

Spending patterns of couples without children

Lynn Barr-Telford

Not all families worry about the costs of diapers and daycare. In 1992, over 2.3 million married couples had no children at home. [\(1\)](#) Without the expense of feeding, clothing, housing, educating, and entertaining children, these couples might be expected to exercise considerable freedom spending their money.

In recent years, the number of such couples has grown at a relatively fast pace. The Survey of Family Expenditures shows that from 1982 to 1992, couples without children at home increased 26%, while total households rose just 16% (see [The Survey of Family Expenditures](#)). As a result, by 1992, these couples constituted 24% of all households, up from 22% in 1982. [\(2\)](#)

But couples without children are not a homogeneous group. They can be at very different stages of the family life cycle, and their spending patterns vary accordingly.

This article examines the 1992 after-income-tax expenditures of couples without children. To approximate life stages, three groups are compared: younger couples (defined as those with a husband less than 45 years), middle-age couples (husband 45 to 64 years), and older couples (husband 65 years or older).

Family income and earners

Income is a key predictor of spending. As might be expected, a rise in income enables couples to increase the quantity and improve the quality of the goods and services they purchase.

In 1992, the average incomes of younger and middle-age couples were \$56,200 and \$51,200 respectively, compared with \$31,200 for older couples. These income differences were largely attributable to the

labour force status of the partners ([Table 1](#)). The likelihood of having at least one full-time earner was highest for younger couples at 82%, followed by 59% for middle-age couples and 11% for older couples. ⁽³⁾ Indeed, 89% of older couples had no full-time earner. As well, among 39% of younger and 18% of middle-age couples, there were two full-time earners, whereas the figure for older couples was only 3%.



Table 1 Selected characteristics of couples without children at home, 1992

Source: *Survey of Family Expenditures*

After-income-tax spending

The high average income of younger couples translates into high expenditures. In 1992, these couples spent \$54,100, on average ([Table 2](#)). ⁽⁴⁾ A large portion of these expenditures went to income taxes (\$12,800), so younger couples' after-income-tax spending averaged \$41,300.



Table 2 Expenditures of couples without children at home, 1992.

Source: *Survey of Family Expenditures*

With lower incomes than the young, middle-age couples paid somewhat less income tax (\$11,600) and had lower after-income-tax spending (\$37,200).

Older couples, had the lowest incomes, paid the lowest income taxes, and had the lowest average after-income-tax expenditures: \$25,200.

Spending power

The spending power of couples without children (the total amount they spend relative to their representation in the population) varies depending on their ages. Younger couples' total 1992 expenditures were greater than their numbers would suggest. They accounted for 7.1% of all households, but their combined expenditures of \$28.9 billion constituted 8.2% of all spending that year.

The spending power of middle-age couples was slightly above their representation in the population. They spent a total of \$32.4 billion in 1992. This was 9.1% of all expenditures, although middle-age couples made up 8.9% of all households.

By contrast, older couples' spending power did not match the size of the group. While their combined spending of \$19.6 billion was 5.5% of all 1992 expenditures, older couples accounted for 7.9% of all households.

Different life stages ... different spending patterns

At different ages priorities shift, and couples allocate their budgets accordingly.

Younger couples tend to focus on acquisitions: a home, furnishings, vehicles, clothing, and recreational equipment. By contrast, middle-age couples with mortgage-free homes equipped with most household amenities can allocate relatively more money to travel, health care, and gifts and contributions.

Lower incomes for older couples means that they spend less on virtually all products and services than do the two other age groups. Lower incomes also compel older couples to spend larger proportions of their budgets on necessities - housing, food, and transportation. Even so, the shares of expenditures devoted to health care and gifts and contributions peak among older couples.

Housing

Shelter was the single largest spending category for couples of all ages. ⁽⁵⁾ In 1992, such costs represented a fairly constant proportion of all budgets: 23% for younger and older couples and 21% for middle-age couples. In dollar terms, however, younger couples spent the most on shelter, averaging \$9,610 a year compared with \$5,710 for older couples.

