsured (Council of Australian Governments 2002; Tooth & Barker 2007; Australian Securities and Investments Commission 2007; Mortimer, Bergin & Carter 2011; Productivity Commission 2014). There is a significant gap in the housing research literature on natural disasters, with the only major research exploring the role of social housing authorities in responding to need and their own asset protection (Jacobs & Williams 2009).

This non-housing-related research suggests that around one-fifth of households have not purchased any form of insurance: 54.6 per cent of the third party vehicle market is uninsured, 33.6 per cent of the comprehensive vehicle market is uninsured, 40.3 per cent of the contents market is uninsured, 81.1 per cent of the life insurance market is uninsured and 87.6 per cent of the risk (trauma, accident, income protection) market is uninsured (Connolly 2014, p. 26). This exclusion correlates with low income and private rental status.
The limited literature suggests that relatively non-critical events (such as a minor car accident) can have major consequences (for example, liability for third party damages) for low- to moderate-income households who are not insured. As we have already discussed, debt is a major risk, but the risk associated with lack of insurance coverage and its impacts for housing remain unknown.

### 3.4.5 Government support and housing assistance

The final insurances of interest here are the social insurances provided by government. For housing these include homelessness support and subsidised housing. Housing assistance includes crisis accommodation and refuges, social and transitional housing (with sub-market rents), and rent assistance. Income support is the primary insurance available to individuals who experience CLE that leave them unable to work sufficient hours to make ends meet, or who are uninsured or inadequately insured or lack independent means. Income support receipt is closely associated with use of housing assistance.

Housing assistance has been subject to a large amount of housing research (eg King 2001; Hulse & Randolph 2004), although little explicitly in relation to CLE. Pathways into housing assistance nevertheless reflect our understanding of CLE and the accretion of disadvantage resulting from the accumulative impacts associated with CLE. The many adverse life events that low- to moderate-income households typically experience that result in financial hardship are compounded by housing transitions (eg deposit bonds, rental increases) and are a major impediment to tenancy sustainment (Seelig et al. 2008).

### 3.4.6 Household resources as ‘insurances’: a typology

Drawing on the discussion above, five key forms of household insurances can be broadly identified. These are: personal capabilities; social capital (personal networks); informal and formal mechanisms for accessing financial assistance; market-based formal insurance cover; and government and associated forms of assistance. Examples of each are set out in Table 6.
Table 6: Household resources: examples of ‘insurances’ types

<table>
<thead>
<tr>
<th>Insurance type</th>
<th>Example indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal attributes</td>
<td>Resilience, temperament, life-planning</td>
</tr>
<tr>
<td></td>
<td>Education</td>
</tr>
<tr>
<td>Social capital/support</td>
<td>Assistance from informal networks (family and friends)</td>
</tr>
<tr>
<td></td>
<td>Community relationships</td>
</tr>
<tr>
<td>Financial borrowing capacity</td>
<td></td>
</tr>
<tr>
<td>Informal</td>
<td>Informal borrowing (family)</td>
</tr>
<tr>
<td>Formal</td>
<td>Regular banking sector</td>
</tr>
<tr>
<td></td>
<td>Pay day loans</td>
</tr>
<tr>
<td>Market based insurance</td>
<td>Unemployment insurance</td>
</tr>
<tr>
<td></td>
<td>Income protection</td>
</tr>
<tr>
<td></td>
<td>Health insurance</td>
</tr>
<tr>
<td></td>
<td>Home/car insurance</td>
</tr>
<tr>
<td>Government and related support</td>
<td>Income support</td>
</tr>
<tr>
<td></td>
<td>Commonwealth Rent Assistance</td>
</tr>
<tr>
<td></td>
<td>Private Rental Assistance</td>
</tr>
</tbody>
</table>

*Source: Stone et al (2015).*

In the next chapter we turn to the findings of analysis of the ABS Survey of Income and Housing (SIH). We present the median wealth of three age cohorts – those who have recently retired, those at early midlife and those at late midlife – through the lens of their tenure status. This reveals a great deal about housing as a store of wealth and its role in providing security in retirement. We focus on single-female, single-male and couple-only households in order to provide a gender analysis. As with many datasets the SIH does not permit differentiation of individuals’ share of household wealth. The SIH provides us with point in time data, but we can infer a little about individuals’ movement in and out of different types of households over their lifetime.
4 The demographics of risk and wealth

In 2013, 65 to 69 year olds were the first of the Baby Boomer generation to move into retirement; with men at that stage becoming eligible for the Age Pension. However many may have retired earlier either because they thought their financial situation enabled such or a critical life event eg redundancy or health situation forced early retirement.

Given that the number of older persons seeking assistance for housing is increasing, understanding the wealth of those who have recently retired is a critical step in ascertaining the ability of households to cope with any later life housing issues. Life course analysis suggests that from midlife households will be accumulating wealth.

For this analysis we used the ABS Survey of Income and Housing (SIH). This survey provides a comprehensive national snapshot of the demographic, wealth, income and other characteristics of a representative sample of Australians and provides cross-sectional data. Given our mid life focus we examined three age cohorts: 45 to 49 year olds, 55 to 59 year olds and 65 to 69 year olds – that is, a sample of the households who had recently retired and those at early and late midlife. We examined each at two different points in time, 2003–04 (2003) and 2013–14 (2013), providing the opportunity to observe changes that occurred during that decade.

We also examined the data to determine the impact of age, gender, tenure and household type on wealth accumulation and what changes may have occurred in the ten years between 2003 and 2013, a period of high housing price inflation. In some what more detail we also looked at income and educational attainment given the potential importance of these factors on life course and opportunity. In order to understand more about the possible impact of cultural diversity, we also investigated those households who had migrated and were of NESB.

We used tenure as a key unit of analysis, reflecting housing’s role in determining retirement income and wealth more generally. In terms of the latter we were conscious of the need to reflect changing patterns of housing wealth accumulation. While home ownership rates have declined and private rental rates increased, there are also many households who own more than one property, and some households who rent where they live but own or are purchasing a house elsewhere that they rent out (Hulse and Mcphterson 2014). The tenure categories along with the elements that make up the net wealth position of households are shown in Tables 7 and 8.

<table>
<thead>
<tr>
<th>Tenure category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td>A homeowner/purchaser who owns no other property</td>
</tr>
<tr>
<td>Owner/Owner</td>
<td>A homeowner who owns the property they live in and another property</td>
</tr>
<tr>
<td>Renter</td>
<td>A private renter who does not own any property</td>
</tr>
<tr>
<td>Renter/Owner</td>
<td>A private renter who owns a property they do not live in</td>
</tr>
</tbody>
</table>
Household size has significance for household wealth, as there may or may not be multiple incomes or multiple persons to support. Our analysis adopted the following household categories:

- single male (lone person)
- single female (lone person)
- couple only
- couple with dependent children
- couple with non-dependent children
- lone male parent
- lone female parent
- other (eg. unrelated group or multi-generational households).

As the focus of our inquiry is wealth accumulation for retirement with specific attention to the impact of household dissolution and gender, the household types of most interest are the lone-person households compared to the couple households. The distribution of wealth within couple households is impossible to distinguish using the SIH, with the exception of superannuation accounts, which are reported separately.

We start the analysis with the 65–69 year old cohort.

### 4.1 Wealth of 65–69 year olds: 2003 and 2013

- The median net total wealth of 65–69 year olds grew by seven per cent during the decade.
- The median net total wealth was $14,025 for single female private Renters and $18,900 for single male Renters.
- In 2013 there were 65,113 private Renters aged 65–69 years and 97,657 private renters aged 70 years or older.
- Owner/Owners were the wealthiest, but their net wealth slipped between 2003 and 2013, reflecting a generalised shift in wealth accumulation strategies that relate to the leveraging of Other Property.

Between 2003 and 2013 there was a 35 per cent rise in the number of 65–69 year old households, bringing the number to 630,342 in 2013. While the growth will slow, by 2033 there will up to 200,000 more 65–69 year old households than there were in 2013. The prospect of providing care for such a large proportion of the population and the need for the aged to have incomes for longer than in the past have been the subject of
innumerable reports. The public policy consensus has been that individuals need to save more during their working lives in order to support themselves in retirement. That is, individuals need to accumulate wealth to draw down upon once they are retired.

In this chapter we present the key findings of our analysis of the 2003 and 2013 SIH. We establish not only that Housing Wealth is a key component of wealth (and hence financial security in retirement), but also that Housing Wealth is highly correlated to other types of wealth.

The number of households aged 65–69 years old grew significantly between 2003 and 2013 (Figure 1). The number of single female, single male and couple households, however, grew slightly more than this overall figure. By 2013 there were 25 per cent more single female households than single male households, although couple households still dominated, with 2.6 times more couple households than single female households. There was little change in tenure share for this age cohort during the period.

Figure 1: Number of 65–69 year olds by tenure and household type, 2003 and 2013

By 2013, 65–69 year olds were, in terms of net median wealth, seven per cent wealthier than 65–69 year olds in 2003. This general increase in wealth, however, was not evenly distributed across tenures or household types, and it belies significant wealth disparities (Figure 2). The overall increase in wealth was largely driven by superannuation. As we have noted, the medians cited for superannuation wealth are for those who have that type of wealth, and by 65–69 years of age many of our households did not have any superannuation. Given that superannuation can be drawn down at the ages of 65–69 (and earlier if the preservation age is lower), the lack of superannuation balances at this point in people’s lives is not unusual, but some will not ever have had a superannuation account, for example if they have not been formally employed. Women who undertook home duties are an example. Others may have drawn down on superannuation before their preservation age under disadvantage provisions.

Perhaps more surprising is that the growth in Housing Wealth was not greater, given housing price inflation between 2003 and 2013. This could be explained by two factors; firstly that housing equity has been withdrawn in line with increased values and used for consumption and secondly that many of the areas where midlife household disproportionately live are ones that have not experienced high rates of property inflation eg outer urban areas and regional areas.
Appendix 4 outlines the detailed wealth positions of 65–69 year olds in 2003 and 2013 by tenure. Four tenures are looked at: Owner/owners ie those who own a home and other property, Owners, Renters and Renter/owners ie are households that rent the home they live in but own another property. Within each tenure type we examine three household types: single female, single male and couple households enabling gender comparison.

The general themes that the data for the 65-69 cohort reveals is:

- Owner-owners have much greater holdings of wealth than any other tenure type.
- For both Owner-owners and Owners wealth holdings were much greater for couples than singles although at least for Owner-owners the growth in wealth was much greater over the ten year period for singles compared to couples.
- Owner-owners overall (as one might expect) had an income position rendering them very comfortable such that most would be ineligible for a pension and overall housing costs to income were very low (between 4% and 8%).
- Owners include both outright owners and purchasers. But in aggregate there was a decline Housing Wealth for single female and couple households and very moderate increase in single male Housing Wealth. This is surprising given housing price inflation during the period but may reflect households having to draw down on the housing asset to supplement other living costs.
- Quite a number of single female Owners (purchasers) had after-housing costs comparable to Renters’ and were impoverished. However, these women had some equity in their homes; if they were to sell and then rent they could draw down on that wealth to supplement their Age Pension but in so doing could forgone the housing security and quality that tends to attach to ownership.
- The wealth of Renters was low compared to other tenures which is what one would expect in the absence of home ownership. Virtually all wealth is superannuation but even this is relatively low compared to other tenures and more importantly quite large numbers of renters had no superannuation.
- In short the total wealth holdings of 65–69 year old Renters were meagre, offering little financial buffer to cope with emergencies, let alone to supplement housing costs. Moreover housing costs as a percentage of income were high (between 32 and 42 percent depending on household type) and increasing over time.
4.2 Wealth of 55–59 year olds: 2003 and 2013

- The number of 55–59-year-old households grew by 20 per cent during the decade, to 745,223.
- The net total median wealth of 55–59 year olds grew by three per cent.
- Single female private Renters were the poorest in this age cohort, with a median net wealth of $35,510; single male Renters had median net wealth of $55,000.
- In 2013 there were 93,340 private Renters aged 55–59 years old.

The number of 55–59 year olds increased by 20 per cent between 2003 and 2013 to 745,223, a climb from 9.4 to 10.1 per cent of the population (Figure 3). The number of 55–59 year old single female households declined by 12 per cent to 43,981 in 2013, and the number of couple households declined 29 per cent to 126,613. The number of 55–59 year old single male households, on the other hand, increased by 23 per cent to 42,029.

Figure 3: Number of 55–59 year olds by tenure and household type, 2003 and 2013

The general population increase had some impact on tenure shares, with the Owner category losing to the other tenures (Figure 4).

Figure 4: Change in tenure for 55–59 year olds between 2003 and 2013
While overall the wealth of 55–59 year olds grew by three per cent, there were significant changes over the decade. As Figure 5 shows, the wealth of Owners increased while that of Owner/Owners declined. For many people aged 55-59 years in 2003 and 2013 their superannuation preservation age would have been as low as 55 years. Accordingly, some this cohort may have already withdrawn down (in whole or in part) their superannuation.

Figure 5: Median net wealth of 55–59 year olds by tenure and household type, 2003

Appendix 5 outlines the detailed wealth positions of 55–59 year olds in 2003 and 2013 by tenure.

The general themes that the data for the 55-59 cohort reveals is:

- Owner-owners have much greater holdings of wealth than any other tenure type.
- The wealth holdings Owner-owners slipped considerably over the ten year period, entirely the result of the increased leveraging of Other Property reflecting a shift in wealth accumulation strategies.
- While the net wealth of Owners grew Housing Wealth did not. While the majority (60%) had fully paid off their mortgages, significant numbers of mortgagees still owned 50 per cent or more of the value of their home. Superannuation coverage was high but account balances were modest.
- There was a very significant increase in the proportion of single and couple Renter households. These Renters held very little wealth most of which was in superannuation, with a large proportion having no superannuation at all. Such meagre savings means these households are very vulnerable to critical life events – some such as illness or disability or unemployment or underemployment are very real risks at their age.
- Renters experienced high levels of unwanted mobility, and their housing stress increased over the decade reflecting increases in rental costs and lower income. It is clear that these households are on a trajectory of towards highly impoverished retirement.
4.3 Wealth of 45–49 year olds: 2003 and 2013

- Median net total wealth of 45–49-year-old households declined by seven per cent over the decade.
- There was only a modest increase in the number of 45–49 year olds in the population.
- The tenure shares of Renters rose, while that of Owners fell.
- In 2013 there were 178,510 private Renters aged 45–49 years.
- The median period that 45–49-year-old tenants had lived at their current address was two to four years.
- The median net wealth of single male Renters was $44,759; for single female Renters it was $57,100.

The number of 45–49 year old households increased by eight per cent over the decade to 828,022 in 2013 (Figure 6), but the cohort declined as a proportion of the population from 12 to 11 per cent. The number of 45–49 year old single female households decreased by seven per cent to 48,124 in 2013; single male households decreased by 16 per cent to 70,112; and couple households decreased by seven per cent to 88,741.

**Figure 6: Number of 45–49 year olds by tenure and household type, 2003 and 2013**

As indicated in Figure 7, changes in tenure share were more pronounced for 45–49 year olds than for 55–59 or 65–69 year olds. Between 2003 and 2013 the proportion of Owners fell by five per cent, Owner/Owners fell by three per cent and Renter/Owners grew by one per cent, while Renters grew by seven per cent. The actual number of Renters grew by 37 per cent.
The median net wealth of 45–49 year olds in 2003 was $502,166, and this fell by seven per cent to $465,319 in 2013. As Figure 8, indicates the major falls in wealth were for Owner/Owners and Renter/Owners, who – as we have noted – are more highly leveraged for their Other Property than in 2003.

Appendix 6 outlines the detailed wealth positions of 45–49 year olds in 2003 and 2013 by tenure.

The general themes that the data for the 45-49 cohort reveals is:

- Owner-owners have much greater holdings of wealth than any other tenure type.
- As with older cohort of Owner-owners the Other Property wealth of Owner-owners fell very significantly reflecting high borrowings. With even higher incomes than the 55-59 year olds, these households are able to maximise the advantages of negative gearing their investment properties.
- The proportion of Owners fell by 5%, and their Housing wealth declined, a likely reflection of increased housing prices.
- There was a greater increase in the proportion of Renters, up from 15% to 22%, with increased numbers of single male and couple Renter households.
As could be expected of non-homeowners Renters had little wealth. However, there was shift in gender differences in the decade with single women catching up and overtaking the wealth of single males.

While in general superannuation coverage increased over the decade across all tenures, the coverage of single male Renters dropped by 6%. This suggests an increasing number of early midlife single males who have never held more than casual or part time employment, or who have been dependent on welfare payments for the best part of their adult lives. As well as being a reflection on educational attainment it points to changed employment opportunities.

4.4 Housing profile of longitudinal relationship groups

In addition to the SIH we also used the Household, Income Labour Dynamics longitudinal survey (HILDA) to examine how relationship status and change in status affected tenure. The SIH data is a point in time survey for a particular cohort whose sample population will be different at every survey period. Longitudinal data such as that of HILDA involves collecting data about the same groups of people over a long period of time. Because it is the same people at each survey period it is much more possible to understand cause and affect relationships as changes in circumstances (causal variables) can be directly related to the participating households. This is much more difficult to do for a general population where the participating households change over time.

The Household, Income and Labour Dynamics in Australia (HILDA) panel survey commenced in 2001 with a representative sample of 7,682 households and 13,969 individual respondents aged 15 years and older. Each year continuing members and newly forming households with original sample members are followed up with and there are now 14 waves or years of data available from 2001-2014. Among these numbers are households at midlife which means HILDA can be used to identify times when critical events have affected such households, the nature of such critical events, changes in wealth position and their relationship to critical events. Appendix 7 has more detail on HILDA and the detailed findings.

For the purpose of this study we analysed the tenure outcomes for individuals aged 35-64 who moved from couple to single relationship status, following them for between 10 and 14 years (between 2001 and 2014) and through up to three changes in tenure post separation.

The general themes that the HILDA data reveals is:

- Around a third of former coupled housing purchasers and just over 10% of outright owners are in private rental after their third housing move post-separation indicating that the division of assets often provides insufficient wealth to enable both former partners to re-enter home ownership.

- Female outright owners are far more likely to remain outright owners after separation than men, and a greater proportion regain outright ownership by their third move. This accords with Sheehan, Chrzanowski & Dewar (2008) who suggest wives receive a greater share of basic assets such as housing, and men non-basic such as businesses.

- A very slightly higher proportion of male former coupled housing purchasers move into outright ownership than former coupled female purchasers. Around 10% more former coupled female purchasers remain purchasers immediately after separation and after their third move, than former couple male purchasers.
The vast majority (90%) of private renters remain private renters immediately after separation with 16% becoming purchasers or outright owners by their third move. There is little gender difference for renters.

The wealthiest households are Couples homeowners who remain continuously partnered. Single renters, as found with the SIH have little wealth. Relationship breakdown as an adverse impact on wealth while partnering is positive.

Relationship breakdown and consequential loss of home ownership is a critical life event. Reaffirming the findings of the rest of the study it found that while private rental tenure is a transition tenure for many separated couples, a significant proportion of former purchasers/outright owners will permanently exit homeownership. For those in private rental when they separate, only a minority will enter homeownership.

4.5 Other findings

The study did attempt to look at the wealth of culturally and linguistically diverse (CALD) backgrounds, or alternatively of people from non-English for which there is virtually no literature. However we now understand why there is little literature in the Australian context and that is the main source of wealth data does not provide a sufficient sample size to explore the topic in any detail. Methodological issues are outlined in Appendix 2. We were able to ascertain migrant status and length of time in Australia from the SIH but limited detail is collected on the country of birth of migrants. We could very broadly categorise migrant households into English-speaking or non-English speaking backgrounds. We were also limited in what detail we could obtain about some aspects of their wealth.

Figure 9: Median net wealth of NESB migrant households, 45–54 and 55–64 year olds, 2003 ($2013)

The main findings were:

- Renter households had very little wealth and Owner/Owners had the greatest wealth (Figure 9).
The proportion of 65–69 year old migrant households of NESB who were Renters in 2013 was similar to the general population of 65–69 year olds.

A slightly higher proportion of NESB households aged 65-69 were Owners compared to the total of 65 to 69 year olds, and their median wealth was also very close to that of the general 65 to 69 year old population, with the exception of single female Owners whose wealth was around 30 per cent greater.

The median wealth of couple Owner/Owners around 20 per cent greater although there were somewhat fewer of them.
5 Single parents

Given that single parents have not had much attention in this report to date but also that other studies (Birrell and Rapson 2002, Burke and Hulse 2002, Tually et al. 2007) have shown that they are one of the more problematic households in terms of housing issues this chapter specifically addresses them. While the broad focus like other sections is on midlife in this case we examine a wider age range than in previous sections, because the number of single parent households peaks at 40–44 years old for both male and female single parents. As with single person household data, data about single parent households provides the opportunity to assess gender differences. Our interest extends beyond this, however, as the large majority of single parent households cease being single parent households once their children become adults, with many taking on the status of single person households at midlife (although some former single parents re-partner).

Summary of key findings:

- The number of single parent households grew by 11 per cent between 2003 and 2013.
- Single parents Renters represent 11.8 per cent of all Renters.
- Female single parent Renters had little wealth.
- The number of female single parent Owners fell between 2003 and 2013, while the number of Renters increased significantly.
- Female single parents outnumbered male single parents five to one.
- The wealth of male single parent Renters varied.
- Single parent Renter households and couple with dependents Renter households were comparably poor.

As outlined earlier, household type has a significant bearing on household wealth. The dissolution of a couple with dependent children household is a major CLE requiring the splitting of wealth and consequential hysteresis. The difficulty for analysis is that periods of being a single parent household may be short or long, or repeated, with wealth flows similarly dynamic. In section 4.4 we were able to provide evidence of the impact on wealth of shifting from a couple household to single/single person household. We are in this section to provide further insight into the demographics of single parent households, how their wealth is comprised and its quantum, and how these households compare to other household types.

There is a large number of single female parents in the sample across most age cohorts, making the data reliable. However, the numbers of single male parents, once broken down into tenures and age cohorts, are small. Accordingly, we have largely excluded analysis on single male parents.

5.1 Numbers of single parents

Between 2003 and 2013 the number of single parent households with the head of household aged between 25 and 69 years grew by 11 percent – from 395,378 to 446,312. At 40–44 years old the numbers peaked for both single female parent and single male parent households; numbers fall substantially after 55 years of age. In 2013, for the 40–44 years cohort, female single parents outnumbered male single parents by five to one. A decade earlier it was four to one. For the 25–29 years cohort, the ratio was...
24 females to one male in 2003, rising to 34 females to one male in 2013. In 2013 single female parents outnumbered single male parents in all cohorts, with the lowest ratio two to one at 60–64 years. Female single parents were overall younger than single male parents, perhaps reflecting social norms about the care of young children. When viewed by tenure, single parent Renters were younger than single parent Owners.

5.2 Tenure

By 2013 single parents comprised 11.8 per cent of all Renters. Figure 10 shows the distribution of female single parents (88 per cent of single parents) across the different tenure sectors between 2003 and 2013. Overall the numbers in all tenures tend to fall quite markedly post 40-44 years as there are fewer parenting mothers in older age cohorts. Nevertheless there are marked changes within this trend most importantly, over this time period there was a significant shift in tenure share among all female single parents, with the number and proportion of Owners falling and Renters increasing. In aggregate the Renter proportion grew from 38 per cent in 2003 to 52 per cent in 2013. There are some important differences within age cohorts. Thus for example by the age of 55 in 2003 virtually no single parents were in rental but by 2013 there were thousands. And it is clear that the big difference occurs around the 35-39 and 40-45 year age cohorts. This is where there are very big changes with much greater numbers renting at this age than in 2003.

![Figure 10: Number of female single parents by tenure, 2003 and 2013](image)

Illustrating the same point as Figure10 but in another way, Table 9 shows the distribution female single parents in home ownership across the decade. For every age cohort the proportion fell with the most dramatic, 33 percentage points, at 50–54 years of age. These changes signal issues around declining ability to enter or hang on to ownership but also a growing longer term problem, given (a) the evidence that rental is the problematic sector for issues of affordability and security, and (b) once in rental many single parents will remain in it. No equivalent table is provided for male single parents as the sample sizes were too small to reliably break down by male, age and renters households although there is reliability for owship.
Table 9: Percentage of female single parent age cohort in home ownership, 2003 and 2013

<table>
<thead>
<tr>
<th>Age cohort</th>
<th>2003</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>25–29</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>30–34</td>
<td>26</td>
<td>13</td>
</tr>
<tr>
<td>35–39</td>
<td>40</td>
<td>33</td>
</tr>
<tr>
<td>40–44</td>
<td>57</td>
<td>40</td>
</tr>
<tr>
<td>45–49</td>
<td>56</td>
<td>51</td>
</tr>
<tr>
<td>50–54</td>
<td>73</td>
<td>40</td>
</tr>
<tr>
<td>55–59</td>
<td>100</td>
<td>72</td>
</tr>
<tr>
<td>60–64</td>
<td>100</td>
<td>44</td>
</tr>
</tbody>
</table>

5.3 Wealth and geographical locations

While the SIH provides a point-in-time snapshot of a household’s wealth, it gives little hint of the dynamics involved in property settlements. Settlements may not occur for years after separation or divorce, and in many cases involve a change in tenure for one or both ex-partners that may or may not be temporary. To further complicate matters, until 2002 superannuation could be taken into consideration but accounts could not be split. This meant offsetting Superannuation Wealth with other wealth (if it was taken into consideration) and pitched future wealth against pressing current need for liquid assets. Sheehan, Chrzanowski & Dewar (2008) found that most couples in any event did not include male superannuation in the considerations of property to be divided. Also, in most cases, the pool of non-housing assets was too small to permit the division of assets without selling the family home. Selling the home may provide capital gains, but if one ex-partner wants to buy the other out in order to remain in the home they must also pay out their ex-partner’s share of the capital gain. Those repurchasing face higher prices to enter the same market they left.

In Table 10 we examine Owner couples with dependents’ Housing and Superannuation Wealth in order to see what wealth may have been available to divide should the couple divorce. Housing Wealth accounted for almost 100 per cent of net wealth once superannuation was subtracted. In order to split the wealth, either the family home would need to be sold or one partner would need to buy the other out. In 2003 the housing equity was reasonably high even for younger cohorts. This level of equity suggests that both former partners might have sufficient wealth to retain/repurchase.
Table 10: Owner couples with dependents, median net wealth in home and superannuation, 2003 and 2013 ($2013); superannuation as a percentage of wealth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>25–29</td>
<td>$172,143</td>
<td>$35,863</td>
<td>21</td>
<td>$86,000</td>
<td>$46,000</td>
<td>53</td>
</tr>
<tr>
<td>30–34</td>
<td>$245,259</td>
<td>$49,754</td>
<td>20</td>
<td>$150,560</td>
<td>$75,000</td>
<td>50</td>
</tr>
<tr>
<td>35–39</td>
<td>$332,613</td>
<td>$71,316</td>
<td>21</td>
<td>$190,000</td>
<td>$85,500</td>
<td>45</td>
</tr>
<tr>
<td>40–44</td>
<td>$380,354</td>
<td>$72,136</td>
<td>19</td>
<td>$312,498</td>
<td>$117,000</td>
<td>37</td>
</tr>
<tr>
<td>45–49</td>
<td>$409,864</td>
<td>$105,074</td>
<td>26</td>
<td>$350,000</td>
<td>$158,000</td>
<td>45</td>
</tr>
<tr>
<td>50–54</td>
<td>$459,048</td>
<td>$81,584</td>
<td>18</td>
<td>$474,677</td>
<td>$182,349</td>
<td>38</td>
</tr>
<tr>
<td>55–59</td>
<td>$561,097</td>
<td>$86,447</td>
<td>15</td>
<td>$520,000</td>
<td>$205,000</td>
<td>39</td>
</tr>
<tr>
<td>60–64</td>
<td>$459,048</td>
<td>$131,619</td>
<td>29</td>
<td>$450,000</td>
<td>$212,957</td>
<td>47</td>
</tr>
<tr>
<td>65–69</td>
<td>$383,633</td>
<td>$10,784</td>
<td>3</td>
<td>$343,000</td>
<td>$256,519</td>
<td>75</td>
</tr>
</tbody>
</table>

If that were the case, we would expect a high proportion of both female and male single parents to be Owners. Instead we find that 72 per cent of 25–29 year old male single parents and 54 per cent of 30–34 year old male single parents were Owners, but only 20 per cent of single female parents aged 25–29 and 26 per cent aged 30–34 in 2003 were Owners. The likely explanation lies in the women choosing to stay at home to look after their very young children and who are thus out of the workforce and reliant on social security; the greater the number of children, the more likelihood of the mother staying at home, as the cost of child care is prohibitive. The single female parent incomes are low compared to single male parents who continue to work full-time, with the latter able to afford to take on a mortgage. We provide incomes for both male and female single parents in Appendix 1. Rents in 2003 were moreover cheap compared with taking on a mortgage, and Rent Assistance available, whereas there was no assistance for struggling mortgagees.

The number of female single parents in 2003 who were Owners rises to 57 per cent for 45–49 year olds and 56 per cent for 50–54 year olds. This suggests divorce/separation is occurring at later ages and the wealth available to divide is greater. In addition, children are probably older and older mothers are more likely to have returned to work or be willing and able to do so. Thus the mortgage versus rent advantage falls in favour of having a mortgage.

As Table 10 shows, the housing equity of Owner couples with dependents fell significantly in 2013 except for those aged 50–54. This is likely to be the result of larger mortgages, reflecting the increase in house prices.

Table 12 shows for female single parents the housing costs (mortgages vs rents) between 2003 and 2013. The table indicates that that Owner housing costs increased for most female single parent age cohorts between 2003 and 2013 highlighting how higher housing costs present a barrier to re-entry into home ownership and helping explain, why the ownership rates for single female parents fell significantly.
In some respects the more interesting trend is the relatively steady decline in mortgage costs as age increases but the relatively same level of costs over the age cohorts for rental; the difference between mortgage and rent was not great for younger cohorts, but was much larger for older cohorts. The obvious explanation is that the typical credit foncier mortgage that characterises Australian home finance decreases payments over time; so households who purchase when they are young find their mortgage costs decrease considerably by midlife. What it also tells us is how important it is for home owners not to fall out of ownership as a consequence of disruption in their life. If they do, they will find themselves in a potentially unrecoverable housing situation because their housing costs will again be high.

Table 11 also shows the affordability pressures that single parents confront. In 2013 female single parent Owners aged 25–29 were paying median weekly housing costs of $424 but had a median income of $690 meaning over 60 percent of their income were going to housing costs. These women were extremely vulnerable to falling out of home ownership. Their income level suggests that they are in receipt of single parent payments and their children are likely to be pre-school ages. Given their young age it is likely they have little equity in the home. Once single mothers are over 30 years of age their incomes jump suggesting that when their children start school they resume employment.

Table 11: Female single parents, housing costs by tenure, 2003 and 2013 ($2013)

<table>
<thead>
<tr>
<th>Age cohort</th>
<th>Owner 2003</th>
<th>Owner 2013</th>
<th>Renter 2003</th>
<th>Renter 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>25–29</td>
<td>$326</td>
<td>$424</td>
<td>$262</td>
<td>$295</td>
</tr>
<tr>
<td>30–34</td>
<td>$267</td>
<td>$270</td>
<td>$303</td>
<td>$300</td>
</tr>
<tr>
<td>35–39</td>
<td>$315</td>
<td>$474</td>
<td>$279</td>
<td>$325</td>
</tr>
<tr>
<td>40–44</td>
<td>$275</td>
<td>$353</td>
<td>$279</td>
<td>$310</td>
</tr>
<tr>
<td>45–49</td>
<td>$198</td>
<td>$237</td>
<td>$311</td>
<td>$355</td>
</tr>
<tr>
<td>50–54</td>
<td>$54</td>
<td>$120</td>
<td>$230</td>
<td>$320</td>
</tr>
<tr>
<td>55–59</td>
<td>$39</td>
<td>$90</td>
<td>$365</td>
<td>$210</td>
</tr>
<tr>
<td>60–64</td>
<td>$51</td>
<td>$38</td>
<td>$210</td>
<td>$210</td>
</tr>
</tbody>
</table>

As Table 11 shows by 2013 rents had also increased significantly but not to the same degree as for ownership. There are various ways of households cope with such rent increases; one of course is to move to areas of cheaper rents. The literature suggests that female single parent Renters had been moving into lower cost housing markets, in outer suburban and regional areas, for some time (Birrell & Rapson 2002; Hulse et al. 2012). The SIH data indicates that 92 per cent of female single parents had moved within the past four years and the remaining eight per cent in the past nine years.

Using 2011 Census data for Victoria, we can see that female single parents with incomes under $1,250 \(^2\) (which means more than 80 per cent of female single parents) in Melbourne were increasingly locating to the outer suburban areas where new greenfield housing estates are the norm (Figure 11). The local government area of Casey in

\(^2\) 80 per cent of single female parents have incomes less than $1,080 but the ABS provides incomes in brackets, in this case $1,000–$1,249.
Melbourne’s outer south-east had the highest concentration, with 1,126 female single parent households.

In regional areas (Figure 12) female single parent households concentrated in Geelong (with over 1,200 households) and in regional cities such as Ballarat, Bendigo and Mildura.

Figure 11: Melbourne metropolitan area, female single parents aged 35–54, income <$1,250

![Map of Melbourne metropolitan area showing female single parents aged 35–54 with income <$1,250](image)

Figure 12: Regional Victoria, female single parents aged 35–54, income <$1,250

![Map of Regional Victoria showing female single parents aged 35–54 with income <$1,250](image)

Turning to wealth types (Figure 13) we see that female single parent Owners aged 40–44 years were slightly wealthier in 2013 than in 2003, and male single parents very marginally less wealthy. The differences in Housing Wealth and Superannuation Wealth between the male and female parent Owners suggest a possible property settlement.
pattern in which males retain superannuation, relinquish housing equity and go on to repurchase (they are more likely to obtain a loan by virtue of their employment history and earnings).

**Figure 13:** Wealth types of female single parents aged 40–44 by tenure, 2003 and 2013 ($2013)

Female single parent Renters at 40–44 years of age have little wealth, most of which comprises superannuation. According to life-course analysis we would expect to see wealth increasing with age but only up to a certain point (older means wealthier; beyond a certain age households are likely to start drawing down some of their wealth to finance their lifestyle). However when the bulk of a households wealth is in property the amount over time can vary simply by virtual of the vagaries of the housing market. Thus 2013 trends show a consistent upward pattern as single parents age until 55-59 when there is some reduction. However the pattern for 2003 is more varied with no steady upward movement, probably reflecting some drawing down of wealth. Figure 14 indicates this is broadly the case. With the exception of Owners in the 40-44 age cohort in 2003. Wealth increases until the 50s and then declines. The increases in wealth over the decade most likely reflects the impact of rising house values and highlights the effect of housing tenure in shaping life opportunties. The increasing disparities in wealth between many households types likely has very little to do with rational household savings and investment strategies. And in the case of single parents we have to remember that (a) up to mid 40s age cohort the bulk of them are renters therefore have with little wealth and (b) the trend in fewer of them being able to become owners.
5.4 Conclusion

The number of single parent families increased significantly between 2003 and 2013. However this coincided with a worrying decline in the proportion that were Owners highlighting (a) the increasing constraints on achieving ownership and (b) in quite a few cases the ability to hang on to ownership following a critical life event such as marital breakdown. By 2013 11.8 per cent of all Renters were single parents and most had very little wealth. The large increase in the number of female lone person households aged 55-59 years can in part be attributed to the loss of homeownership amongst female single parents which raises issues of (a) how to make long term rental more secure and affordable given many have a major affordability problem and (b) how to assist single parents in ownership to hang onto that tenure.
6 The lived experience of the impact of divorce on housing and wealth

In this chapter we provide the findings of qualitative work aimed at understanding the financial impacts on people ending their relationships. There is increasing recognition that divorce and separation often result in tenure change (moving from ownership/purchase to rental) for one or both former partners, with some people remaining in rental thereafter. Even where a former partner remains in the ‘family’ home, or when new housing is purchased, financial recovery can be difficult or slow. This in turn impacts on the wealth and security required for retirement, with an increasing number of households renting or continuing to pay mortgages in retirement.

We interviewed 10 men and 10 women aged between 25 and 65 years who had divorced or separated from a partner of the opposite sex in the past five to 10 years, with whom they had been purchasing a home or had owned a home outright. Through semi-structured interviews we asked them about the housing and financial decisions they faced during their marriage, and during and after property settlement and how it affected their financial recovery/non-recovery in the medium to longer term. We were particularly interested in the role of gender on the outcomes; the impact of partnering, separation, re-partnering and tenure change; and the accumulation and/or de-accumulation of housing equity.

6.1 Method

Recruitment was focused on Victoria, but notices circulated across Australia, reflecting the Internet as the main vector for promotion. Eight of the female respondents came from Victoria and one each from South Australia and New South Wales. The female interviews were undertaken between June and October 2015. All 10 male respondents came from Victoria. Recruitment of the men took substantially longer than for the women, and interviews finished in May 2016.

The female respondents ranged between 37 and 60 years of age and all but two were born in Australia. One woman identified as Indigenous Australian. The non-Australian born women came from Europe, with one migrating as a young child and the other as an adult. The 10 male respondents ranged between 50 and 64 years of age and all but two were born in Australia. The non-Australian born me came from Europe; both were native English speakers and migrated as adults.

Ethics approval was provided by Swinburne University of Technology. Participants were provided a $50 shopping voucher in recognition of their time. Most participants were interviewed in person, with a small number interviewed by telephone.

6.2 Interviews with women

In five cases (Debra, Geraldine, Heather, Inga and Jacqui) the women had partnered, purchased a home and divorced or separated without subsequently re-partnering for cohabitation. Only one woman in this group had a current partner. Only one woman (Kate) had married and purchased; divorced, re-married and repurchased; and was still married. Three women (Abigail, Cassandra and Fay) partnered and purchased; divorced and settled the marital property; re-partnered and purchased again; and for a second time separated or divorced and again settled the marital property. Of this group, only one currently had a partner with whom they were cohabiting. Another had a partner who lived elsewhere. In the final case, Belinda rented with her first husband, but purchased with her second husband and later divorced. These 10 interviews provide 14 relationship
breakdowns and 12 instances in which a property settlement occurred involving the marital home.

The duration of relationships varied considerably. Some relationships lasted for less than two years and others for more than 20. Some first marriages were short and the subsequent partnership long, while the reverse was true for others.

In terms of education and qualifications, six of the women had tertiary qualifications when they first married or gained a tertiary qualification during the marriage. Five of these later completed further tertiary education, mostly to improve their economic prospects. Two who had not gained any tertiary qualifications early in their lives later did so, with a third undertaking TAFE training. Their partners differed somewhat from this pattern although associative mating was evident. First male partners, while less likely to be tertiary qualified, tended to take on full-time work, reflecting the need for household income when children were born. Some of these men took some time to settle into their careers, but once they did they tended to progress. Only one ex-partner was cited as obtaining new qualifications during the marriage – and this related to employer sponsorship of training. For those women who re-partnered, three of the five new partners were tertiary educated. Each of these relationships subsequently broke down. The other two new male partners had been married previously.

While the women were in the main tertiary educated when they first got married, most also had children early in their relationships. Indeed, some of the couples had been together since high school or very early university days and started their families in their late teens or very early 20s. Of the 10 women, only three did not have children with their first partner (in one case because they were unable to conceive). Each of the four that subsequently re-partnered had children. However, only two women had children from both their first and second relationships, and only one had no children at all. Child-rearing for the women generally meant delayed entry into employment, and then it was into part-time and casual work that fitted with their child care needs. Of the women who had worked before having children, most had some time out of the workforce. Several women had been ‘stay at home’ mums, although it meant being frugal to live on one wage. Only one woman was the main breadwinner throughout her marriage.

### 6.2.1 Settlements

In four cases women had left their marriage without taking any assets (such as a share of the property, superannuation or other financial or non-financial assets). Jacqui started saving for a property as soon as she started working and although quite young (mid 20s) had already purchased two properties when she met her husband. They moved into the second property. Her husband’s gambling addiction resulted in the loss of her investment property and then the repossession of the family home. He was very violent during their marriage. There were no assets to divide at separation. Her ex-partner continued to work in low-paid jobs and she assumed he went on to rent.

Abigail left her short-lived second marriage because of family violence and never intended to seek a property settlement, wanting to minimise contact with her ex-partner. Abigail’s ex-partner was (and continued to be) a very high-income earner, although also a large spender. She was not sure about what assets he may have had overseas (he was a recent migrant), but he had none in Australia. He made a not insignificant capital gain on the house when he sold it soon after she moved out.