Although relatively few younger couples own a home, those who do tend to have the highest mortgage interest payments. ⁽⁶⁾ In 1992, close to half of younger couples reported paying mortgage interest, averaging \$6,040. By contrast, fewer than a third of middle-age couples (\$3,980), and just one in ten older couples (\$2,820) had such payments.

Younger couples are also the most likely to purchase household furnishings and equipment. They spent an average of \$1,920 on such items in 1992, almost double the amount spent by older couples (\$1,000).

A notable exception to this pattern was utilities (water, fuel and electricity), for which younger couples paid an average of \$1,100 compared with \$1,640 for middle-age and \$1,450 for older couples. Younger couples' low spending on these services may be attributable to the high percentage of tenants among them. Water, heating, and electricity are frequently included in rental costs.

Middle-age couples were the top spenders on accommodation besides their principal residence, such as owned and rented vacation homes and traveller accommodation in hotels, motels, campgrounds and tourist homes. Middle-age couples averaged \$850 on these items, while younger couples spent \$520, and older couples, \$450.

Food

Food budgets vary considerably for couples of different ages. As a proportion of their total spending, older couples' 1992 food expenditures were greatest at 18% and ranked second only to their shelter costs ([Chart](#)). This compared with 15% for middle-age and 13% for younger couples. In dollar terms, however, both younger and middle-age couples' food bills averaged about \$5,500 compared with \$4,520 for older couples.



Chart **Older couples spend relatively more on necessities.**

Source: Survey of Family Expenditures

As well, couples spend their food budgets in different ways. Younger couples devoted 37% of their 1992 food dollars to restaurant meals, far exceeding such spending by middle-age and older couples. But not all younger couples' restaurant meals involved gourmet cuisine. About a third of this money was spent at work, probably to buy lunches from a cafeteria, snack bar, or vending machine.

Transportation

Older and middle-age couples allocated larger shares of their budgets to transportation (both 17%) than did younger couples (15%). The actual amount spent by older couples, however, averaged \$4,280 in 1992, considerably less than the transportation expenditures of younger and middle-age couples (both over \$6,000).

For all couples, operating and maintaining a vehicle were the most expensive aspects of transportation in 1992. Gasoline, tires, batteries, tune-ups, oil changes, and so on took up 64% of younger, 58% of middle-age and 57% of older couples' transportation budgets.

Averaged over all households, the cost of buying a vehicle ranked second in transportation spending. But obviously, not all couples made such a purchase in 1992 (See [A few big spenders](#)). Among younger couples, 31% reported buying a vehicle, compared with 22% of middle-age and 15% of older couples. At

an average of \$6,530, younger couples spent less than middle-age (\$10,420) and older couples (\$11,880). These costs, however, were after trade-in. (7)

Public transit takes a relatively small share of all couples' transportation expenditures. Perhaps because a high proportion of younger couples are employed, and are therefore commuters (Marshall, 1994), they spend the most on public transit - an average of \$600 in 1992, or 10% of their transportation budget. For middle-age and older couples, the amounts were lower (\$450 and \$320 respectively) and represented 7% of their transportation spending. (8)

Clothing

Clothing budgets tend to be highest for younger couples and decline with advancing age. Younger couples' 1992 spending on clothes averaged \$2,730 and accounted for 7% of their total expenditures. Middle-age couples spent \$1,980 and older couples, \$1,260, which represented 5% of the total expenditures of both groups. Regardless of a couple's age, the wife's average clothing expenditures exceeded those of her husband.

Recreation

The proportion of all 1992 spending allocated to recreation did not vary substantially for couples of different ages. However, 7% of a younger couple's budget averaged \$3,010, whereas 6% of middle-age and older couples' expenditures amounted to \$2,150 and \$1,430, respectively.

Younger couples were more likely than middle-age or older couples to purchase items such as sporting and athletic equipment, computers, and photographic goods and services. As well, these expenses accounted for 21% of younger, but only 12% of middle-age and 6% of older couples' recreation spending.