Heather felt that her ex-partner would not let her go unless she relinquished everything. She forfeited her equity contribution, and was unaware that she may have been entitled to some of his superannuation.

The outcome of Abigail’s second marriage was cause for reflection on the outcome of her first marriage. Her and her first partner both worked but she contributed most of the
deposit on the flat they purchased. Each also had purchased a quarter-share of another property, in which his parents had the remaining half-share. Once married she was pressured to work in his family business; however, she was underpaid and denied superannuation. Her husband was paid superannuation. At settlement she relinquished her quarter-share in the second property in exchange for her husband’s share of the flat, however in retrospect she felt that this did not compensate her for the deposit she had contributed. When their relationship broke down she had little superannuation and his superannuation was not considered as part of the settlement.

Belinda also left her partner. She had felt immensely stressed by having a mortgage, which she thought they could not afford. These concerns reflected her childhood experience of the family home being repossessed due to her father’s prolificacy. Her then-partner was, however, able to financially assist his father to buy a house during the time they were married. After the marriage ended he purchased other property, but this may have only been possible because he moved in with his father and rented out their former family home. Belinda relinquished care of her youngest child as she felt her ex-partner’s family would fight for sole care and had the financial resources to win any legal battle.

Heather left her marriage just as she and her partner took possession of the house they purchased. She sought no settlement because she felt the loss was the price of leaving. It meant she lost her financial contribution to the deposit. She was not aware that her ex-partner’s superannuation could have been split.

In addition to some women leaving with nothing; some others left with little, often as a result of family violence or being pressured at the time of settlement. This is a finding supported by Sheehan and Hughes (2001, Findings):

Those women and men who initiate the separation, and consequently leave the matrimonial home, appear to relinquish a portion of the matrimonial property to their former spouse as a form of compensation in exchange for peace of mind and a ‘clean break’.

Kate and her ex-husband had been married for more than 20 years. She was a teenager when they got married. When the children were old enough she started working casually in cleaning and retail. She left the marriage because of family violence but was unable to obtain her ex-partner’s agreement for the children to go with her, so the children stayed in the family home with him. He was made redundant at the same time, so she worked more hours to ensure the mortgage payments and other household bills were paid. This meant she was unable to afford to rent a place of her own and was reliant on family and friends for free accommodation. As the resident parent he expected the bulk of the proceeds from the settlement, which he received after wrangling over it for several years. Kate felt the settlement did not adequately reflect her financial contributions, the market value of the house or that family violence prevented her from being the resident parent.

Fay was somewhat older than her second husband, so when they decided to buy a house she was the higher earner and had more savings. She put up $30,000 and he put up $20,000 for the deposit, with an additional $10,000 loan from his parents. They paid equal shares of the mortgage repayments, although she covered most of the household costs even after she had a baby and her income dropped. When she was made redundant, she repaid his parents and put $40,000 on the mortgage. The relationship broke down not that long after. They decided to split the assets 50/50 even though she was to continue as the child’s primary carer. She accepted then what she viewed in retrospect as a bad deal because her ex-partner was so insistent and she just wanted the emotional distress to end.

Inga was also somewhat older than her husband and had been working for some time, enabling her to make a 20 per cent deposit on their house. He did not graduate from high school and was in and out of jobs. Inga was the main breadwinner throughout their
marriage. They juggled care of the two children around her two jobs and whatever work he got. They decided to sell the house after he was retrenched, but in part because she felt that the relationship was probably over. She could no longer cope with his drug use and, while she did not state it explicitly, we inferred there was family violence. Some of the proceeds from the house went into retraining for her then-partner but she invested the rest, telling him that it was ‘locked up’ so that he could not waste it. They rented together for a couple more years. She received 62.5 per cent of what was left ($50,000) and went into private rental with the two children. Her ex-partner lost his share of the proceeds through gambling. Inga invested her money into a one-fifth share of an investment property in a cheaper area for housing. She has since realised that she will not earn enough out of this investment to provide a deposit for a house of her own.

On the surface, the settlement between Geraldine and her ex-husband appears to reflect her role as the primary carer for their three children, providing her with 70 per cent of the shared assets (house, cars and superannuation). As they had recently re-financed there was in fact little housing equity to split at settlement. She did not feel that she could manage the mortgage on her own, so the house was sold. Her ex-partner, however, had shares purchased through an employee share scheme that he convinced her could not be treated as assets in the property settlement, thus denying her some of the wealth that should have been shared.

In only three cases did the women keep the marital house. For Cassandra it was because there was sufficient wealth to divide into two homes. For Abigail it was the result of having sufficient assets to split, although she still had a mortgage on the property. For Debra it has been challenging.

Debra met her now ex-husband when they were at university. They rented together for a few years. She had an inheritance, which she used for the deposit on their house, and he had the proceeds from a share in another property. She stayed home when the children were young, while he worked full-time. His career progressed and his earnings increased. She undertook more study, worked full-time for a while and then part-time after their second child was born. While their respective initial financial contributions were equal, his ongoing financial contributions were much larger than hers. At settlement she wanted to stay in the family home to provide stability for the children and remain in an area where she had support. For the purposes of settlement her non-financial contribution equalled his financial contributions. Her ex-partner kept all of his superannuation and in exchange she received his share of the house. But she still had a mortgage that meant financially things were tight for her and the children. She works full-time in a ‘female’ occupation so her salary is modest. Her ex-partner’s career has advanced and he has purchased a new, larger house. In relation to child support he recently argued that his income had declined, although this, in her view, was not credible.

Cassandra met her first husband when they were at university and they rented together for some time. Her money enabled them to purchase a modest house outright in a low-cost area. They sold the house shortly before they separated. She received 85 per cent of the assets. She rented for many years before purchasing again in the same area. Her ex-partner completed his education and established a successful business with a new partner, but subsequently divorced, re-partnered again and had more children. When she re-partnered, Cassandra’s second husband purchased their inner-city house outright with his money. She sold her property and the proceeds went into establishing their new home. They had two children and once they were old enough she went back to work. She bought an investment property in a poorer neighbourhood. While her husband had done very well from his business for a time, it then failed, necessitating a mortgage on their house. A subsequent business also failed. They lived separated under the same roof for some time but eventually she left, selling the investment property and buying a flat that she owns outright. The property settlement has them retaining 50 per cent ownership each of the house and the flat. However, in practice the house is his and the
flat hers; thus, he has the more valuable asset and more than 50 per cent. Their young adult children live with him. They both have limited incomes. Cassandra’s was the only case among the female interviewees where a household had sufficient wealth to ensure both ex-partners had homes owned outright after settlement.

6.2.2 Locality, timing of purchase and disposal of housing

Our research sought people who had been separated/divorced between five and 10 years, so as to discern middle- to longer-term impacts on assets and income. This means the latest purchase of any of the marital housing was in 2008. In one case housing had been purchased in the early 1980s, in a regional centre, for $15,000. In many cases the houses were purchased and sold within a period when there was only moderate housing price inflation (early/mid 1990s to late 1990s) and in six cases the localities were markets with low-cost housing and little price inflation. In most cases the equity held in the home was not substantial, so sales returned only modest capital sums once mortgages were repaid. The low value of the non-housing assets generally meant houses needed to be sold in order for a division of assets to take place. This is consistent with the findings of Sheehan, Chrzanowski and Dewar (2008).

With one exception, in all cases where the house was sold, the resulting settlement was insufficient to use as a deposit to purchase a new home (reflecting low price inflation before 2000 but increasing house price inflation after 2000 in many markets) and/or post-divorce income that was too low to service a mortgage. Rapidly appreciating markets presented a significant barrier to re-entry into home purchase. In the exception, the subsequent purchase (in 2009) resulted in a forced sale because the woman could not sustain servicing such a large mortgage.

In two cases women bought out their ex-husbands (Abigail’s first marriage and Debra’s only marriage) aided by the value of non-housing assets such as superannuation or other property. In Debra’s case price inflation increased the financial burden of doing so substantially. Price inflation also affected ex-husbands’ capacity to recover from divorce, but in six of the cases the ex-husbands largely remained in full-time employment and increased their earnings. Two that did not were poorly educated and in low-wage occupations (if working at all) when they partnered, and their economic prospects did not improve post-settlement. Furthermore, both were problem gamblers.

There is a presumption in the Family Law Act 1975 that the marital home will be settled on the ex-wife when there are dependent children. In the 12 settlements of property that involved a marital home, five homes were sold in order to divide the property (forced by there being insufficient other assets). In another case the mortgage provider repossessed the home and there were no assets to divide. In the remaining six cases, two wives (one with children and one without) and four ex-husbands (two with and two without dependent children) held onto the marital home. All of the male single parents held onto the family home, whereas only one of the female single parents held on the family home and six female single parents went into private rental assisted by both Family Tax Benefit B and Rental Assistance.

6.2.3 Tenure change

As mentioned, one of the female interviewees remained in the family home (with a mortgage) and one left the family home to go into a property that she owned (outright). Two other women were purchasing (one with a new partner, and the other, Abigail, held her original marital home as an investment property but rented where she lived). Five of the women were renting at the time of interview. Of these only one still held hope that she could get back into home ownership. The tenth woman was in public housing.
Fay feels she could have avoided falling out of home ownership. Firstly, the property settlement could have been quite different had she gone to court. Also, she had the option to buy her ex-partner out of the house but did not think she could manage the mortgage on her own at the time, so the house was sold. In retrospect she thinks she would have managed. Instead she purchased another house, taking on a huge loan that she could not manage and was forced to sell four years later. She believes the bank that lent her the funds for the second house acted unethically. Her view when interviewed was that some temporary government assistance to keep her in the family home would have been cheaper for the government than paying rent assistance over a long period. Her ex-partner’s earnings had increased considerably since their divorce and he had bought and sold investment properties.

Geraldine said the difference between mortgage payments and the rent she anticipated paying if the marital house was sold was very small, but she simply did not have the little extra income required to meet the mortgage payments and other housing costs, so the house was sold. The value of the shares her ex-partner held, that should have formed part of the property settlement but did not, would have made the critical difference and kept her and the children in home ownership. Her ex-partner married again and re-entered home ownership (by virtue of his new partner owning her house) but again divorced and lost home ownership. He lived with his mother (who owned her house) at the time we interviewed Geraldine. His career had progressed well and his income was good; Geraldine’s employment income was good but it was many years before she enjoyed such remuneration. She felt it was now too late for her to buy.

Inga remains in private rental. Her ex-husband re-partnered, moved into his new partner’s public housing unit and had three more children. Jacqui experienced homeless before being able to secure a rental property.

Abigail retained a property she had originally purchased with her first husband. She had rented that property out when she moved in with her second husband, but it was not particularly suitable for children and was too far from family support. So rather moving back into it, she moved to a low-rent area and put tenants in the owned property. The capital gain and rents achievable on this property had been significant while the rent rises where she lived had been more modest. She saw herself living in private rental for some time.

In the main, the female interviewees’ ex-partners re-entered home ownership. The exceptions were one who entered public housing by virtue of partnering with a woman who was a public housing tenant; one who went to live with his mother after re-partnering and divorcing again; and one who went into private rental. One ex-husband had sold the family home for significant capital gain and his tenure status was unknown; he was, however, a high-income earner. Another ex-husband had been buying and selling investment properties.

### 6.2.4 Child care post-divorce

Two of the women did not have children in their first marriages but did in their second. Only one of the 10 (Heather) did not have children at the time of the interviews. Of the remaining nine, two did not have primary care of all of their children. Belinda had children from her first marriage in her care, but had left the child from her second marriage with the child’s father, primarily because she did not have the financial resources to legally contest parental care arrangements. In the other case the woman had left the marital house because of family violence and was then unable to get agreement from her ex-husband for the children to live with her. Of the other seven women, there were in some cases was no contact with their children’s father because of family violence, and in others fathers showed little interest or effort to share children’s care. In relation to care arrangements for dependent children there were four cases of ‘maternal drift’, where the
share of paternal care reduced over time (Fehlberg et al. 2013). These cases also reflect Fehlberg et al.’s (2013) finding that property settlements are not revisited in the light of changing patterns of care.

6.2.5 Employment

All of the women we interviewed had worked before getting married and most continued to work to some extent once they had children. Some were, and remained, the primary breadwinner for their families. Some women were initially more advanced in their careers and earned more than their partners, but lost this advantage once they had children. Many of the women returned to study while married and many retrained post-separation to improve their economic position and for personal development (consistent with Hulse & Sharam 2013). However, in seven cases employment was in traditionally female industries with only modest scope for career development and income increases. As already noted, most of the women’s ex-partners progressed in their careers, working full-time with increased earnings over time. The exceptions were the two men who did not complete secondary schooling, one whose businesses failed and another who had health issues in the aftermath of being retrenched. These findings are generally consistent with McDonald (1986), Funder, Harrison & Weston (1993), and de Vaus et al. (2014).

6.2.6 Re-partnering

In five cases women had partnered and divorced without subsequently re-partnering for cohabitation. Four (Belinda, Abigail, Cassandra and Fay) had divorced twice. Abigail had a partner with whom she was cohabitating but the other three were single at the time of interview. Kate was remarried.

6.2.7 Family violence

The cases in which family violence occurred are notable. The experience of family violence is a CLE. In our case studies the impact was profound and each of the women were deeply traumatised. Leaving a relationship because of violence meant a deep reluctance to have further contact with the ex-partner. In one case it meant moving several times and eventually relocating to another state. Each woman was grappling with the emotional and psychological impact of the violence and its aftermath. For two of the women it meant that even years later they found it hard to cope, and it had adverse effects on their health. But each had been making significant personal investment in what we might describe as their healing – either through formal or informal therapeutic counselling or related study, or reflection. This takes time, and often funds, especially when it means time out of the workforce. As found by Hulse and Sharam (2013) in their study of homeless families, the experience of family violence strengthened maternal resolve to focus on their children’s welfare by means that included developing psychological resilience and improving economic prospects via education and training.

Family violence was a significant factor in women leaving marriages without a settlement or otherwise being denied an equitable arrangement. For Inga and Jacqui, family violence was associated with ex-partner gambling that meant what wealth they had was mostly lost before the separation. It also meant assuming full-time care of the children.

6.3 Interviews with men

In seven cases (Andrew, Brian, Connor, Dennis, Frank, Henry and Karl) the men had partnered, purchased a home and divorced or separated without subsequently re-partnering for cohabitation. John and Eddy both remarried and repurchased housing.
Guy married and divorced twice, purchasing housing in each relationship. These 10 interviews provide 12 relationship breakdowns and 12 instances in which a property settlement occurred involving the marital home. The duration of relationships varied considerably. Some relationships lasted for around two years and others for more than 30.

In terms of education and qualifications, seven of the 10 men had tertiary qualifications when they first married, and they pursued professional careers. All except one in this group had permanent full-time work in the early years of their marriages. Only one undertook further education while in his relationship. Two of the men had technical qualifications and the tenth completed secondary school and entered the public service, rising to senior management level. Only two had pursued further education since they had divorced/separated (one with a tertiary qualification and one with a technical qualification), both to improve their economic prospects.

In terms of partners' education, associative mating was evident. Female ex-partners tended to have post-secondary school qualifications, but overwhelmingly in female-dominated industries (for example, nursing and teaching). Many of these women pursued further education while married and became highly qualified professionals. Only one ex-partner (of one of the tradespersons) did not complete secondary school, and she did not work at all when married.

Of the men, two were the full-time primary caregiver to their young children while their then-partners pursued careers. One of these men performed home duties for the entire marriage, with his health issues a factor in that decision.

Three of the men were retrenched; one early in his career, one at midlife and the third twice (early and mid-career). Frank opted for early retirement at midlife. Connor, still relatively young, used the retrenchment proceeds for a business venture that subsequently failed. Andrew found a new job immediately the first time he was retrenched but his second retrenchment, when he was older, contributed to long-term unemployment. Separately, Guy took a package when he experienced a serious health crisis at midlife. He was later granted a Disability Support Pension. Karl was injured at work at midlife and was no longer able to work in his profession. He purchased a business that subsequently failed. He was on a Disability Support Pension at the time of interview.

Of the men's original 10 marriages, three did not produce children. Two of these men did not re-partner. One did, had four children, and has since divorced. Of the 10 male interviewees, eight eventually had children. Only in one case did a man marry twice and have children each time. One man married a woman who had children from a previous relationship, had a child with her, divorced and married another woman with children from a previous relationship.

The care arrangements for children during and after marriages varied. As noted, one 'home duties' father had primary care of his children throughout the marriage; the children were young adults when the separation occurred but they remained in the family home with their mother. The other home duties father had returned to full-time work and his partner's work was part-time by the time they separated. The children were at secondary school and they opted to stay with their mother because the family home was very comfortable. The male interviewee was unable to offer his children the same level of amenity where he was living.

Another father had provided 50 per cent of primary care while the child was of pre-school age and after separation until his ex-partner moved far away, making shared care impossible. John had shared care of his teenage child. When Guy separated from his wife his health did not permit him to seek a primary care role, but later one of the children (as a young adult) lived with him. The children in the other relationships were young
adults by the time of separation; those living ‘at home’ with their parents stayed in the family home, which was typically retained by their mother.

6.3.1 Settlements

Unlike the female interviewees, none of the male interviewees left their marriage with nothing. In every case they either took part proceeds of the sale of the home, took the home itself or retained superannuation or other assets. In part this occurred because there were assets to divide, whether it was the family home that had been held long enough to obtain capital gains, or superannuation from many years of employment. Only rarely, however, did this mean that both ex-partners obtained enough in the settlement to enable them both to retain or re-enter home ownership.

Henry and his wife had purchased many houses during their marriage, reflecting their status as a high-income professional household. At settlement there was a substantial amount of property to be divided, as well as her superannuation, permitting each ex-partner to retain several houses. Henry received several properties and, at the time of interview, lived on the rental proceeds as he was unable to work. They were the only ex-couple to create two households without housing debt.

Brian and his ex-wife had also purchased and sold properties over the decades they were together, capturing capital gains along the way. Both had time out of the workforce for various reasons, although his ex-wife had far more superannuation. While they had formed two households, with him in a rental property, their actual property settlement had not yet occurred – it would once the children finished school. Brian said it would be difficult because the equity available in the family home, while good, would mean each of them would need to accept a far smaller dwelling or compromise on location or quality. He said his ex-wife was very resistant to dividing her superannuation, and afraid of being impoverished in her old age.

Connor got into the housing market early in his life. When he got married he purchased an investment property using 100 per cent debt and an interest-free loan. His then-wife had low-paying part-time work and studied, contributing little to their wealth. They did not have children. When they split he kept both the properties and paid her out a sum that enabled her to put substantial equity into a new property.

It was far more typical for only one ex-partner to retain home ownership. Andrew’s ex-wife received $250,000 and he received $100,000 in their settlement, reflecting her role as primary carer for their children. They had little equity in the family home because they had upgraded to a larger, better house along the way. That left his superannuation, which was not substantial because he had only been working in Australia for 10 years. He did have a property in another country which he had purchased before migrating and which had been rented out. He was able to pay out the loan for that property with an inheritance. The property was sold to facilitate settlement, with superannuation being divided 50/50. Brian’s ex-wife used her share of the settlement to retain the family home. She had not re-partnered. He moved into rental and was unemployed for some time before going back to full-time work. He used his long service leave and retrenchment package to put a deposit on a new house, borrowing 95 per cent of the value. As he was again unemployed at the time of interview, repayments were difficult.

Eddy and his then-wife purchased a house using his savings and with the assistance of his parents. She had substantial debts at the time. They had a child and split after three years of marriage. Eddy provided 50 per cent of the primary care until his ex-partner moved too far away to make it practical. At separation he kept the house while she received $30,000. He was able to refinance because he was earning considerably more than she was. The actual property settlement did not occur for a few years and the property value had increased, but ultimately the settlement was not renegotiated.
However, his superannuation was then considered, with his ex-partner opting for a cash payout of lesser value in lieu of splitting the account. He subsequently re-partnered, selling the house and purchasing in a better location, and had another child. His ex-wife lived in rental houses and had moved many times.

When John and his ex-wife settled their property it was divided 50/50. She opted to keep the family home, which meant she needed to pay him out. He said when interviewed that he did not understand how she managed to do it, but she was, as far as he knew, doing all right financially. He rented for a while and then repurchased with his new partner. As mid-career professionals he feels he and his new partner can manage their housing costs although they purchased in a higher-cost housing market.

Karl and his then-wife purchased their first home with the assistance of his parents. Karl’s business got into trouble and in order to avoid losing the house to creditors he put it in his partner’s name and they formally divorced, although they still lived together. A few years later she told him to leave. She took the cash that was in shared bank accounts. He had his superannuation. The business failed and he went bankrupt and went onto the Disability Support Pension. The superannuation had no contributions made into it for many years because he could not work and the business never flourished. He hoped to purchase in a rural area one day, but said at interview he believed he would never get a mortgage because of his bankruptcy. His aim was to save and purchase outright.

Frank was retrenched at midlife, receiving a generous payout, so he opted for early retirement. His superannuation was being paid as a pension. The family home had essentially been a gift from his ex-wife’s family so she kept the house at settlement, but he received a small cash transfer from her. He moved into rental accommodation and moved many times, retrained and worked, but also had long periods of undertaking voluntary work, and cared for his mother for a while. He received a modest inheritance when his mother died but at the time of interview his savings had dwindled. While he may have been able to obtain a mortgage when first separated, he said that was no longer an option.

In two cases both ex-partners fell out of home ownership when the relationship ended. In Dennis’s case they split about a year after purchasing. He had non-housing assets that he called on to pay her out but the house was sold despite an equity holding of around 25 per cent. His ex-wife had a young child from a previous relationship and went to live with her parents. He also went to live with his parents, but later moved into a rental property. His career had progressed and he said he intended to purchase in the future.

Guy married twice. His first marriage did not produce children. In the settlement his ex-wife received 80 per cent of the housing equity (the house was close to being paid off) despite them having made close to equal contributions. The way he saw it, his ex-partner was quite a lot older than him, with health issues that meant she was not likely to financially recover. He was also willing to forego the housing equity in order to avoid his superannuation becoming a part of the negotiation. He used the equity from this first marriage as a deposit on the purchase of a home with his new partner. They had four children and both partners worked throughout, with his then-wife taking only minimum maternity leave. Mental health issues resulted in him taking a package, which included being able to access his voluntary superannuation contributions. They used this money to pay off the mortgage on their house. His health issues meant that he lived on his savings rather than obtaining Centrelink support. The relationship broke down and his second ex-wife moved out into a rental property with the children. Property settlement was delayed, as the global finance crisis hit and they could not find a buyer for the house. When they did, the capital gain was less than it might otherwise have been. His wife received 70 per cent of the assets because she took the children (his health meant he was unable to provide any care). This payment would have enabled her to repurchase at that time, but she chose to put most of the money into her superannuation. The fund performed poorly. She also received three inheritances that were not insubstantial, but
these monies were spent. Guy said she could only conceive of going back into home ownership once she retired if the children contributed to the costs. Guy was left with 30 per cent of the marital assets. He initially sought a loan from his ex-partner so that he could purchase a small property, but she refused. He then tried, unsuccessfully, to convince a relative to purchase with him. House prices rapidly increased, putting home ownership out of the question for the time being. At the time of interview, Guy was living in the cheapest rental property he could find in order to stay near his children, resulting in him paying 70 per cent of his Disability Support Pension in rent.

6.3.2 Locality, timing of purchase and disposal of housing

In three of the cases the male interviewees had purchased their original homes in locations on the urban periphery or in a regional area. At the time the housing was affordable, and remained relatively affordable compared to inner urban areas that saw housing price inflation. This means there were no huge capital gains involved, which limited the capital to split on separation but also made it easier for one ex-partner to buy the other out. Each of these original homes was purchased between the mid-1980s and mid-1990s.

Six cases involved original purchases in inner urban locations as long ago as the mid-1970s. As such, these locations were subject to extensive housing price inflation. Capital gains figured strongly in wealth accumulation for most of these households. However, this increased the difficulty for one ex-partner to buy the other out, and posed a barrier to purchasing again in the same area.

The remaining household purchased in the late 2000s in a sought-after middle suburb. While the marriage did not last long, they still made a reasonably large capital gain on the property.

6.3.3 Tenure change

Among the men none had come out of a relationship having sought or received nothing, although it is clear that many saw a substantial drop in their wealth as a result of divorce settlement. Unlike the women we interviewed, men were more able to hang on to home ownership or re-enter home ownership. This was largely the result of the men being in full-time employment and having incomes that enabled them to manage mortgages and fund payouts to their ex-partners. In some cases this was aided in the longer term by re-partnering. Career progression also aided recovery.

Five of the men were purchasing their home when we interviewed them, and one had outright ownership. The remaining four men were in private rental. Each of these had a firm intention to re-purchase, although for two there were considerable financial constraints. Three of the renters indicated difficulties with housing costs. Guy, for example, was on a Disability Support Pension and in extreme housing stress. Karl was also on a Disability Support Pension, which made it difficult to meet his housing costs. Frank said he was in effect over-consuming on housing and would need to reduce his housing costs, as his savings were running low.

6.3.4 Child care post-divorce

Another difference from the female interviewees is that none of the male interviewees had full-time care of their children. At the most a couple of men had half-time care of their children post-separation. The health issues of children, before or after separation, were moreover not as significant for the men as they were for the women.
6.3.5 Re-partnering

The men also differed from the women and from the broader experience of men (as understood from demographical data collection) in that so few re-partnered for cohabitation.

6.3.6 Employment

Given the propensity of the male interviewees to be in full-time employment, the impact of changes in employment conditions were more apparent. While the men's careers were often good, a number were punctuated by retrenchment. In one case the retrenchment figured in longer-term detachment from the workforce. In another two cases employment had been sporadic. The fourth case resulted in de-skilling and downward employment mobility. Health and disability effects on employment were also a little more apparent among the men. Two were on Disability Support Pensions while another was reliant on investment income.

6.3.7 Family violence

Finally, although family violence was a very strong theme for the women interviewed, it was not raised explicitly in any of the male interviews. One male interviewee implied that he was a perpetrator, and the post-separation events he related added to this inference. For the female interviewees family violence often resulted in considerable mobility (and loss of resources) and a need to invest time and money in trauma (mental health) recovery. The suspected perpetrator among the male interviewees was not really prospering, but it appeared he was willing to behave in ways that were detrimental to him if it meant he could harm his ex-partner – even if that meant also harming his children.

6.4 Conclusion

The findings from our interviews with women and men indicate four broad areas that affect the ability of female ex-partners in particular to recover from divorce or separation. Firstly, there is the household’s composition and amount of net wealth held. Where there was little wealth, recovery was dependent on income. Men were favoured in this regard by full-time employment participation (reflecting their lack of child care responsibilities) and higher earnings. Where there was inadequate non-housing wealth, the family home was likely to be sold in order to facilitate the division of the housing equity. This necessitated both ex-partners falling out of home ownership at least temporarily. However, it was more likely for the male partner, as a function of his employment and income, to buy out his former wife or purchase again in the future. Few households were wealthy enough to facilitate the creation of two households without an overall increase in housing debt.

The second area is the care penalty paid by the primary carer of children. Mothers more often accepted primary care of children and there was a drift towards maternal care. Working mothers' employment participation typically reduced while children were young, and their earnings dropped. Career progression faltered and with it the prospect of increased remuneration faded. Overlaid on this was a tendency for single mothers to put their children's needs first (for example by working less in order to spend more time with them, providing stability); taking time out of employment for personal development (often relating to trauma) and for retraining and further education (in attempts to improve their economic position).

The third concern relates to the housing market and the interaction with the first two issues. Housing price inflation permits capital gain but is a barrier to entry into
homeownership. Delay between selling housing and reacquisition could be critical for those whose incomes were modest. Relatively small amounts of money made the difference between staying in home ownership and permanently falling out of home ownership. Retaining homeownership or quickly re-entering home ownership appeared to be critical not merely in building wealth but also in avoiding wealth erosion. That is, housing equity appears to provide an insurance that enables homeowners to weather further adverse events.

Finally, family violence was often associated with wealth being lost during marriage and women leaving relationships with nothing. The trauma of family violence also often required compensating investment by women to deal with its psychological legacy. This could require further time out of the workforce.

Among the men interviewed and the women’s former male partners, other CLE figure strongly: retrenchment, disability and injury significantly disrupted careers, with employment income dropping dramatically and sometimes permanently. Business failures resulted in a loss of wealth including housing equity, and were associated with downward career and income trajectories. Few men retrained or undertook further education. Men who had low educational attainment or few qualifications tended to remain in low-income, precarious employment. In contrast, only one woman (a partner of one of the male interviewees) did not have post-secondary school qualifications when she married and did not then go on to obtain higher qualifications.

In conclusion, the retention of the family home in the ownership of at least one ex-partner relies on sufficient other wealth and/or earning capacity to facilitate the division of wealth and service the mortgage into the future. The latter favours men, who are more likely to have had consistent full-time employment and who tend not to become primary carers, if they provide care at all. A lack of other wealth or additional income is likely to result in the sale and disposal of the family home. Loss of the family home for women with children was likely, in the current housing market, to result in their inability to re-enter home ownership. Men, on the other hand, were far more likely to re-purchase. This has clear implications for retirement wealth, with divorce and separation resulting in female single parent households who rent privately and whose financial wealth is eroded. This is a source of older single female renter households, who we have seen are impoverished, and once they become Age Pensioners are vulnerable to becoming homeless. Nevertheless, as section 4 shows, there are many more older men in private rental than there are older women. Our interviews support the proposition that lower educational attainment is a significant factor and that disability and injury (and drugs, alcohol and gambling) are also relevant.
7 Discussion

In this research we set out to examine which households at midlife had created a firm financial basis from which they could consolidate and prepare for retirement, and which households had instead experienced adverse critical life event(s) that disrupted the accumulation of wealth necessary for economic security in retirement. Given Australia’s asset-based age pension system, households at midlife need to be well on their way to achieving outright homeownership, or alternatively have substantial savings to ensure they have the wealth required to sustain high ongoing housing costs in retirement. As Australia’s social housing system is highly residualised, the alternative is an impoverished old age in insecure, private rental housing. We found that 171,004 Renters living alone or in couple households are living this harsh reality. There were a further 254,910 lone-person and couple Renters between the ages of 50 and 64 years. This number will grow as the population ages. While the number of 55–59 year olds increased by 20 per cent between 2003 and 2013, the number of single female Renters increased by 43 per cent and single male Renters by 48 per cent. This number will also increase as a direct result of the inequalities generated by the housing market itself.

The poverty of Renters is a significant concern. Renters at midlife and in retirement have little in the way of savings, which makes them extremely vulnerable to adverse life events and the cumulative impacts of such disruptions. It would appear that to be a single male, single female or couple Renter at midlife is a virtual guarantee of being a Renter in retirement. By midlife these people have too little financial capacity to purchase housing, and little ongoing capacity to save. A key vulnerability they face is the insecurity of living in private rental housing, as evictions and large rental increases are now common. These Renters are managing by moving to lower cost areas, on the urban fringe or in regional centres. This means that poverty becomes concentrated in localities that already suffer from poor service provision and lower employment opportunities. Using Victoria as a case study, Figures 15 and 16 denote where couple and lone person Renter households aged 65 years and above live in the Melbourne metropolitan area and regional Victoria. Figure 15 shows that the greatest concentration of elderly Renters is in the Mornington Peninsula Shire. But this stock of lower cost rental housing is under threat. The Mornington Peninsula is currently experiencing house price growth that is higher than Greater Melbourne’s, with homeowners moving in from other areas and ‘investors in particular [seeing] the value for money’ (de Stefano, cited in Robb 2016). This means a loss of low-income rental stock (to homeowners) and a greater turnover of rental properties as landlords sell for capital gains.

Outside of metropolitan Melbourne, Figure 16 shows the City of Geelong is home to an even higher concentration of elderly Renters (960). We believe this pattern would be replicated in most other states.
Figure 15: Melbourne metropolitan area, couple and single Renter households 65+ years (singles income $400–599 per week, couples income $600–799)

Figure 16: Regional Victoria, couple and single Renter households 65+ years (singles income $400–599 per week, couples income $600–799)

3 The Census collects income data in brackets, with the $400 to $599 bracket capturing single and couple Age Pensioners including those with full supplements and CRA.
The superannuation guarantee is a key policy aimed at ensuring retirees have adequate wealth in retirement. We found the net median total wealth of all 65–69 year olds grew by seven per cent between 2003 and 2103, an increase largely driven by superannuation holdings and a substantial improvement in the coverage of superannuation (up to 67 per cent in 2013, from 47 per cent in 2003, across all household types). As would be expected, younger age cohorts have higher levels of coverage. This apparent policy success, however, masks uneven distribution. Renters in each of our age cohorts accumulated little Superannuation Wealth and had lower rates of coverage. It is likely that Renters have a greater propensity to seek early release of superannuation on compassionate grounds for matters relating to medical expenses, home and vehicle modifications for people with severe disability, funeral expenses, palliative care and financial hardship – that is, for specific types of critical life events. The Australian Government Department of Human Services, which assesses applications for early release on behalf of superannuation funds, reported that it had approved $183,772,297 for release in the 2014–15 financial year, with 14,261 successful applicants receiving an average amount of $12,886 (Australian Government 2015). While we could seek more detail, the Department’s fees for doing so were cost prohibitive and in our view well above cost recovery. To our knowledge there is no publicly available analysis of this data.

Another reason for low superannuation levels is the lower earnings associated with lower educational attainment. Rental tenure for single males at midlife signals that they probably missed getting an education beyond secondary school. This adverse critical life event impacts upon their employment and income prospects, and the likelihood of partnering. A staggering 64 per cent of single male renters aged 45–49 years did not gain more than a high school education. These are men who first entered the workforce at a time when low-skilled (male) jobs were being shed as the economy was restructured in the 1980s. Unlike their female counterparts, greater numbers of these men failed to take up further education.

The wealth pathway for single female Renters is disadvantaged by lower initial educational attainment, but unlike their male counterparts they more often returned to education. However, what they made up in gaining new qualifications was then often lost by working in gender-segregated occupations that provided them with lower remuneration. Across tenures, women appeared to return to further education throughout their lives in much larger numbers than males.

Women experience a sustained gender pay gap and financial penalties for continuing to be primary carers. Time out of work for parenting results in significant forgone lifetime earnings. The penalty is greater for women who become single parents, with homeownership often lost when marriages are dissolved. Single male parents, of whom there are far fewer, are far less likely to transition permanently out of homeownership, primarily because they continue to work full-time and because they re-partner. However, housing price inflation between 2003 and 2013 has substantially eroded the housing equity of Owner couples with dependents. This means single female parents are now even more likely to fall out of homeownership and fail to re-enter.

The experience of Renters is the inverse of the Owner/Owners who are their landlords. Yates (cited in Jacobs 2015) calculated that rental housing investors were government-subsidised by $4,000 per annum, whereas private renter households were subsidised by $1,300 per annum. As homeowners, Owner/Owners receive a further $8,000 per annum. As Jacobs argues:

There is a bifurcation implicit within policy-making, i.e. there exists one suite of policies that benefit the mostly well-off majority (homeowners and rental investors) and another suite specifically targeted at addressing the problems experienced by low-income households in the private and social housing rental sectors. In practise, these two policy foci pull in different directions and governments can often struggle
to reconcile the tensions that arise from the pursuit of competing objectives.  
(Jacobs 2015: 695)

In addition to housing subsidies that particularly benefit those who have purchased rental properties, taxation arrangements for superannuation are generous to high net worth individuals. Housing as an investment vehicle and superannuation as a savings vehicle have, moreover, formally merged with the ability for individuals to establish self-managed superannuation funds (SMSFs). SMSFs have meant more competition for the purchase of housing and have contributed to housing price inflation. Housing price inflation is important to these investors, as their objective is capital gain. The Howard Government halved capital gains tax in 1998, and this concession is now the most significant single subsidy provided to investors (Yates 2009). Housing price inflation is a major contributor to declining homeownership rates, with investors able to outbid would be owner–occupiers. Owner/Owners, across all household types, typically have higher median incomes, and often considerably higher incomes than Owner households.

Higher housing prices increase the number of renters and this puts pressure on rental costs. Lower-income Renters are unable to compete with Renters on higher incomes and are displaced to cheaper, often less desirable locations. The small CRA subsidy paid to Renters is ultimately captured by Owner/Owners, who are able to charge higher rents as a result of this increase in spending power; this is the ostensible purpose of CRA, which is intended to stimulate supply of private rental housing.

The impact of halving of the capital gains tax in 1998 is readily apparent when comparing the wealth of Owner/Owners in 2003 and 2013. There is a clear shift from asset accumulation as the means of acquiring an income stream (or for non-financial purposes such as holiday houses) to leveraging as means of obtaining residential properties that are only intended to be held until capital appreciation realises a post-tax profit.

The debt Owner/Owners carry on their investment properties reduces their net wealth but increases their income (albeit that it is as ad hoc lump sums). Owner/Owner Superannuation and Other Wealth did not appear to be ‘supercharged’. However, the housing equity held by 55–59 year olds increased significantly between 2003 and 2013. Assuming they were paying down their mortgages faster than they otherwise would have, they would significantly reduce their interest bill. More equity of course permits larger debt, enabling the purchase of better, more expensive housing. Their increased capacity to fund the purchase of housing is another contributor to housing price inflation.

The impact of halving of the capital gains tax was to block the aspirations of many would-be owner–occupiers, and drive up rental costs while reducing the nominal security of tenure that previously existed as properties have been sold and re-sold for capital gain. Thus policies purportedly intended to stimulate the supply of private rental housing directly contribute to a significant level of unwanted mobility on the part of tenants, and a deterioration in their wealth holdings, virtually guaranteeing that lower-income tenants remained tenants and entered retirement with inadequate savings.

Permitting the private rental sector to be financialised has resulted in its structural destabilisation, and has profound implications for housing more generally and the nature of our cities. A stabilisation package is required which damps the incentives for investing in rental property for the purpose of capital gains, and introduces incentives for secure long-term rental. The entry of institutional investors as proposed by many housing academics would provide the investment and stability required.

The growth in Renter households mirrors a decline in numbers of Owners. But our recently retired Owners who hung on to their homes mostly accumulated sufficient non-housing wealth to ensure their economic security in retirement, most having more wealth than ASFA indicates is required for a modest standard of living in retirement. As Table 15 indicates, homeowners can hold significant wealth before being ineligible for a part Age Pension. Furthermore, their superannuation wealth attracts highly favourable tax
treatment. A very small number of single person Owner households, however – mostly women – are struggling with housing debt. Owners aged 55–59 years appeared to be on track for a similarly secure retirement. The 45–49 year old single Owners, however, were less wealthy in 2013 than they were in 2003, despite an increase in superannuation. This is likely to reflect the increase in housing debt between 2003 and 2013. The median length of time in current dwelling for single 45–49 year old females in 2013 was only four to nine years, and single males and couples 10–14 years. This suggests many had purchased later in life and hence paid higher prices, which risks them carrying housing debt into retirement.

For couple Owners at midlife the key threat is relationship breakdown and the need to split assets. The growth in superannuation wealth, however, is increasingly providing the other wealth that, as identified by Sheehan, Chrzanowski and Dewar (2008), can stave off the necessity of selling the family home. Superannuation is in effect reducing the likelihood that both former partners will transition out of homeownership. The key is having substantial equity in the home; however, this is less likely at midlife than at earlier ages because of the increased cost of housing.

In traditional life course analysis, midlife households should have declining costs related to being in a post-child rearing phase (with adult children having left to form their own households) and having declining mortgage payments and greater earning capacity (both more participation in employment and more senior salary levels). Increasingly, however, midlife is a period in which individuals experience personal and financial disruption rather than consolidation and wealth accumulation. Much of this disruption reflects profound societal changes, such as a globalised economy and increasingly ‘flexible’ labour market, and the normalisation of serial marriages/partnerships. These societal changes create new risks for individuals and households, and interact with existing risks in new ways. The quantitative SIH data and quantitative HILDA data suggests that the cumulative impact of critical life events is already evident at midlife, with lack of educational attainment feeding into a failure to acquire or retain housing. Our qualitative interviews provide data for a longer post-divorce period than has previously been studied and reveal, in some depth, the impact of divorce on wealth accumulation. As with the SIH data, distinct gender differences are apparent. The interviews explicitly illustrate the dramatic decline in homeownership amongst single mothers evident in the SIH data.