The pattern was similar for home entertainment equipment and services. Not only were younger couples the most likely to buy televisions, VCRs, and compact disc players, but they also spent the most. These purchases made up 23% of younger, but just 16% of middle-age and older couples' recreation expenditures.

A large share (28%) of the recreation spending of middle-age couples was allocated to recreational vehicles. However, this resulted from a small number buying expensive items such as travel trailers, motor homes and truck campers.

A comparable spending pattern accounts for the high proportion of older couples' recreation dollars allotted to package travel tours. Although just 12% of older couples went on such trips, those who did, spent considerably more than their younger counterparts. (9)

Tobacco and alcohol

Expenditures on smoking and drinking are highest for younger couples. At an average of \$1,850 in 1992, younger couples' spending on these items exceeded that of middle-age couples (\$1,550) and was more than twice the amount spent by older couples (\$840). As well, the likelihood of reporting purchases of tobacco and alcohol was greatest for younger couples.

In keeping with their propensity to eat out, younger couples spent a relatively large share of their alcohol budget "going out for a drink." Fully 34% of younger couples' alcohol purchases were in licensed premises, whereas the figures were 21% for middle-age and 17% for older couples.

Pensions and personal insurance

Pension and personal insurance expenditures figure much more prominently in the budgets of younger (8% or \$3,270) and middle-age couples (7% or \$2,770) than in the spending of older couples (1% or \$320). This is because such expenditures consist largely of obligatory payments tied to employment, such as Unemployment Insurance premiums and contributions to the Canada/Quebec Pension Plan. Since few older couples are employed, these payments constitute only a small proportion of their overall spending.

Gifts and contributions

As couples grow older, their generosity seems to increase. In 1992, middle-age couples' gifts and contributions averaged \$2,170, making up 6% of their total expenditures - about the same amount that they spent on recreation. Older couples' spending on gifts and contributions was somewhat lower (\$1,990), but constituted 8% of their total expenditures. By contrast, younger couples gave an average of \$1,170 - just 3% of their total spending.

The recipients of these gifts and contributions also vary with the age of couples. Religious organizations, for example, received 21% of older couples' expenditures in this category, compared with 15% of middle-age and 12% of younger couples' spending.

Health care

As might be expected, health care looms larger in a budget as couples age. Health care accounted for 3% of middle-age and older couples' 1992 spending, compared with 2% for younger couples.

Conclusion

Income is the major determinant of the amounts couples without children spend. Higher incomes allow younger couples to spend more on almost everything they purchase. At older ages, both income and expenditures fall off.

However, the way that couples without children allocate their money reflects their life stage. Younger couples tend to concentrate on acquisitions such as a home and furnishings, whereas most older couples have already made these purchases. Other items that take up relatively large shares of younger couples' budgets - clothing, eating out, and recreation equipment - also constitute declining proportions of spending as couples age. At older ages, food, transportation, health care, and gifts and contributions account for growing shares of expenditures.

In the near future, changes in the demographic picture could also bring changes in the spending power and spending patterns of middle-age and older couples. The number of middle-age couples will rise in the 1990s as baby boomers begin to enter the empty-nest phase. And in the next century, these people will swell the ranks of older couples. Because baby boom women are likely to be employed, this growth in the number of couples without children will be accompanied by a shift from wives who are homemakers to wives who are in the workforce or are receiving retirement benefits. Consequently, the number of two-income, middle-age couples will increase, and older couples may have more money left over after paying for necessities.

The Survey of Family Expenditures

The 1992 Survey of Family Expenditures was carried out in urban and rural areas of the 10 provinces as well as in the Yukon (Whitehorse and Yellowknife only). Data were collected in January, February and March of 1993 from a sample of about 12,000 households. Respondents in these households were asked to recall their expenditures for the previous year.

Purchases of large items - automobiles, for example - were recalled fairly readily, as were rent, property taxes, and monthly interest payments on mortgages. By contrast, the accuracy of data on other expenditures depended on the respondents' ability to remember such purchases in detail or their willingness to consult records. However, several features of the survey helped respondents recall their spending. First, the survey period was the calendar year because it is usually most clearly defined in people's minds. Second, food expenditures (about one-eighth the average budget in 1992) could be estimated as weekly or monthly expenses. Third, spending on smaller items bought at regular intervals was usually estimated on the basis of amount and frequency of purchase.