Returning to our initial research questions, we can say that there are distinct gender differences, with the wealth of individuals who are or become lone person or lone parent households by midlife experiencing critical life events that have significant gender dimensions. For women these events relate primarily to employment and care. For men it is about whether or not they obtain tertiary education in their early adulthood. Men who do obtain tertiary education, however, are privileged: they can expect to have full-time employment and career advancement, which will provide income that permits them to purchase housing and accumulate savings that provide insurance against adverse critical life events. Critical life events that seriously disrupt this employment trajectory, however, such as health problems, disability or retrenchment, appear to have a considerable impact.

Divorce and separation are significant critical life events that involve tenure change for one or both former partners, and make the loss of homeownership an increasing risk for women. Women are less likely to re-enter or retain home ownership in the event of relationship breakdown because they continue as primary caregivers to young children, and this impacts upon their employment participation and career progression.

However, changes in the housing market and the inadequacy of housing assistance are overriding factor in understanding the increase in older singles’ homelessness. Housing price inflation and the associated increases in rental costs mean entry or re-entry into homeownership is more difficult than it was a decade ago, let alone two decades ago.
Social housing, once generally available to low income households, is now largely unavailable to older impoverished people.

Finally, this research has revealed a considerable absence of useable data on migrants and people of NESB, particularly those at midlife and younger, which seriously impedes investigation of their wealth, insurances and the impact of adverse critical life events. Research by Stone et al. (2015), for example, indicates that adverse housing market conditions are a significant factor inhibiting wealth accumulation amongst recent skilled migrants. Such a finding is of importance if Australia is to sustain a high level of migration with successful settlements. We were unable to access sub-population data because the numbers in the SIH data were too low (the ABS will not release such data outputs for privacy reasons, but the small samples also mean the outputs are not statistically robust). Given Australia has sustained high levels of migration, it is reasonable to expect major population and household surveys could ensure sampling is high enough to enable a robust investigation into the experience of these population groups.
8 Policy options

The findings of this report suggest a number of areas where there is need for policy attention. The policy recommendations discussed below are broadly of two types: general ones that would assist low to moderate income households generally including mid-life and retiree households and those that are specific to the latter group because of some of the distinctive attributes of the examined cohorts e.g. inability to increase income in later life, limited wealth or the experience of critical life events which more commonly occur when one is older.

An obvious general recommendation, and one that goes beyond the experience of just those examined in this report is to deal with the shortage of social and affordable housing. Like low income households generally, many of those of midlife are constrained to live in private rental where they face major affordability and security of tenure problems. The evidence suggests long-term renters have little wealth to draw down on and will enter retirement with few financial resources.

With 142,242 lone person and 56,334 couple households or 425,159 individuals aged between 50 and 64 in private rental in 2013 this suggests that even if half of this number needed social housing it would represent a high level of demand that cannot be catered for by existing social dwellings. Analysis of ABS population projections suggests there will be 823,319 individual renters over the age of 50 by 2050 or as many 909,760 depending on population assumptions (see Appendix 8). If such housing is not forthcoming over future decades, Australia will have a sizeable minority of its older households in a unsustainable housing position.

Financing for social and affordable housing more generally could be derived from a number of measures, including ending the tax concession on capital gains and reconfiguring negative gearing so that it applies only to new housing. Recognising the role of housing in wealth creation and the increasing inequity in wealth, and the concomitant spatial divisions that it drives, the reinstatement of death duties, even at a very low rate would generate a stream of funding that could be hypothecated to social and affordable housing. Such a fund would go a long way to providing housing for existing households in need and the anticipated increase in the number of impoverished and increasingly indigent aged, whilst building an asset base that would permit community housing organisations to operate at a more efficient scale. Given housing is the major asset of most households this is a variation of an asset based welfare model currently under consideration in many countries trying to use household wealth to deal with the increasing public demands for income support.

Even if there were policy support for immediately increasing social housing to the required level, it would take time to build this supply of homes. This means there is an urgent need to ensure that the private rental market can provide affordable and secure homes for all who reside there, that largely replicate the conditions enjoyed by homeowners. Across the board, tenants require legislative provisions to provide for security of tenure. Longer periodic leases (up from the common six months/one year currently available to five-year leases) that permit tenants to exit at anytime without penalty would ensure greater stability.

Currently there are cohorts of renters who have inadequate knowledge about renting (Stone et al. 2015) and there is a need to ensure that they and landlords are better informed about their rights and responsibilities. There is a need to expand current advisory services and promote education.
8.1 Affordable rental housing

Not all midlife private renters are on such low incomes that they would require the relatively deep subsidy of social housing (where tenants pay 25–30% of their income); some have an income and a wealth capacity to afford properties at discounted market rents (affordable housing) if such properties were available.

Institutional investment in private rental housing in other countries provides long-term, secure housing, with investors focused on rental yields rather than capital gains. Subsidy arrangements (such as tax credits) are effective at directing the type of investment required while minimising housing price inflation.

The National Rental Affordability Scheme (NRAS) provided tax credits to landlords constructing new houses, with tenants meeting income and asset restrictions provided with a 20 per cent discount on market rent. NRAS provided a substantial number of new rental homes, but the scheme was closed despite widespread support. There is an ongoing need for such a scheme, although the housing should be held in the scheme for longer than the 10 years the NRAS provided for. An NRAS-like scheme could be introduced specifically for aged tenants.

Further attention to the specific housing position of retiree households who rent privately may also be needed. Unlike younger households, many retirees will not have the opportunities (principally labour market ones) to increase their income and escape their housing circumstances. Given such, consideration should be given to an age-specific rental supplement (e.g., $40 per week) in addition to the CRA, payable to households over 65 years. This would avoid CRA becoming a potential welfare dependency mechanism (as it may for younger households) and provide considerable benefit for those who have no housing alternative to the private market.

8.2 Support for housing ownership

Other midlife and retiree households have sufficient wealth to buy into part ownership but not full ownership of their housing. Many have the ability to buy licenses for ‘relocatable’ homes in caravan parks (and historically have done so); however, parks are often poorly managed and serviced and offer occupants limited security and control, reflecting inadequate financial and regulatory frameworks. However, purpose-designed factory-built prefabricated housing for a new generation of caravan parks managed by not-for-profit organisations and local governments as a deliberative mature age affordable housing product could offer security and affordability. In the design of such provision, consideration must be given to the locational issues. As our study shows, more low income midlife households and retirees are gravitating to lower-cost housing in regional and urban fringe areas. But in many cases these areas lack the public transport and medical facilities that are required for an ageing population. Obviously it is cheaper to house people in these areas, but does it raise the cost of living and in some respects diminish liveability for residents. In addition it is likely to create problems for the host areas if they have to deal with over-concentrations of midlife and retiree households.

Independent living units (ILUs) were once a significant form of low-cost housing for over-55s. Available under both rental models and purchase models (via a licence), ILU dwellings were financed by a combination of Commonwealth government capital grants (for dwelling construction) and land donations from local government and not-for-profit organisations such as the RSL, Lions Club and churches. The licence version of ILUs is not dissimilar to the equity land trust (ELT) model, in which land is donated or provided at peppercorn rent and the purchase of a dwelling provides the capital required for development on the site. The title to the dwelling is separate from that of the land, with the dwelling owned by the purchaser and the land retained by the trust, and the land
component of the housing effectively loaned to the purchaser at no cost. The cost of the dwelling is based on cost minus the land, rather than the market price, subject to capacity to pay. Purchasers exit the scheme with little or no capital gains, and the next buyer is able to obtain the dwelling at a similar cost to the original buyer, so the housing is perpetually affordable.

An ELT is ideal for midlife households, who often have a stronger income capacity that means they can afford a modest mortgage. A shallow subsidy leverages latent equity to bring on new supply of affordable housing. An ELT would enable those homeowners or purchasers who experience relationship breakdown to invest the equity from their property settlement into housing, thus preserving their wealth. It also provides a secure, affordable option for those renters who at retirement could use their superannuation. Once the ELT sector is operating at a larger scale, some purchasers could be offered deeper subsidies.

Another form of shared equity – in which the purchaser and a bank or the government own shares in the property – can prevent owners falling out of ownership entirely or enable renters to build their wealth. Successful schemes operate in Western Australia and South Australia. Schemes vary, but typically the owner–occupier will initially purchase a small share (such as 20%) and pay rent on the remaining 80 per cent. Purchasers can increase their share when circumstances permit. Capital gains are shared when the property is sold. A key benefit is the housing stability and the preservation of wealth.

The report draws attention to how changes in circumstances (the critical life event) can trigger housing problems, notably for home purchasers, requiring them to sell homes and one or both partners falling back to rental. Women in particular tend to remain in rental once they fall out of ownership. There needs to be a form of home retention assistance (HRA) similar to CRA, but perhaps time limited, to help a household hang on to ownership until their circumstances improve. This would need to be means and asset tested and could only go to the partner with the children. The probability is that it would not cost the public purse much more than if the partner with children ended up in private rental and in receipt of CRA for a long period. An HRA could be a candidate for social impact investors interested in addressing housing affordability and homelessness. Social impact investors are investors who seek social returns as well as financial returns and many will provide finance at a concessional rate (i.e., below the market rate), and some provide ‘patient’ capital, meaning they do not require repayment for a set period. Many social impact investors pool their funds into schemes managed by intermediaries. Together they could create an HRA fund which could provide a payment stream to an eligible household which would supplement mortgage payments for a period, with repayments occurring once income rises. The home could provide security for this form of ‘reverse’ loan.

Other measures could assist purchasers who fall out of homeownership to re-enter ownership. Many state governments currently have programs that permit Age Pensioners who ‘downsize’ to avoid paying stamp duty (in whole or in part). This could be extended to those at midlife who have fallen out of homeownership because of a critical life event but find the cost of re-purchasing (as opposed to the ongoing housing costs) a barrier (subject to asset and income tests).

8.2.1 Existing homeowners

On average, retired owners have sufficient wealth (of which around 60–70% is their home) to live to a moderate standard but of course there are the variations around the median. For those with considerably more wealth it is of course not a problem, but those with less may experience problems. While they may be able to get by on a pension or small superannuation supplement on a day-to-day basis, if confronted by large bills (e.g.
repairs or required renovations to the home or a critical event such as a health problem), they may be unable to cope. In such circumstances there should be some programs that could help. This could include a state or local government home advice and repair program (HARP) that provided advice to older households on repairs and renovations for safety and adaptation to age, and offered grants up to a certain amount with a codicil that grants were repaid out of the estate. Reverse annuity mortgages (RAM) are another form of assistance for households that do not have the wealth required for what they deem an adequate lifestyle. While the private sector has offered these, the take-up has been poor. The Commonwealth Government could extend the Pension Loan Scheme (which is available to homeowners who are ineligible for the Age Pension because of their assets or income, and which provides a reverse mortgage secured against their existing assets) to homeowning Age Pensioners. This would have the advantage that the government could offer a much lower interest rate (the bond rate), and again could be repaid from the estate (or sale,) meaning there would be no fear of the loss of the property before death as is the concern with some private RAMs.

Aspiring homeowners and those who have fallen out of homeownership increasingly find that the price of market housing is beyond their financial means. There is, however, a significant gap between the cost of producing new housing (especially apartments) and the market price. This difference (and the generally poor quality and sustainability of much new housing) is being challenged by deliberative developers. Deliberative development is where a group of intending owner-occupiers get together to build their own apartment block, replacing the traditional role of the developer as the middleman in the process. Internationally and in Victoria this form of housing provision typically cuts 25–30 per cent from the cost, and the entry of social impact investors is set to revolutionise development financing providing further cost savings. The biggest issue facing Australian deliberative developers is access to well-located land. Australian governments could follow the exemplar in this area, Germany, by:

- requiring surplus government land be offered to deliberative Developers prior to going to the market, and providing the land on the basis of an option (i.e. selling the land towards the end of the development process rather than prior to, cutting the significant holding costs involved in developing land)
- including conditions on brownfield sites that are re-zoned to ensure a percentage is available to deliberative developers
- restricting stamp duty payable to the initial property transfer (thus preventing purchasers effectively being taxed twice)
- providing a guarantee to debt lenders so that the debt to equity ratio can increase.

Deliberative development reduces the key risks in private development by aggregating members prior to projects and creating products that are highly desirable because of the lower price, higher quality and responsiveness to consumer demands. The Internet is a key way members can find each other.

Government could drive innovation in the development sector by assisting with the establishment of a formal two-sided matching market (that is, an Uber-like Internet platform) that matches those seeking to buy an apartment with developers and projects (deliberative, market or land trust). This ‘smart housing market’ platform could do much more, however. It could be the means by which affordable housing tenants and providers are matched; how disabled accessible housing can be registered and made available to those seeking it; the opportunity for choice-based letting for social housing tenants; as well as a place for landowners to register land and find partners for development. There are many landowners who would like to redevelop their properties but cannot obtain
finance – they could if they joined a deliberative development group or partnered with a community housing organisation for land trust.

What this all means is that financial and regulatory instruments have to be put in place to create a diverse range of affordable housing products and assistance options across a mix of tenures, including social housing, private rental and ownership. Tenants and vulnerable purchasers and homeowners require more individualised support and advice.
References


Association of Superannuation Funds of Australia 2015, ASFA retirement standard, ASFA, Sydney.


Australian Government 2012, National ageing and aged care strategy for people from culturally and linguistically diverse (CALD) backgrounds, Commonwealth of Australia, Canberra.

Australian Government 2014, Reform of the Federation white paper, roles and responsibilities in housing and homelessness, issues paper 2, Commonwealth of Australia, Canberra.


Berry, M, Dalton, T & Nelson, A 2010, Mortgage default in Australia: nature causes and social and economic impacts, AHURI Final Report No. 145, Australian Housing and

SISR Working Paper 2016/10/1


SISR Working Paper 2016/10/1


Collins, D 2011, Reducing the risks: improving access to home contents and vehicle insurance for low-income Australians, Brotherhood of St Laurence, Melbourne.


SISR Working Paper 2016/10/1


Hulse, K & Mcpherson, A 2014, ‘Exploring dual housing tenure status as a household response to demographic, social and economic change’, *Housing Studies*, vol. 29, no. 8, pp. 1028-1044.


McDonald, P 1986, Settling up: property and income distribution on divorce in Australia, Australian Institute of Family Studies, Melbourne.

McFerran, L 2010, It could be you: female, single, older and homeless, Homelessness NSW, the Older Women’s Network NSW and the St Vincent de Paul Society, Sydney.


SISR Working Paper 2016/10/1


Sharam, A 2011, *No home at the end of the road? A survey of single women over 40 years of age who do not believe they will own their housing outright at retirement*, The Salvation Army Southern Territory, Melbourne.


Yates, J 2009, Tax expenditures and housing, Brotherhood of St Laurence and Australian Housing and Urban Research Institute, Melbourne.

## Appendix 1: Income of single parents 2003 and 2013

Table 12: Single parent households, median weekly income, 2003 and 2013

<table>
<thead>
<tr>
<th>Age</th>
<th>2003 Female</th>
<th>2003 Male</th>
<th>2013 Female</th>
<th>2013 Male</th>
<th>2003 Female</th>
<th>2003 Male</th>
<th>2013 Female</th>
<th>2013 Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>25–29</td>
<td>$1,233</td>
<td>$4,276</td>
<td>$690</td>
<td>$738</td>
<td>$1,066</td>
<td>$843</td>
<td>$443</td>
<td></td>
</tr>
<tr>
<td>30–34</td>
<td>$1,028</td>
<td>$1,521</td>
<td>$1,094</td>
<td>$1,586</td>
<td>$828</td>
<td>$1,100</td>
<td>$969</td>
<td>$995</td>
</tr>
<tr>
<td>35–39</td>
<td>$1,175</td>
<td>$1,221</td>
<td>$1,278</td>
<td>$963</td>
<td>$887</td>
<td>$790</td>
<td>$955</td>
<td>$960</td>
</tr>
<tr>
<td>40–44</td>
<td>$1,412</td>
<td>$1,192</td>
<td>$1,028</td>
<td>$688</td>
<td>$1,203</td>
<td>$1,246</td>
<td>$965</td>
<td>$1,408</td>
</tr>
<tr>
<td>45–49</td>
<td>$1,379</td>
<td>$1,912</td>
<td>$1,127</td>
<td>$845</td>
<td>$951</td>
<td>$1,148</td>
<td>$1,125</td>
<td>$2,140</td>
</tr>
<tr>
<td>50–54</td>
<td>$1,125</td>
<td>$1,943</td>
<td>$1,379</td>
<td>$2,606</td>
<td>$1,287</td>
<td>$661</td>
<td>$1,306</td>
<td>$1,190</td>
</tr>
<tr>
<td>55–59</td>
<td>$1,194</td>
<td>$1,610</td>
<td>$1,527</td>
<td>$1,318</td>
<td>$634</td>
<td>$1,020</td>
<td>$1,860</td>
<td></td>
</tr>
<tr>
<td>60–64</td>
<td>$1,131</td>
<td>$769</td>
<td>$1,680</td>
<td>$5,011</td>
<td>$607</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey of Income and Housing.
Appendix 2: Age Pension rates and eligibility

Table 13: Age Pension payment rates, March 2015

<table>
<thead>
<tr>
<th>Pension rates per fortnight</th>
<th>Single</th>
<th>Couple, each</th>
<th>Couple, combined</th>
<th>Couple, each, separated due to ill health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum basic rate</td>
<td>$782.20</td>
<td>$589.60</td>
<td>$1,179.20</td>
<td>$782.20</td>
</tr>
<tr>
<td>Maximum Pension Supplement</td>
<td>$63.90</td>
<td>$48.20</td>
<td>$96.40</td>
<td>$63.90</td>
</tr>
<tr>
<td>Energy Supplement</td>
<td>$14.10</td>
<td>$10.60</td>
<td>$21.20</td>
<td>$14.10</td>
</tr>
<tr>
<td>Total</td>
<td>$860.20</td>
<td>$648.40</td>
<td>$1,296.80</td>
<td>$860.20</td>
</tr>
</tbody>
</table>


Table 14: Age Pension maximum assets permitted for full pension eligibility

<table>
<thead>
<tr>
<th>Family situation</th>
<th>For homeowners, full pension assets must be less than</th>
<th>For non-homeowners, full pension assets must be less than</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$202,000</td>
<td>$348,500</td>
</tr>
<tr>
<td>Couple, combined</td>
<td>$286,500</td>
<td>$433,000</td>
</tr>
<tr>
<td>Illness-separated couple, combined</td>
<td>$286,500</td>
<td>$433,000</td>
</tr>
<tr>
<td>One partner eligible, combined assets</td>
<td>$286,500</td>
<td>$433,000</td>
</tr>
</tbody>
</table>

Table 15: Age Pension maximum assets permitted for part pension eligibility

<table>
<thead>
<tr>
<th>Family situation</th>
<th>For homeowners full pension assets must be less than</th>
<th>For non-homeowners full pension assets must be less than</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$775,500</td>
<td>$922,000</td>
</tr>
<tr>
<td>Couple combined</td>
<td>$1,151,500</td>
<td>$1,298,000</td>
</tr>
<tr>
<td>Illness separated couple, combined</td>
<td>$1,433,500</td>
<td>$1,580,000</td>
</tr>
</tbody>
</table>

In addition to the asset test, there are income restrictions. The income test permits a fortnightly income of up to $160 before the pension payment is reduced (Table 17).
### Table 16: Age Pension income test

<table>
<thead>
<tr>
<th>Family situation</th>
<th>Fortnightly income</th>
<th>Reduction in payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>Up to $160</td>
<td>None – full payment</td>
</tr>
<tr>
<td></td>
<td>Over $160</td>
<td>50 cents for each dollar over $160</td>
</tr>
<tr>
<td>Couple combined; couple separated due to ill health</td>
<td>Up to $284</td>
<td>None – full payment</td>
</tr>
<tr>
<td></td>
<td>Over $284</td>
<td>50 cents for each dollar over $284 (combined)</td>
</tr>
</tbody>
</table>


### Table 17: Commonwealth Rent Assistance payments

<table>
<thead>
<tr>
<th>Family situation</th>
<th>Maximum payment per fortnight</th>
<th>No payment if fortnightly rent is less than</th>
<th>Maximum payment if fortnightly rent is more than</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single, with no children</td>
<td>$128.40</td>
<td>$114.00</td>
<td>$285.20</td>
</tr>
<tr>
<td>Single, with no children, sharer</td>
<td>$85.60</td>
<td>$114.00</td>
<td>$228.13</td>
</tr>
<tr>
<td>Couple, with no children</td>
<td>$120.80</td>
<td>$185.40</td>
<td>$346.47</td>
</tr>
<tr>
<td>One of a couple who are separated due to illness, with no children</td>
<td>$128.40</td>
<td>$114.00</td>
<td>$285.20</td>
</tr>
<tr>
<td>One of a couple who are temporarily separated due to illness, with no children</td>
<td>$120.80</td>
<td>$114.00</td>
<td>$275.07</td>
</tr>
</tbody>
</table>
Appendix 3: Survey of Income and Housing methodological issues

Data on migrants and people of NESB

The SIH collects only a limited amount of data on place of birth as a measure to prevent identification of respondents. For example, the entire Americas are taken as a single group. This meant we had to make choices about categorisation that were often only half right. In the case of the Americas, we assigned these respondents into the English-speaking group, as migration from North America is higher than for South America. The number of respondents from NESB in the 65–69 year age cohort is reasonably high, permitting some analysis. However, the numbers fall under 65 years, reflecting the decline in migration. These much lower numbers mean that, once analysed for tenure and household type, the final numbers fall below what the ABS will release (as there is a risk of individuals being identifiable). The tables we received were accordingly redacted.

Detail of wealth categories

Other Property includes all types of other property, such other holiday homes, rental properties and commercial and industrial property. Residential property nevertheless was the dominant property type.

Other Wealth include home contents category, as many households have very valuable household effects such as art works or jewellery. On the other hand, we did not want the household effects of low-income households to give the appearance of then having more wealth than they had. The value placed on an item if it needed to be replaced (such as for insurance purposes) is likely to be higher than the actual realisable value if the item was to be sold. An example would be the cost of a new washing machine versus the street value of a machine that is 20 years old. To address this, we subtracted $50,000 (representing the median net wealth in the Other Wealth category) from the net wealth of all households and equivalised for household size.

Further methodological points to note

The ABS SIH collects data from people in private dwellings, which includes houses, flats, home units, long-stay caravans, garages, tents and other structures that were used as places of residence at the time of interview, but excludes people living in boarding houses. This exclusion is problematic, as boarding houses (or rooming houses) are a key source of accommodation for low-income singles. Residents of non-private dwellings including hotels, boarding schools and institutions, are also excluded.

We excluded from the dataset reference persons under the age of 25. By doing so we limit the impact of adult children living with their parents while in education or working. We also excluded social housing tenants because they have rebated rents and most have little or no wealth. Older people, once settled into social housing, are unlikely to seek further housing assistance. We tested the impact of combining data on all renters and determined that including social renters would deprive us of a valuable insight into the wealth of private tenants.

We examine net wealth; we take the value of the asset minus the liability associated with the asset. The housing wealth medians cited, for example, do not indicate the value of the property but the equity held. Typically, the equity in housing increases over time as mortgage debt is repaid, so we would expect to see younger cohorts with lower housing wealth.

Unless otherwise indicated, dollar values are medians, and 2003 values have been indexed to 2013 using the household disposable income index. We used medians rather means (averages). Average wealth in Australia is higher than median wealth and
indicates that wealth distribution is uneven, with the wealthy holding a disproportionate share (Findlay 2012). Use of median measure means that for every dollar figure cited, 50 per cent of the sample has more and 50 per cent has less. This means there is a group at the lower end of the distribution who may be far less wealthy than the median suggests – but this depends on the sample. In each wealth category the figure cited is the median for the households that have that form of wealth. Thus, it may be the case that the median for superannuation, for example, is high, but the median for total net wealth is extremely low; this simply reflects a high number of ‘missing’ values (that is, cases of households that have no superannuation). Taken by tenure, as we have:

- Owners: 100 per cent – no missing values but 100 per missing for Other Property. Superannuation and Other Wealth vary between zero and 100 per cent.
- Owner/Owner: 100 per cent – no missing values for either of Home and Other Property. Superannuation and Other Wealth vary between zero and 100 per cent.
- Renters: 100 per missing for Home and for Other Property. Superannuation and Other Wealth vary between zero and 100 per cent.
- Renter/Owners: 100 per missing for Home, and none missing for Other Property. Superannuation and Other Wealth vary between zero and 100 per cent.

Total net median wealth in each tenure category reflects all households in the tenure category. In the Renter tenure, for example, it includes Renters with no superannuation but with Other Wealth, and Renters with both. As Other Wealth includes people’s everyday savings accounts and very few are without some form of regular income, missing values are rare in this wealth category. Therefore, we do not cite the extent of missing values. Using the tenure categories, we do not automatically indicate who does not have those types of wealth. Superannuation is where it matters, and these missing values are specifically cited.
Appendix 4: 65–69 year olds

Owner/Owners

One of the trends noted by Hulse and Mcpherson (2014) was in the number of households who own a home and other property. Owner/Owners comprised 19 per cent of 65–69 year olds in 2003 and in 2013, although their number rose from 76,791 households to 122,287. Owner/Owners were the wealthiest tenure type. The median total net median wealth of Owner/Owners slipped from $1,801,376 in 2003 to $1,630,897 by 2013.

Single female, single male and couple households each experienced wealth growth between 2003 and 2013. For the single women growth was in the order of 20 per cent, which brought them into parity with single males. The benefit of having more than one income is apparent; the wealth of couple households was 32 per cent greater than that of single females and single males in 2013. Housing Wealth remained stable for single males and couple households and increased for single female households. The lack of increase in Housing Wealth for most Owner/Owners between 2003 and 2013 (Figure 17), which was a time of housing price inflation, suggests that housing equity was withdrawn or larger mortgages were taken (reflecting more expensive housing). The data on length of time in current dwelling shows that just under half of single female households had moved in the previous nine years, as had over two-thirds of single male and couple households, suggesting that they may have upgraded their housing.

Figure 17: Wealth types of 65–69 year old Owner/Owners, 2003 and 2013

A possible scenario is that the increase in the value of owner-occupied housing permitted the purchase of Other Property. That is, equity was withdrawn to use as a deposit on Other Property. The decline in the wealth held by single female and couple households in Other Property over the 2003 to 2013 period reflects significant increases in the amount of debt owing on these other properties. Table 19 shows that Owner/Owners significantly increased the debt to equity ratio on their Other Property.
Table 19: Median wealth in Other Property for 65–69 year old Owner/Owner households, 2003 and 2013

<table>
<thead>
<tr>
<th>Age</th>
<th>2003 Equity</th>
<th>2003 Debt</th>
<th>2013 Equity</th>
<th>2013 Debt</th>
<th>Increase in debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>65–69</td>
<td>$491,837</td>
<td>$159,293</td>
<td>$389,753</td>
<td>$250,000</td>
<td>57%</td>
</tr>
</tbody>
</table>

The decline in Other Property wealth that is ubiquitous among younger age cohorts (Appendices 5 and 6) suggests a significant shift in wealth accumulation strategies, from asset accumulation as a means of acquiring an income stream (or for having housing for non-financial purposes such as for holidays) to acquiring and disposing of assets for capital gain. The decline in Other Property equity (and concomitant increase in debt) among 65–69 year olds, however, is not as great as for younger age cohorts. This may reflect the lack of utility in using negative gearing to offset income tax liabilities in retirement (Table 20 shows that the 65–69 year old cohort are not high-income earners), and being used to generate regular income (positively geared).

Table 20: Weekly housing and income for 65–69 year old Owner/Owners, 2003 and 2013

<table>
<thead>
<tr>
<th>Household type</th>
<th>Year</th>
<th>Housing costs</th>
<th>Income</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single female</td>
<td>2003</td>
<td>$38</td>
<td>$518</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$46</td>
<td>$651</td>
<td>7</td>
</tr>
<tr>
<td>Single male</td>
<td>2003</td>
<td>$52</td>
<td>$795</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$40</td>
<td>$532</td>
<td>8</td>
</tr>
<tr>
<td>Couple</td>
<td>2003</td>
<td>$46</td>
<td>$1,271</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$53</td>
<td>$1,347</td>
<td>4</td>
</tr>
</tbody>
</table>

Increases in Superannuation Wealth drove the wealth of single female and single male Owner/Owners. The Superannuation Wealth of single females, however, is likely to reflect inheritance or property settlement, given that women have lower lifetime earnings than men. In 2003 only 22 per cent of single females had a superannuation balance, although this had climbed to 57 per cent by 2013.

The wealth (excluding the primary residence) of Owner/Owners ensured they would be ineligible for the Age Pension. Table 20 indicates that most Owner/Owners had weekly income above the amount of the Age Pension and shows that their housing costs were very low (between $40 and $53 per week in 2013). The higher income of single females over single males is likely to reflect recent inheritances from decased partners, rather than the wealth pattern of those women had been longterm singles.

Owners

Making up 71 per cent of households in 2003 and 69 per cent in 2013, Owners represent the single largest tenure type among 65–69 year olds. While the decline in proportion of Owners over the decade is small, the increase in the proportion of Renters and their lack of wealth (see 4.3 below) suggests that decline should be of concern. It should also be considered in the context of a decline in single female Owner wealth between 2003 and 2013 and only very modest growth in wealth for single males and couple Owners. As with
Owner/Owners, Owners may be withdrawing housing equity – although if they were, it was not being used to fund asset acquisition.

The decline in owner-occupied Housing Wealth for single female and couples households and very moderate increase in single male Housing Wealth (Figure 18) is interesting given housing price inflation during the period. There may be several reasons for this result. The value of their housing may reflect the location of their housing in markets less affected by the capital growth. This finding may also point to the physical depreciation of their housing. Fifty-three per cent of the single women had lived in their current dwelling for more than 20 years, and 17 per cent for more than 40 years. Thirty-six per cent of single men and 35 per cent of couples had 20 years or more in their current home. Given their age and housing stability, it is probable that the majority of these households live in the middle or ‘greyfield’ suburbs of major cities. However, the SIH does not collect detailed data on location. The decline Housing Wealth may also indicate the withdrawal of housing equity. This, however, is highly dependent on the value of the housing, which in turn reflects its location and condition. Despite the overall longevity in current dwellings, one-fifth of single females and males and one-quarter of couples had been in their current dwelling for less than four years.

Figure 18: Wealth types of 65–69 year old Owners, 2003 and 2013 ($2013)

Part of the decline in Housing Wealth is attributable to a greater propensity to carry housing debt into retirement. Housing Wealth reflects the value of owner-occupied housing minus liabilities associated with the property. In 2003, very few single female (three per cent), single male (seven per cent) or couple households (two per cent) had housing debt at retirement. In 2013 this had increased to eight per cent, 11 per cent and 12 per cent respectively. In 2003 this meant just over 10,000 of the households were paying off secured and unsecured debt linked to their housing; by 2013 it was just over 26,000 households. The level of indebtedness grew considerably too: 16.2 per cent of single female households had housing debt that was more than 50 per cent of the value of their home; a further 29.1 per cent still owned between 20 and 49 per cent and a further 41.1 per cent owned between 10 and 19 per cent. The median weekly housing cost of single female purchasers was $220, which is marginally higher than that of single female Renters. The weekly disposable income of purchasers was also lower than that of outright owners ($485 compared to $534). The proportion of income spent on housing was 46 per cent. We examined these single females’ Superannuation Wealth and Other
Wealth to determine whether their debts could be paid off. In 83 per cent of cases (6,954) they could not. This suggests quite a number of single female Owners (purchasers) had after-housing costs comparable to Renters’ and were impoverished. However, these women had some equity in their homes; if they were to sell and then rent they could draw down on that wealth to supplement their Age Pension. In doing so, however, they may well give up less easily quantified aspects of ownership such as housing security and connection to support, as well as location and better quality of housing.

Fewer single male Owners were purchasing and only 3.7 per cent had debt that was more than 50 per cent of the value of their home. Single male purchasers had higher median incomes and lower weekly median housing costs ($506 income and $106 in housing costs). This means there were far fewer we deemed unable to pay off their loans (1,195). The percentage of couples with housing debt increased from two to 12 per cent between 2003 and 2013 (to 26,008). Almost one-fifth had debt that was more than 50 per cent of the value of their home. Their weekly housing costs ($248) and weekly income ($1,159) were, on a pro rata basis, comparable to the single males’. However, we judged 8,735 had insufficient wealth to pay off this debt. Single males and couples spent 21 per cent of their income on housing.

The housing costs for outright Owners in this age cohort were very low (between $37 and $40 each per week in 2013), and moreover varied little between men, women and couple households and between 2003 and 2013. Weekly incomes were similar in 2013: $534 for single females and $353 for single males. Couples received income of $887 per week in 2013.

Turning to the savings available to the 65–69 years old Owners, we found that the Superannuation Wealth of single women and couple households grew between 2003 and 2013. That of single males declined. The dip in single male Superannuation Wealth in 2013 may simply reflect drawdown at retirement for other purposes (such as for holidays, of which there is anecdotal evidence); however, these men may have been bringing their wealth level down so as to be eligible for a full Age Pension (there is also anecdotal evidence of this).

Another way of looking at superannuation is to examine the growth in wealth of the cohorts as they age. Table 21 shows a surprising increase in single female superannuation. This may reflect inheritance upon death of partner. A precursory examination of widows’ wealth in the HILDA survey points to this, but also indicates widows (but not widowers) disinvesting inherited wealth (perhaps gifting wealth). This merits more thorough investigation but is outside of the scope of our study. Another possible factor is the legal option after 2002 to split superannuation accounts in property settlements.

### Table 21: Superannuation balance of Owners aged 55–59 years in 2003; 65–69 years in 2013

<table>
<thead>
<tr>
<th>Household type</th>
<th>2003 (55–59 yo)</th>
<th>2013 (65–69 yo)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single female</td>
<td>$85,671</td>
<td>$172,275</td>
</tr>
<tr>
<td>Single male</td>
<td>$63,939</td>
<td>$130,000</td>
</tr>
<tr>
<td>Couple</td>
<td>$155,619</td>
<td>$250,000</td>
</tr>
</tbody>
</table>
Combining the Superannuation Wealth and Other Wealth gives an indication of the wealth that would be assessed for determining Age Pension eligibility. The median net total wealth of single male Owners and single female Owners, net of Housing Wealth, means most of these households were eligible for the full pension. Couple Owner median net wealth, however, means most couples were only eligible for a part pension.

In accordance with our wealth typology, Owners did not own any Other Property.

**Renters**

The proportion of households who were Renters was 10 per cent in both 2003 and 2013, although the number increased by more than 25,000 over the decade to just over 65,000 in 2013. Single female Renter numbers barely increased, while the number of single male Renters nearly doubled. In 2013 there were 33 per cent more single male Renters than single female Renters. While single male Renters outnumbered single female Renters at 65–69 years, the opposite was true after 70 years of age. This is likely to reflect the dissolution of couple households upon death of the male partner. The number of couple Renter households increased by 21 per cent between 2003 and 2013 (up to 14,454).

The net median wealth of single female Renters did not change between 2003 and 2013, remaining just below $15,000. The wealth of single males almost halved and was down to just under $20,000 in 2013, while the position of couple Renters improved somewhat (rising to $36,800).

In 2003 no single female Renters and few single male renters (only 15 per cent) had superannuation. Less than a quarter (23 per cent) of couple Renters had superannuation. By 2013 this situation had improved but was still dire, especially for women: only nine per cent of single female Renters had superannuation compared to 47 per cent of single male Renters. Just over a third (34 per cent) of couple Renter households had superannuation in 2013.

As Figure 19 indicates, the value of Superannuation Wealth held by Renters in 2003 was very low. No single female Renters had superannuation. The median value of superannuation held by single male Renters was $24,591 and couple Renters $31,213. Single male and couple Renters were worse off in 2013, with just $7,000 and $24,000 respectively in median superannuation. The situation for single females Renters looked entirely different in 2013, with the median rising to $182,000. This is figure is, however, the median for just the 1,205 (29 per cent) women who had superannuation and needs to be taken with caution: 71 per cent of single female Renters still had no superannuation at all in 2013. As we noted earlier in regard to Owner wealth, it is likely that some single female Renters inherited a deceased partner’s superannuation.
As Figure 19 also indicates, Renters held very little Other Wealth. The total wealth holdings of 65–69 year old Renters were meagre, offering little financial buffer to cope with emergencies, let alone to supplement housing costs.

Renters aged 65–69 experienced a very low level of rental increase (between four and nine per cent) in the period 2003 to 2013. Table 22 shows that the median rent being paid by 65–69 year olds in 2013 ($355) was well behind market rent.

Table 22: Weekly income and housing costs of 65–69 year old Renters, 2003 and 2013

<table>
<thead>
<tr>
<th>Household type</th>
<th>Year</th>
<th>Housing costs</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single female</td>
<td>2003</td>
<td>$192</td>
<td>$446</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$200</td>
<td>$495</td>
</tr>
<tr>
<td>Single male</td>
<td>2003</td>
<td>$172</td>
<td>$452</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$180</td>
<td>$445</td>
</tr>
<tr>
<td>Couple</td>
<td>2003</td>
<td>$254</td>
<td>$795</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$280</td>
<td>$712</td>
</tr>
</tbody>
</table>

Nevertheless, by 2013 Renters were paying 39 to 40 per cent of their income for housing. The relatively low rents paid are surprising given that 59 per cent of single females, 67 per cent of single males and 78 per cent of couple Renters had moved in the past four years. Asked about the reasons for their last move, 47 per cent of couples and 42 per cent of single males said they had been given notice by the landlord. It is likely that more couples had been living in two- and three-bedroom houses, demand for which had resulted in greater capital appreciation. Given that 54 per cent of Renters overall had moved within the previous four years, this suggests single-person and couple households faced greater pressures to move and/or and had the option to trade down or out of areas that had become too expensive.

SISR Working Paper 2016/10/1
**Renter/Owners**

Renter/Owners are households that rent the home they live in but own another property. They were a very small proportion of 65–69 year old households: only one per cent (2,886 households) in 2003 and 1.5 per cent (9,759 households) in 2013. Of these, 711 were single males and 2,175 were couples in 2003. There were no single female Renter/Owners in 2003. By 2013 there were 1,526 single female Renter/Owner households, 759 single male Renter/Owner households and 3,766 couple Renter/Owner households. In 2003 the median total net wealth of Renter/Owners was $559,022. In 2013 the median net wealth declined to $378,530.

The most noteworthy observations for 65–69 years old Renter/Owners are that none were single female households in 2003, and those women who held Other Property in 2013 had low incomes (Table 23). In some ways these women are analogous to the purchasers among the Owners who were heavily indebted at retirement and struggling to hold onto property-based wealth, presumably in part because they hoped for capital gains. The single males and couples on the other hand could afford to pay their housing costs. Also noteworthy is that the vast majority of Renter/Owners had moved within the previous four years: 77 per cent of single females, 82 per cent of single males and 93 per cent of couples changed dwellings. Only six per cent had been in their dwelling for longer than 15 years.

**Table 23: Weekly income and housing of 65–69 year old Renter/Owners, 2003 and 2013**

<table>
<thead>
<tr>
<th>Household type</th>
<th>Year</th>
<th>Housing costs</th>
<th>Income</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single female</td>
<td>2003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$185</td>
<td>$511</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$205</td>
<td>$421</td>
<td>49</td>
</tr>
<tr>
<td>Single male</td>
<td>2003</td>
<td>$320</td>
<td>$1,095</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$380</td>
<td>$1,542</td>
<td>25</td>
</tr>
<tr>
<td>Couple</td>
<td>2003</td>
<td>$280</td>
<td>$1,049</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$320</td>
<td>$1,095</td>
<td>29</td>
</tr>
</tbody>
</table>

The single males had a different wealth profile to other Renter/Owner households, with large amounts of wealth tied up in Other Wealth (Figure 20) – but the numbers in the sample are small, so this result should be treated with caution.
Figure 20: Wealth types of 65–69 year old Renter/Owners ($2013)
Appendix 5: 55–59 year olds

Owner/Owners

In 2003 the 55–59 year old Owner/Owners had a median net wealth of $1,761,242. In 2013 this had declined to $1,398,882 (reflecting a fall in Other Property wealth). By 2013 single male Owner/Owners had 87 per cent of the wealth of single female Owner/Owners ($986,654 compared with $1,130,000). The women’s wealth is likely to reflect inheritances and property settlements. Couple Owner/Owners had a net median wealth of $1,398,500.