The Survey of Family Expenditures has been conducted approximately every two years since 1953. Data from the survey are used to monitor and periodically update the weights in the Consumer Price Index. For

more information, contact the Family Expenditure Surveys Section, Household Surveys Division, Statistics Canada, Ottawa, K1A 0T6, (613) 951-9781.

A few big spenders

Average expenditures per household are based on both households that reported buying an item and those that did not. Because averages are easily skewed by single large purchases, a small number of buyers can distort the spending picture.

Expensive items, bought in any given year by relatively few households, illustrate this point. For instance, just 12% of older couples purchased package travel tours in 1992. However, this globe-trotting minority paid an average of \$2,900 versus around \$2,000 for younger and middle-age couples. Thus, averaged over all older couples, package travel tours made up 25% of their recreation spending, but just 11% for middle-age and 8% for younger couples.

Similarly, only 13% of middle-age couples bought recreational vehicles in 1992, compared with 22% of younger couples. However, younger couples were more likely than middle-age ones to purchase bicycles: 15% versus 4%. Consequently, the average amount younger couples paid for recreational vehicles was \$1,430 compared with \$3,370 for middle-age couples, who tended to buy items such as travel trailers and motor homes. Therefore, averaged over all middle-age couples, recreational vehicles accounted for 28% of their entertainment dollars; for younger couples, the figure was 16%.

Notes

Note 1

Married couples comprise legally married and common-law couples. Married couples without children are households consisting only of the two spouses. They may be childless couples (some of whom may eventually have children) or empty nesters whose children have left home.

Note 2

The count of households based on the Survey of Family Expenditures may differ slightly from results obtained from the census or other surveys.

Note 3

A full-time earner was employed for 49 weeks or more in 1992, of which at least 25 were on a full-time basis.

Note 4

The difference between income and spending is attributable to net changes in the value of both assets and liabilities during 1992. Assets include bank accounts, money on hand, money owed to the household, stocks and bonds (excluding the change in market value), the sale of personal property, and investments in real estate, including the home and business. Liabilities include notes due to banks, loan and insurance companies, etc., instalment purchases, charge accounts and other bills, rents, and taxes. Contributions to and withdrawals from registered retirement savings plans are included in net changes in assets and liabilities.

Note 5

Shelter expenditures include property taxes, mortgage interest payments, rent, insurance, maintenance, repairs, utilities, vacation homes, and traveller accommodation.

Note 6

The Survey of Family Expenditures does not define mortgage payments on the principal as "spending". These payments are considered as assets.

Note 7

These purchases refer to both new and used vehicles. It is difficult to make conclusions about the amounts that couples of different ages spend on vehicles because the figures show what buyers paid after trade-in. As well, younger couples tend to replace their vehicles about twice as often as do older couples. Thus, although younger couples paid relatively little, they may be receiving more generous trade-ins for vehicles that they drove for only a few years. At the same time, older couples may be more inclined to drive a vehicle to the point where they receive very little for the trade-in, and thus pay much more for a new car or truck.

Note 8

To some extent, the relatively small amount older couples spent on public transportation may reflect seniors' discounts, offered in many jurisdictions.

Note 9

Spending on package travel tours is counted among recreation expenditures and does not constitute total travel spending. A number of other categories also have travel components. For instance, among food expenditures are purchases made on trips from stores and restaurants. Similarly, shelter costs incorporate traveller accommodation, and transportation includes spending on inter-city travel. In each of these cases, younger couples were the most likely to report expenditures, although their average outlays were not necessarily the highest.