As Figure 21 shows, Housing Wealth increased for single female, single male and couple Owner/Owner households, but Other Property wealth fell for each. The majority of single female, single male and couple Owner/Owners had lived in their current dwelling for less than 15 years, with 39 per cent of single women having moved in the previous four years.

Figure 21: Wealth types of 55–59 year old Owner/Owners, 2003 and 2013 ($2013)

The change in the quantum of Other Property wealth held in 2013 reflects financial incentives to use debt to buy investment properties. Historically low interest rates, the availability of negative gearing and generous capital gains tax concessions have driven investment in residential property. The increase in debt (Table 24) suggests a significant shift in wealth accumulation strategies from asset accumulation as a means of acquiring an income stream (or to have housing for non-financial purposes, such as for holidays) to acquiring and disposing of assets for capital gain.

Table 24: Median wealth in Other Property for 55–59 year old Owner/Owner households, 2003 and 2013

<table>
<thead>
<tr>
<th>Age</th>
<th>2003</th>
<th>2013</th>
<th>Increase in debt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equity</td>
<td>Debt</td>
<td>Equity</td>
</tr>
<tr>
<td>55–59</td>
<td>$573,810</td>
<td>$150,000</td>
<td>$270,000</td>
</tr>
</tbody>
</table>

As Figure 10 shows, Superannuation Wealth became more important over time but still represented the least important type of wealth held in 2013. Most significantly, less than five per cent of Owner/Owner households in 2013 did not have superannuation, whereas
11 per cent of single female and couple households in 2003 had no superannuation and 41 per cent of single male Owner/Owners had no superannuation.

Other Wealth became more important: both single female and single male households had over $100,000 in Other Wealth in 2013, and couple households had over $180,000.

Owners

Owners – those households who owned the home they lived in but did not own any other property – were the largest tenure type among 55–59 year olds, comprising 63 per cent of the cohort in 2003. Their proportion declined to 58 per cent in 2013, although their numbers increased from 709,883 to 812,832. In 2003 the median net total wealth of 55–59 year old Owners was $668,836, and this increased to $733,766 in 2013. The wealth of single female Owners grew by 10 per cent, that of single male Owners by 13 per cent and that of couples by nine per cent.

The median net Housing Wealth for all 55-59 year old Owners overall fell from $426,259 in 2003 to $400,000 in 2013. However, the housing equity held by single female Owners, single male Owners and couple Owners barely changed (Figure 22). This suggests that equity was being withdrawn as housing values increased or housing was upgraded, or that housing was being purchased later in life. Only one-third of single female, single male and couple Owners had lived in their current dwelling for more than 20 years. One-third of single female and couple Owners had been in their home for less than 10 years, while 43 per cent of single male Owners had been in their current home less than four years.

Figure 22: Wealth of 55–59 year old Owners by tenure and household type, 2003 and 2013 ($2013)

Given the younger age of the 55–59 year old cohort we expected to see more purchasers than in the 65–69 year old cohort. This was the case, with around 40 per cent having housing debt (60 per cent were outright owners). The amounts owing were also larger than for 55-59 year old purchasers in 2003. However, incomes were also higher so the percentage of income to housing costs remained moderate: single females paid 23 per cent, single males 24 per cent and couples 18 per cent. Nevertheless 28.3 per cent of
single females, 35.6 per cent of single males and 22.2 per cent of couples aged 55–59 had housing debt that was 50 per cent or more of the value of their home, suggesting that a small group, probably those with a mortgage, may carry significant debt when they retire. On the whole most had sufficient housing equity at this point and, barring adverse CLE, are likely to retire without housing debt. However, some Owners will repurchase or refinance (for example if they divorce or separate) and some are likely to carrying too much housing debt into retirement.

In 2003, 31 per cent of single female Owners, 28 per cent of single male Owners and 15 per cent of couple Owners did not have any Superannuation Wealth. For the single female Owners who did, the median superannuation account balance was $85,671. The median balance for single male Owners was $63,939 and for couple Owners $155,619. In 2003 the superannuation guarantee scheme had only been operating for 11 years, so the 55–59 year olds’ modest balances then are not surprising. In 2013 the scheme had in operation for more than 20 years, meaning those aged 55–59 in 2013 would have been in the scheme most of their working lives. Table 25 shows that in 2013 the median superannuation account balance for single female Owners increased to $100,000, for single male Owners increased to $91,516 and for couple Owners increased to $208,000.

Table 25: Superannuation balances of 45–49 year olds in 2003; 55–59 year olds in 2013

<table>
<thead>
<tr>
<th>Household type</th>
<th>Superannuation balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003 (45–49 yo)</td>
</tr>
<tr>
<td>Single female</td>
<td>$49,184</td>
</tr>
<tr>
<td>Single male</td>
<td>$64,734</td>
</tr>
<tr>
<td>Couple</td>
<td>$95,115</td>
</tr>
</tbody>
</table>

The proportion of single female Owners without superannuation in 2013 declined to nine per cent and that of single male Owners to five per cent. Fifteen per cent of couple Owners still had no superannuation in 2013. The increased proportion of households with superannuation could indicate a number of things, such as greater employment participation or increased focus on retirement. Another possible factor is the legal option to split superannuation accounts in property settlements after 2003. Inheritance from deceased partners would also have some impact at this age.

As indicated in Figure 22, the vast majority of 55–59 year olds’ wealth was held in Housing Wealth. Other Wealth increased for each type of Owner household in 2013: single female households to $59,600, single male households to $79,045 and couple households to $104,455. In accordance with our wealth typology, Owners do not own any Other Property.

Renters

In 2003, 10 per cent of 55–59 year olds (111,080) were Renter households. In 2013 the number of 55–59 year old Renters increased to 182,537 and Renters comprised 13 per cent of all 55–59 year olds. In 2013 there was a 43 per cent increase in the number of 55–59 year old single female Renters (to 20,796), a 48 per cent increase in the number of single male Renters (to 23,559) and a 20 per cent increase in the number of couple Renters (to 18,072).

In 2003 the 55–59 years old Renters had a median net wealth of $39,480; this increased to $60,480 in 2013. Single male Renters had a median wealth of $55,000 in 2013, single female Renters had $35,510 and couples $141,754. As indicated in Figure 23, most of the Renters’ wealth was held in superannuation.
Figure 23: Wealth of 55–59 year old Renters by tenure and household type, 2003 and 2013 ($2013)

In 2003, 41 per cent of single female Renters, 59 per cent of single male Renters and 27 per cent of couple Renters had no Superannuation Wealth. While rates of superannuation holding improved in 2013, the increases were moderate; 35 per cent of single female Renters, 39 per cent of single male Renters and 21 per cent of couple Renters still had no superannuation. In 2003 the median superannuation balance for single female Renters was $24,592; this increased to $28,000 in 2013. Single male Renters’ median superannuation increased from $42,626 to $65,000 and couple Renters’ from $32,789 to $90,000. These account balances are very modest and provide little financial buffer.

Renters held little Other Wealth in 2003 or 2013. These households, according to our typology, do not have Housing Wealth or any Other Property.

Like the 65–69 year old Renters, most 55–59 year old Renters had moved within the past four years, with the vast majority moving within the past 10 years (Table 26). The proportion of single females and couples aged 55–59 who had moved recently was similar to those aged 65–69, but fewer of the 55–59 year old single males had moved (only 39% compared to 67% of 65–69 year olds).

Table 26: Percentages of 55–59 year olds by length of time in dwelling, 2013

<table>
<thead>
<tr>
<th>Time in current dwelling</th>
<th>Single female</th>
<th>Single male</th>
<th>Couple</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years or less</td>
<td>63%</td>
<td>39%</td>
<td>75%</td>
</tr>
<tr>
<td>5–9 years</td>
<td>26%</td>
<td>28%</td>
<td>17%</td>
</tr>
</tbody>
</table>

As with the 65–69 year olds, it is likely that the 55–59 year olds had moved as a result of evictions or rental increases. Moving tends to expose tenants to market rents, which can be mitigated by moving to lower-cost locations, smaller dwellings or poorer quality housing. Table 27 shows that in 2013 single men had very low incomes and paid 47 per cent of their income in rent. The lower percentage of single males who moved may suggest that they resided in the lowest-cost housing available to them (other than rooming houses). The high percentage of couple Renters who moved, together with their
high rents, suggests that eviction (for landlord resumption of property) was a likely cause. Couple Renters appear to be more resistant to trading down to save on rent costs. This is a concern if they are using savings to support their current housing costs.

Table 27: Weekly income and housing costs, 55–59 year old Renters, 2003 and 2013

<table>
<thead>
<tr>
<th>Household type</th>
<th>Year</th>
<th>Housing costs</th>
<th>Income</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single female</td>
<td>2003</td>
<td>$230</td>
<td>$687</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$250</td>
<td>$608</td>
<td>41</td>
</tr>
<tr>
<td>Single male</td>
<td>2003</td>
<td>$197</td>
<td>$790</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$230</td>
<td>$491</td>
<td>47</td>
</tr>
<tr>
<td>Couple</td>
<td>2003</td>
<td>$271</td>
<td>$1,238</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$400</td>
<td>$1,059</td>
<td>38</td>
</tr>
</tbody>
</table>

**Renter/Owners**

While a small group, the number of Renter/Owners is more significant among 55–59 year olds than 65–69 year olds. By 2013 this group had increased to 40,238 (three per cent of) 55–59 year olds. In 2003 there were 2,722 single female Renter/Owners in the 55–59 year old cohort, 3,275 single male Renter/Owners and 3,202 couple Renter/Owners. In 2013 there were 3,239 single female Renter/Owners in the 55–59 year old cohort, 4,893 single male Renter/Owners and 5,212 couple Renter/Owners. As with the 65–69 year old Renter/Owners, most of the 55–59 year old households had moved recently.
Appendix 6: 45–49 year olds

Owner/Owners

In 2003, 24 per cent of 45–49 year olds (187,208) were Owner/Owners households. This share dropped to 21 per cent (177,657 households) in 2013. In 2013 the number of single female Owner/Owners dropped to 5,593, single male Owner/Owners to 5,593 and couple Owner/Owners to 23,196.

In 2003 the net median wealth of 45–49 years old Owner/Owners was $1,443,706. This fell to $1,204,735 in 2013. In 2003 single female Owner/Owners had 71 per cent of the net median wealth of single male Owner/Owners ($833,336 compared with $1,170,379). By 2013 single female Owners/Owners had only 66 per cent of the wealth of single male households ($766,264 compared with $1,157,800). In 2003 couple Owner/Owners had net median wealth of $1,574,034; this fell to $783,100 in 2013. The drop in single females' wealth compared to single males' wealth over the decade is a notable difference between the 45–49 year old cohort and the older cohorts examined. This is likely to signal the low number of widows and consequential inheritances.

Figure 24 shows that Housing Wealth and Other Property were significant factors in the fall in wealth. Examining the length of time in dwelling reveals Owner/Owners were recent movers; 61 per cent of single males and 38 per cent of couples had moved during the previous four years. While only 10 per cent of single females moved in that time, 33 per cent had moved in the past five to nine years. This may explain the modest wealth in owner-occupied housing; recent purchase is likely to mean higher debt.

Figure 24: Median net wealth of 45–49 year old Owner/Owners by tenure and household type, 2003 and 2013 ($2013)

The net wealth held in Other Property declined even more dramatically for 45–49 year olds than for the 65–59 and 55–59 year old cohorts. In 2003 the median net Other Property wealth held by all 45–49 year old Owners/Owner households was $605,156. In 2013 it was down to $211,809. Table 28 shows the decline in equity and rise in debt.
Table 28: Owner/Owner households’ median net wealth in Other Property

<table>
<thead>
<tr>
<th>Age</th>
<th>2003</th>
<th>2013</th>
<th>Increase in debt</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equity</td>
<td>Debt</td>
<td>Equity</td>
</tr>
<tr>
<td>45–49</td>
<td>$605,156</td>
<td>$180,000</td>
<td>$211,809</td>
</tr>
</tbody>
</table>

As with the 55–59 and 65–69 age cohorts, the decline in Other Property reflects the financial incentives involved in shifting from asset accumulation as the means of acquiring an income stream (or for non-financial purposes such as holiday houses) to acquiring and disposing of assets for capital gain. The role of negative gearing is clearest when the income of the 45–49 year olds is considered (Table 29). Owner/Owners aged 45–49 are high-income earners and consequently can be expected to have high personal income tax liabilities.

Table 29: Weekly income and housing costs, 45–49 year old Owner/Owners, 2003 and 2013

<table>
<thead>
<tr>
<th>Household type</th>
<th>Year</th>
<th>Housing costs</th>
<th>Income</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single female</td>
<td>2003</td>
<td>$84</td>
<td>$1,100</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$55</td>
<td>$859</td>
<td>6</td>
</tr>
<tr>
<td>Single male</td>
<td>2003</td>
<td>$33</td>
<td>$979</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$437</td>
<td>$1,126</td>
<td>39</td>
</tr>
<tr>
<td>Couple</td>
<td>2003</td>
<td>$57</td>
<td>$2,118</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$301</td>
<td>$1,972</td>
<td>15</td>
</tr>
</tbody>
</table>

In 2003 a surprisingly high proportion of single male Owners/Owners did not have Superannuation Wealth (29 per cent). Only eight per cent of couple Owner/Owner households did not, and 100 per cent of single female Owners/Owners did have Superannuation Wealth. By 2013, 12 per cent of single female Owners/Owners had no superannuation whereas all single male Owners/Owners and couple Owners/Owners had superannuation. In 2003 the median Superannuation Wealth balance for single female Owners/Owners was $147,551; this declined to $138,251 in 2013. Single male Owners/Owners had $27,871 in 2003; this increased to $103,000 in 2013. The superannuation of couple Owners/Owners barely moved (from $159,355 to $162,000). The Other Wealth held by Owner/Owners was modest.

Owners

Owners – those households who owned the home they lived in but who did not own any Other Property – were the largest tenure type, comprising 53 per cent of 55–59 year old households in 2013, down from 58 per cent in 2003. Owners had a median net wealth of $514,550 in 2003; this increased to $554,561 in 2013.

The number of single female Owners remained stable between 2003 and 2013 at around 28,000, while that of single male Owners declined considerably from around 44,000 to 30,000. The number of couple households also declined from over 50,000 to just under 40,000. Single female and single male Owners had similar wealth in both 2003 and 2013. Their wealth increased only marginally between 2003 and 2013. Couples’ total median net wealth declined by 12 per cent over the decade.

SISR Working Paper 2016/10/1
Figure 25 shows that Housing Wealth fell for single female, single male and couple Owner households between 2003 and 2013. As would be expected, few households aged 45–49 had lived in their current dwelling for longer than 30 years.

Figure 25: Wealth types of 44–49 year old Owners, 2003 and 2013 ($2013)

The higher proportion of single females who had moved in the previous four years (Table 30) explains why single females had less Housing Wealth in 2013 than in 2003 – recent purchasers are typically faced with higher prices in periods of housing price inflation. The proportion moving recently may also reflect relationship breakdowns.

Table 30: Percentages of 45–49 year old Owners by length of time in dwelling, 2013

<table>
<thead>
<tr>
<th>Time in dwelling</th>
<th>Single female</th>
<th>Single male</th>
<th>Couple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four years or less</td>
<td>41%</td>
<td>20%</td>
<td>32%</td>
</tr>
<tr>
<td>5–9 years</td>
<td>17%</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>10–14 years</td>
<td>15%</td>
<td>22%</td>
<td>14%</td>
</tr>
<tr>
<td>15–19 years</td>
<td>13%</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td>20–29 years</td>
<td>14%</td>
<td>6%</td>
<td>7%</td>
</tr>
</tbody>
</table>

The superannuation guarantee had been in place for most of the working life of those aged 45–49 years in 2003 and 2013. However, in 2003, 10 per cent of single female Owners, 17 per cent of single male Owners and five per cent of couple Owners did not have Superannuation Wealth. The proportion of single women Owners who did not have superannuation remained at 10 per cent in 2013, but the proportions of single male owners (only one per cent without) and couple Owners (only five per cent without) decreased considerably. Lack of superannuation suggests non-participation in formal employment, participation in low-paid part-time/casual work, being super-employed or withdrawal of superannuation on hardship grounds. Superannuation Wealth balances grew between 2003 and 2013; for single female Owners from $49,184 to $61,000, single male Owners from $64,734 to $100,000 and couple Owners from $95,115 to $120,000. Single female Owners increased their Other Wealth between 2003 and 2013 from $19,608 to $64,000, single male Owners from $14,542 to $67,900 and couple Owners from $54,120 to $93,000.

In accordance with our wealth typology, Owners did not own any Other Property.
**Renter/Owners**

The proportion of Renter/Owners increased marginally in 2013 to four per cent (33,931 households). The number of single female Renter/Owners declined between 2003 and 2013 by two-thirds to 583 households, while numbers of single male and couple Renter/Owner households increased slightly. Most notably, there were few single female Renter/Owners and their wealth in both 2003 and 2013 was far less than that of single males. Single female Renter/Owners had 82 per cent of the wealth of single male Renter/Owners in 2003 and only 35 per cent in 2013.

Single female, single male and couple Renter/Owners each had substantially less wealth in 2013, largely reflecting a decline in Other Property wealth (Figure 26). As with Owner/Owners this suggests the investment strategy has changed from accumulation of equity in Other Property as means of obtaining a future income stream to asset acquisition and disposal for capital gains.

*Figure 26: Wealth types of 45–49 year old Renter/Owners, 2003 and 2013 ($2013)*

All the single female Renter/Owners had moved in the previous four years, as had 96 per cent of couples had and 77 per cent of single males. Twenty-eight per cent of the single males had lived in their current dwelling for between five and 15 years.

In 2003, 55 per cent of single female Renter/Owners had no Superannuation Wealth whereas only 16 per cent of single male Renter/Owners did not have superannuation and all Renter/Owner couples had some superannuation. By 2013 there was 100 per cent superannuation coverage for each. In 2003 the median superannuation balance for single female Renter/Owners was $34,429, although this fell to $34,000 in 2013. Median balances over the decade increased substantially for single male Renter/Owners, from $42,626 to $164,000, and for couple Renter/Owners, from $37,708 to $194,600.

The Other Wealth held by Renter/Owners was modest.

**Renters**

In 2003, 15 per cent of 45–49 year olds (113,209 households) were Renters. By 2013 the number had increased to 177,657 or 22 per cent. The number of single female Renters did not change much (around 13,000) but the number of single male Renters rose from
20,150 to 24,874 (19 per cent), and the number of couple Renters from 14,174 to 19,430 (27 per cent).

In 2003 the median net wealth of single female Renters was only 32 per cent of the net wealth of single male Renters ($13,280 compared with $41,314). By 2013 not only had single female Renters more than quadrupled their net wealth, but they also outstripped the wealth of single male Renters ($57,100 compared with $44,759). The net median wealth of couple Renters increased from $19,475 in 2003 to $109,968 in 2013. However, examination shows the nearest age cohorts (40–45 and 50–55) had only $55,000 and $77,993 respectively, suggesting that the increase in wealth for couple Renters aged 45–49 was not generalised.

Overall median net wealth for Renters aged 45–49 indicates a low level of wealth, with most held in superannuation (Figure 27).

**Figure 27: Wealth types of 45–49 year old Renters, 2003 and 2013 ($2013)**

In 2003, 31 per cent of single female Renters and 30 per cent of couple Renters had no Superannuation Wealth whereas only 11 per cent of single male households did not have superannuation. The situation improved in 2013 for single females and couple Renters (17 per cent of each did not have superannuation), but the single male Renters without superannuation increased to 17 per cent. In 2003 the median Superannuation Wealth of single female Renters was $4,918. In 2013 this increased to $47,000. Single male Renters’ median balance increased from $34,429 to $54,737, and couple Renters’ from $32,022 in 2003 to $69,000 in 2013.

As Figure 27 shows, 45–49 year old Renters had little Other Wealth. In accordance with our wealth typology, Renters did not own their housing or any Other Property.

As with older age Renters, most of the 45–49 year old Renters had moved recently (Table 31). This may reflect housing market conditions (evictions and rental increases) and, as with 55–59 year olds, the impact of relationship breakdowns. Forty per cent of single female Renters had moved from their previous tenancy after being given notice by the landlord.