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Source

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Table 1

Selected characteristics of couples without children at home, 1992

	Younger* couples	Middle-age** couples	Older† couples
Number of households ('000)	700	870	777
Average age of:			
Husband	31	56	73
Wife	29	54	69
	%		
Two full-time earners	39	18	3
One full-time earner	44	41	7
No full-time earners	18	41	89
Proportion owning: ††			
Home	51	79	79
With mortgage	44	27	9
Vacation home	-	14	12
Refrigerator	72	89	88
Freezer	42	76	74
Stove	72	88	88
Microwave	84	83	73
Dishwasher	24	35	30
Washing machine	70	87	83
Clothes dryer	69	84	76
VCR	83	78	51
Computer	27	17	5

Source: Survey of Family Expenditures

* *Husband under 45 years.*

** *Husband 45 to 64 years.*

† *Husband 65 years or older*

†† *As of December 31, 1992.*

Table 2

Expenditures of couples without children at home, 1992

	Annual average expenditures			Percentage reporting expenditures		
	Younger*	Middle-age**	Older†	Younger	Middle-age	Older
	couples	couples	couples	couples	couples	couples
	\$			%		
Total expenditure	54,090	48,860	29,660			
Income tax	12,770	11,650	4,440			
Total expenditures after income tax	41,320	37,210	25,220			
Shelter	9,610	7,920	5,710	100	100	100
Principal accommodation	9,090	7,070	5,260	100	100	100
Other accommodation	520	850	450	56	54	41
Household operation	1,890	1,760	1,330	100	100	100
Household furnishings and equipment	1,920	1,600	990	97	96	92
Food	5,490	5,550	4,520	100	100	100
Transportation	6,280	6,160	4,280	100	100	99
Private	5,680	5,710	3,960	97	97	90
Public	600	450	320	79	60	60
Clothing	2,730	1,980	1,260	99	100	100
Personal care	900	760	610	100	100	100
Recreation	3,010	2,150	1,430	100	98	92
Education	390	70	20	36	14	5
Reading	300	280	240	96	93	90
Tobacco	960	880	460	56	45	30
Alcohol	890	670	380	93	83	70
Personal insurance and pensions	3,270	2,770	320	98	85	33
Health care	760	1,040	870	98	98	97
Gifts and contributions	1,170	2,170	1,990	92	92	93

Miscellaneous	1,760	1,490	810	98	96	89
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Source: Survey of Family Expenditures

** Husband under 45 years.*

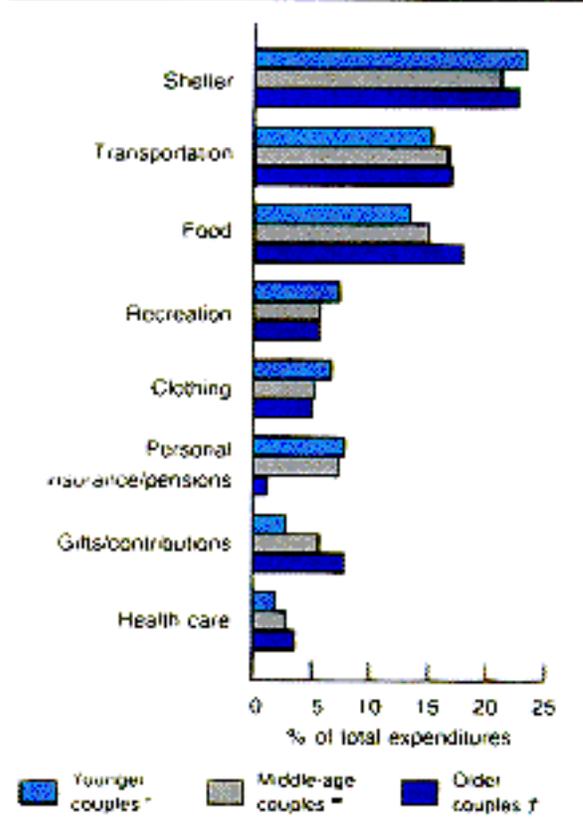
*** Husband 45 to 64 years.*

† Husband 65 years or older.

Note: Estimates may not add to totals due to rounding.

Chart

Older couples spend relatively more on necessities.



Source: Survey of Family Expenditures, 1992

- * Husband under 45 years.
- ** Husband 45 to 64 years.
- † Husband 65 years or older.