SISR Working Paper 2016/10/1
Table 31: Percentage of 45–49 year old Renters by length of time in dwelling, 2013

<table>
<thead>
<tr>
<th>Time in current dwelling</th>
<th>Single female</th>
<th>Single male</th>
<th>Couple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four years or less</td>
<td>52%</td>
<td>69%</td>
<td>70%</td>
</tr>
<tr>
<td>5–9 years</td>
<td>22%</td>
<td>20%</td>
<td>27%</td>
</tr>
<tr>
<td>10–14 years</td>
<td>18%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>15–19 years</td>
<td>8%</td>
<td>9%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Unlike the 55–59 year old Renters, it was single females in this cohort who struggled with housing affordability; 44 per cent were in housing stress in 2013 (Table 32). This primarily reflected low incomes and higher median rents. The higher rents may relate to a lower propensity to seek out cheaper tenancy options. The couple Renters were the most likely to have moved recently and Table 32 shows that they are paying the highest rent for 2013, suggesting that while they have needed to move they probably stayed within the same locality.

Table 32: Weekly income and housing costs, 45–49 year old Renters, 2003 and 2013

<table>
<thead>
<tr>
<th>Household type</th>
<th>Year</th>
<th>Housing costs</th>
<th>Income</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single female</td>
<td>2003</td>
<td>$221</td>
<td>$589</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$295</td>
<td>$677</td>
<td>44</td>
</tr>
<tr>
<td>Single male</td>
<td>2003</td>
<td>$246</td>
<td>$708</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$260</td>
<td>$821</td>
<td>32</td>
</tr>
<tr>
<td>Couple</td>
<td>2003</td>
<td>$311</td>
<td>$1,144</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>$350</td>
<td>$1,536</td>
<td>23</td>
</tr>
</tbody>
</table>
Appendix 7: Housing profile of longitudinal relationship groups

In this part of the report we provide analysis of Household, Income and Labour Dynamics in Australia (HILDA) data. The HILDA panel survey commenced in 2001 with a representative sample of 7,682 households and 13,969 individual respondents aged 15 years and older. Each year continuing members and newly forming households with original sample members are followed. At the time of analysis there were 14 waves (years) of data available corresponding to a period from 2001 to 2014. In 2011 an additional 2,153 households were added to the HILDA sample, with new participants followed each subsequent year as per those in the existing sample (see Summerfield, Freiden et al. 2014 for more details on the survey).

Table 33 shows the numbers of individuals followed in our analysis, and the times they were observed. We selected our sample to ensure we had access to at least ten years of data about individuals (out of the possible 14 survey years).

Table 33: Longitudinal family status sample numbers, unweighted observations and individuals, pooled HILDA waves 1–14

<table>
<thead>
<tr>
<th></th>
<th>35–49 years old</th>
<th>50–64 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Observations</td>
<td>Individuals</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>Long-term partnered</td>
<td>16,321</td>
<td>70.09</td>
</tr>
<tr>
<td>Long-term single</td>
<td>2,511</td>
<td>10.78</td>
</tr>
<tr>
<td>Couple to single</td>
<td>1,890</td>
<td>8.12</td>
</tr>
<tr>
<td>Single to couple</td>
<td>1,254</td>
<td>5.39</td>
</tr>
<tr>
<td>Multiple union/disunion</td>
<td>1,310</td>
<td>5.63</td>
</tr>
<tr>
<td>All</td>
<td>23,286</td>
<td>100</td>
</tr>
</tbody>
</table>

|                  | Observations    | Individuals     | Observations    | Individuals     |
|                  | N               | %               | n               | %               |
| Long-term partnered | 18,980          | 72.37           | 2355            | 71.69           |
| Long-term single  | 3,855           | 14.70           | 471             | 14.34           |
| Couple to single  | 1,636           | 6.24            | 218             | 6.64            |
| Single to couple  | 921             | 3.51            | 131             | 3.99            |
| Multiple union/disunion | 833       | 3.18            | 117             | 3.56            |
| All              | 26,225          | 100             | 3292            | 100             |

The HILDA analysis found (Table 33) that couples, or in this instance the long-term partnered, are highly concentrated in the owner category, with ownership rates ranging from 89 per cent to 94 per cent across groups. Ownership rates tended to be slightly higher among females than males, and increased with age. The long-term singles, in contrast, had the highest proportion of renters. This was particularly true for males (53% Renters) and females (50% Renters) aged 35–49 years. Those experiencing multiple dissolution tended to be over-represented in the Renter category, representing around a third across groups. This is possibly linked to movements in and out of homeownership, as explored below. It is notable that moving from the 35–49 age cohort to the 50–64 age cohort sees a fall in the rates of rental occupancy. Rental occupancy still remains at high levels for some households, however – notably long-term singles (33.5% for women and 44.6% for men) – suggesting that a largish proportion of the older age cohort will move into retirement still in the private rental sector. As already discussed, this is highly problematic.
Table 34: Long-term relationship by tenure, weighted by percentage within relationship

<table>
<thead>
<tr>
<th></th>
<th>35–49 years</th>
<th></th>
<th>50–64 years</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>Owners</td>
<td>Renters</td>
<td>Total</td>
<td>Owners</td>
</tr>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Long-term couple</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term single</td>
<td>47.31</td>
<td>52.69</td>
<td>100.00</td>
<td>55.45</td>
</tr>
<tr>
<td>Couple to single</td>
<td>72.93</td>
<td>27.07</td>
<td>100.00</td>
<td>79.35</td>
</tr>
<tr>
<td>Single to couple</td>
<td>71.31</td>
<td>28.69</td>
<td>100.00</td>
<td>79.55</td>
</tr>
<tr>
<td>Multiple union/</td>
<td>63.52</td>
<td>36.48</td>
<td>100.00</td>
<td>72.85</td>
</tr>
<tr>
<td>disunion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>82.91</td>
<td>17.09</td>
<td>100.00</td>
<td>87.83</td>
</tr>
</tbody>
</table>

Although Table 34 reveals that individuals without a partner or who experienced a change in their relationship status at some point in the observation period were overrepresented in rental housing, many are likely to have been prior owners who had ‘fallen out’ of homeownership as a direct consequence of relationship dissolution.

As presented in our literature review, previous research has established strong links between relationship stability and the transition into homeownership and, similarly, relationship dissolution and loss of homeownership. In the following tables these links are re-examined, focusing on different transition probabilities among men compared to women, and across age cohorts. These transition matrices provide context for the differences in capacity to accumulate wealth over time. The sample for the transition probabilities is drawn from the total pooled dataset from HILDA waves 1–14, and includes people who participated in two or more years of consecutive observations. Our unit of analysis is the individual. Unlike the analysis of the SIH, the HILDA analysis uses the following tenure statuses; outright owner, purchaser, private renter, social renter and rent-free, each without reference to other property ownership.

Table 35 presents the percentages of individuals who moved from one tenure (t) to another (t+1) and those who remained in the same tenure between two consecutive observations. This and subsequent tables are read by taking the tenure in column one (tenure t) and then moving across the row to see what percentage remained in that tenure or changed. Thus row one OO (outright owners at t) shows 72 per cent of movers were still in outright ownership at t+1, but 2.72 per cent had moved to private rental. For purchasers at t, 89 per cent were still purchasers at t+1, but 11 per cent had moved to private rental.
Table 35: Weighted housing transitions, t to t+1, by all tenures: 35–64 years old

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+1</th>
<th>OO</th>
<th>P</th>
<th>PR</th>
<th>SR</th>
<th>RF</th>
<th>All tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>OO</td>
<td>72.65</td>
<td>23.40</td>
<td>2.72</td>
<td>0.03</td>
<td>1.20</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>7.96</td>
<td>88.97</td>
<td>2.61</td>
<td>0.06</td>
<td>0.40</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>1.96</td>
<td>11.21</td>
<td>83.58</td>
<td>1.61</td>
<td>1.65</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>SR</td>
<td>0.31</td>
<td>2.74</td>
<td>9.79</td>
<td>86.16</td>
<td>1.00</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>RF</td>
<td>10.81</td>
<td>15.06</td>
<td>18.75</td>
<td>1.26</td>
<td>54.13</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>17.28</td>
<td>57.72</td>
<td>19.93</td>
<td>3.22</td>
<td>1.84</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free

In general, while there was some movement of outright owners into purchaser status and the reverse, the majority of individuals remained in ownership between consecutive periods, and around four per cent moved to other tenures including renting and living rent-free. A move from outright ownership to purchaser status is likely to reflect trading up and increasing debt or in situ equity borrowing (Ong et al. 2013). While there was greater movement in and out of private rental, this tenure was still relatively stable (84% remained in place) and most movement was to purchasing (11%) rather than social renting (3%), no doubt reflecting the small size of the latter group and the barriers to access. Around 10 per cent of social renters moved into the private rental market. Those living rent-free in the earlier period are the least likely to remain in this state in subsequent periods. Table 35 presents the data for all persons, but the interesting question is: what happens to those who experience a disruptive event, such as the move from being a couple to a single household? Tables 36 and 37 explore this, and reveal a very different story.

Tables 36 and 37 present housing transition data for men and women (respectively) who experience the concurrent transition of moving from being a couple to a single. These two tables can be compared with the average transition probabilities presented in Table 33 for all groups.

As shown in Table 36, 43 per cent of males who experienced a change from couple to single status moved from living in outright ownership into private or social renting or living rent-free. Similarly, more than a third (38%) moved out of living in purchased housing. Most move into the private rental sector from home ownership. A third (33%) of those living in social housing prior to separation moved into private rental.
Table 36: Weighted housing transitions by gender: males who moved from couple to single

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+1</th>
<th>OO</th>
<th>P</th>
<th>PR</th>
<th>SR</th>
<th>RF</th>
<th>All tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>39.67</td>
<td>17.51</td>
<td>32.29</td>
<td>2.07</td>
<td>8.45</td>
<td>100</td>
</tr>
<tr>
<td>OO</td>
<td></td>
<td>5.00</td>
<td>56.36</td>
<td>33.86</td>
<td>1.29</td>
<td>3.49</td>
<td>100</td>
</tr>
<tr>
<td>P</td>
<td></td>
<td>0.67</td>
<td>5.99</td>
<td>89.51</td>
<td>0.00</td>
<td>3.83</td>
<td>100</td>
</tr>
<tr>
<td>PR</td>
<td></td>
<td>12.12</td>
<td>18.78</td>
<td>33.38</td>
<td>24.02</td>
<td>11.70</td>
<td>100</td>
</tr>
<tr>
<td>SR</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>69.26</td>
<td>0.00</td>
<td>30.74</td>
<td>100</td>
</tr>
<tr>
<td>RF</td>
<td></td>
<td>9.60</td>
<td>35.50</td>
<td>48.46</td>
<td>1.68</td>
<td>4.77</td>
<td>100</td>
</tr>
</tbody>
</table>

OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free

Women (Table 37) who separated also showed an above-average likelihood of moving out of purchased or outright owned housing. However, compared with their male counterparts, women who separated were more likely to remain in both outright owned (37%) and purchased housing (30%). More than a third (38%) of women experiencing a change in their relationship from couple to single moved from living in social housing to the private rental sector.

Table 37: Weighted housing transitions by gender: females who moved from couple to single

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+1</th>
<th>OO</th>
<th>P</th>
<th>PR</th>
<th>SR</th>
<th>RF</th>
<th>All tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>47.56</td>
<td>15.12</td>
<td>31.51</td>
<td>1.04</td>
<td>4.77</td>
<td>100</td>
</tr>
<tr>
<td>OO</td>
<td></td>
<td>4.11</td>
<td>65.56</td>
<td>27.30</td>
<td>2.74</td>
<td>0.28</td>
<td>100</td>
</tr>
<tr>
<td>P</td>
<td></td>
<td>1.72</td>
<td>8.64</td>
<td>84.61</td>
<td>3.95</td>
<td>1.08</td>
<td>100</td>
</tr>
<tr>
<td>PR</td>
<td></td>
<td>0.00</td>
<td>5.07</td>
<td>37.91</td>
<td>57.02</td>
<td>0.00</td>
<td>100</td>
</tr>
<tr>
<td>SR</td>
<td></td>
<td>10.03</td>
<td>40.72</td>
<td>43.56</td>
<td>4.52</td>
<td>1.17</td>
<td>100</td>
</tr>
</tbody>
</table>

OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free

Tables 38 and 39 examine whether the presence of children in the household and relationship dissolution are associated with different transition probabilities among men and women (respectively). Male parents did have a slightly highly probability of moving out compared with female parents. Around 43 per cent of male parent moved out of outright owned housing and 41 per cent moved out of purchased housing. This compares to 40 per cent of female parents in outright housing and 31 per cent in purchased housing. The higher proportion of women remaining in purchased housing compared with men is likely to be influenced by the younger age profile of children for those who are purchasers. Very few parents moved into social housing from private rental, although a slightly higher proportion of women did so. Women with children were more likely to remain in social housing compared with men, although among those women who did move, slightly more ended up in the private rental sector.
Table 38: Weighted housing transitions by parent gender and relationship change: male parents who moved from couple to single

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+1</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>All tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OO</td>
<td>P</td>
<td>PR</td>
<td>SR</td>
<td>RF</td>
<td></td>
</tr>
<tr>
<td>OO</td>
<td>39.57</td>
<td>17.19</td>
<td>32.91</td>
<td>0.00</td>
<td>10.33</td>
<td>100</td>
</tr>
<tr>
<td>P</td>
<td>4.27</td>
<td>54.51</td>
<td>36.03</td>
<td>1.58</td>
<td>3.61</td>
<td>100</td>
</tr>
<tr>
<td>PR</td>
<td>0.87</td>
<td>5.91</td>
<td>88.30</td>
<td>0.00</td>
<td>4.93</td>
<td>100</td>
</tr>
<tr>
<td>SR</td>
<td>16.16</td>
<td>0.00</td>
<td>36.21</td>
<td>32.03</td>
<td>15.60</td>
<td>100</td>
</tr>
<tr>
<td>All</td>
<td>9.47</td>
<td>34.36</td>
<td>49.17</td>
<td>1.67</td>
<td>5.33</td>
<td>100</td>
</tr>
</tbody>
</table>

OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free

In the following tables we examine subsequent tenure transitions (t+2 and t+3) by gender. Examining further tenure transitions in relation to relationship changes permits a more nuanced understanding of the impact of relationship breakdown on housing tenure. It is common for one partner to initially move out of the marital home. Subsequent property settlements may result in one partner remaining in the family home, or the family home being sold in order to divide assets. When we compare the first tenure transitions (Tables 38 and 39 for males and females respectively) with their second move (Table 40 for males and Table 41 for females), we see a shift from outright ownership to purchasing.

Table 39: Weighted housing transitions by parent gender and relationship change: female parents who moved from couple to single

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+1</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>All tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OO</td>
<td>P</td>
<td>PR</td>
<td>SR</td>
<td>RF</td>
<td></td>
</tr>
<tr>
<td>OO</td>
<td>46.88</td>
<td>13.50</td>
<td>33.46</td>
<td>1.10</td>
<td>5.06</td>
<td>100</td>
</tr>
<tr>
<td>P</td>
<td>3.78</td>
<td>65.69</td>
<td>27.30</td>
<td>2.93</td>
<td>0.30</td>
<td>100</td>
</tr>
<tr>
<td>PR</td>
<td>1.87</td>
<td>8.80</td>
<td>83.83</td>
<td>4.32</td>
<td>1.18</td>
<td>100</td>
</tr>
<tr>
<td>SR</td>
<td>0.00</td>
<td>5.07</td>
<td>37.91</td>
<td>57.02</td>
<td>0.00</td>
<td>100</td>
</tr>
<tr>
<td>All</td>
<td>9.84</td>
<td>40.68</td>
<td>43.39</td>
<td>4.84</td>
<td>1.26</td>
<td>100</td>
</tr>
</tbody>
</table>

OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free
Table 40: Weighted housing transitions by gender and relationship change: males moving from couple to single, t and t+2

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OO</td>
</tr>
<tr>
<td></td>
<td>59.64</td>
</tr>
<tr>
<td>P</td>
<td>10.42</td>
</tr>
<tr>
<td>PR</td>
<td>5.12</td>
</tr>
<tr>
<td>SR</td>
<td>0</td>
</tr>
<tr>
<td>All</td>
<td>15.03</td>
</tr>
</tbody>
</table>

OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free

Table 41: Weighted tenure transitions by gender and relationship change: females moving from couple to single, t and t+2

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OO</td>
</tr>
<tr>
<td></td>
<td>69.99</td>
</tr>
<tr>
<td>P</td>
<td>9.16</td>
</tr>
<tr>
<td>PR</td>
<td>4.71</td>
</tr>
<tr>
<td>SR</td>
<td>0</td>
</tr>
<tr>
<td>All</td>
<td>0</td>
</tr>
</tbody>
</table>

OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free

When we then compare tenure after a third shift (Tables 42 and 43), we see that similar percentages of male and female former outright owners remain in private rental, and that two-thirds of females recover outright ownership. As could be expected, few purchasers transition into outright ownership (although men were slightly more likely to). We see that the proportion of purchasers falls over time with tenure changes, although women are 11 per cent more likely to remain purchasers. Conversely, men are just that bit more likely to remain in private rental. By the third tenure change, 37 per cent of males and 30 per cent of females were in private rental.

Private renters, on the other hand, experienced the least tenure change. Ninety per cent of males and 85 per cent of females remained in private rental after their relationship change. Eighty per cent of males and 77 per cent of females were still in private rental two moves later. Few of either gender move into outright ownership. A small proportion of males (12%) and females (16%) were purchasing at their third tenure change.
### Table 42: Weighted tenure transitions by gender and relationship change: males moving from couple to single, t and t+3

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+3</th>
<th>OO</th>
<th>P</th>
<th>PR</th>
<th>SR</th>
<th>RF</th>
<th>All tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>OO</td>
<td></td>
<td>53.12</td>
<td>26.51</td>
<td>15.43</td>
<td>0</td>
<td>4.94</td>
<td>100</td>
</tr>
<tr>
<td>P</td>
<td></td>
<td>11.39</td>
<td>45.74</td>
<td>37.18</td>
<td>1.28</td>
<td>4.42</td>
<td>100</td>
</tr>
<tr>
<td>PR</td>
<td></td>
<td>4.29</td>
<td>12.53</td>
<td>80.16</td>
<td>0</td>
<td>3.02</td>
<td>100</td>
</tr>
<tr>
<td>SR</td>
<td></td>
<td>0</td>
<td>36.44</td>
<td>4.68</td>
<td>58.87</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>All</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free**

### Table 43: Weighted tenure transitions by gender and relationship change: females moving from couple to single, t and t+3

<table>
<thead>
<tr>
<th>Tenure t</th>
<th>Tenure t+3</th>
<th>OO</th>
<th>P</th>
<th>PR</th>
<th>SR</th>
<th>RF</th>
<th>All tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>OO</td>
<td></td>
<td>65.56</td>
<td>16.25</td>
<td>12.75</td>
<td>0.76</td>
<td>4.69</td>
<td>100</td>
</tr>
<tr>
<td>P</td>
<td></td>
<td>8.95</td>
<td>58.02</td>
<td>29.70</td>
<td>1.02</td>
<td>2.32</td>
<td>100</td>
</tr>
<tr>
<td>PR</td>
<td></td>
<td>0.30</td>
<td>15.98</td>
<td>77.44</td>
<td>2.62</td>
<td>3.66</td>
<td>100</td>
</tr>
<tr>
<td>SR</td>
<td></td>
<td>0</td>
<td>0</td>
<td>44.29</td>
<td>55.71</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>All</td>
<td></td>
<td>0</td>
<td>46.61</td>
<td>46.85</td>
<td>0</td>
<td>6.54</td>
<td>100</td>
</tr>
</tbody>
</table>

**OO = Outright Owner, P = Purchaser, PR = Private Renter, SR = Social Renter, RF = Rent Free**
Appendix 8: Population projections for 50 years old Renters

These projections are based on population figures from the Australian Bureau of Statistics - Population Projections, Australia, 2012 (base) to 2101[3222.0] and calculated as the percentage of persons, in the SIH 2013-4 who conform to the following:

- Living in the household of the reference person being 50 and above [reference person being the highest income earner];
- are 50 years and older (thus excludes the partner of the reference person if they are under 50 years of age);
- Living in a household type of "lone person" and "couple-only", total household size being 1 and 2 respectively; and,
- Who are private renters with no other property.

The ABS Population Projections (Series B) largely reflects current trends in fertility, life expectancy at birth and net overseas migration; Series A and Series C are based on high(A) and low(C) assumptions for each of these variables respectively.

Figure 28: Population projections for Renters 50 year olds and over.