

Income after separation – people without children

Diane Galarneau

This article complements a study published last year that described the sharp decline in the economic well-being of women in the year following a marital breakup (Galarneau and Sturrock, 1997). Using the same methodology, this paper examines the situation of previously married persons who separated between 1987 and 1993. Unlike the earlier study, which addressed only people with children at the time of separation, it focuses on the situation of those with no children at that time.¹

This article examines changes in family composition and after-tax family income. It also compares sources of income before and after separation.²

Separated persons and their families

The sample for this study is divided into two groups. The first, older, consists of persons who may have had children before the breakup, but who separated after they had left home. The second, younger, group consists of persons who probably never had children (see *Data source*).

Persons who were childless at separation tended to be older than their counterparts with children. Some 41% of men and 31% of women were at least 50 years of age at the time of the breakup, true of only 7% and 3%, respectively, of men and women with children.

Even if no children were present at separation, a small proportion of separated persons had children living with them in the following year (T_{+1}). In some cases, children had probably

Diane Galarneau is with the Labour and Household Surveys Analysis Division. For more information concerning this article, contact Ernest B. Akyeampong at (613) 951-4624.

Data source

This article is based on the Small Area and Administrative Data Division's (SAADD) Longitudinal Administrative Databank (LAD). (For more information see Statistics Canada, 1997). At the time of writing, this databank covered a 14-year period from 1982 to 1995. It is derived from SAADD's TI file of families created from Revenue Canada income tax returns. The LAD represents a random sample of 10% of all taxfilers and their dependants who have social insurance numbers (SINs). This is a new version of the LAD, which formerly covered only 1% of taxfilers and persons with SINs. The database is "longitudinal," meaning once individuals are selected for inclusion they remain in the file year after year. Some selected individuals may be missed in certain years because they did not file a tax return, or did so after the deadline. In 1993, the non-weighted LAD contained information on 2,083,590 individuals; when weighted, it covered over 96% of the population (according to post-censal estimates).

returned home; in others, the person separated just before having a child or formed another couple with someone who already had children.

The proportions of separated men and women with children at home one year after the breakup were similar (8% and 11%, respectively) (Table 1), increasing over time (rising to 20% and 22% five years after separation).

One year after breaking up, the majority of separated men and women were unattached (59% in both cases). This figure decreased over time but remained high. Nevertheless, a sizeable proportion of separated persons formed new unions: 37% of men and 29% of women were again in a relationship one year after separation, with proportions rising over time.³

Adjusted family income

This study looks only at the *income* of separated persons, not at their assets and debts. Therefore, post-separation income cannot be used as a measure of standard of living. Persons aged 50 and over usually have more assets than younger persons (a family home, often mortgage-free; larger retirement funds, and so on). Both federal and provincial family legislation require that such assets be shared by the spouses after a breakup. Taking assets and debts into account could have changed some conclusions reached here.

Change in income is based on the after-tax income of all members of the family, in constant 1993 dollars, adjusted for the number of family members (adjusted family income [AFI]). The change in AFI is measured at different points in time (T_0 , T_{+1} ... T_{+5}) against the AFI for the year preceding separation (T_{-1}). Where necessary, support payments were subtracted from the payer's income.

In general, the post-breakup situation of persons in this study, who were childless at separation, is similar to that of persons who formed the study group in the previous paper, and who did have children. Women experienced a median loss⁴ of AFI, whereas men registered a gain. However, the size of loss or gain was relatively smaller when no children were involved. Thus, the disparity between men's and women's AFI is less pronounced here than in the earlier study.

One year after separation, "childless" women experienced a median loss of 16%⁵ in their adjusted family income (compared with a loss of 23% for those who had children at the time of separation). This loss decreased over time, so that by the fifth year (T_{+5})

Table 1
Family composition after separation, spouses without children * at home at the time of the breakup

	T ₀	T ₊₁	T ₊₂	T ₊₃	T ₊₄	T ₊₅
	'000					
Separated men						
Sample size	279	210	165	130	99	63
	%					
Couples	17	37	43	49	54	58
Lone parents	7**	5	4	3	3	2
Unattached individuals	76	59	53	48	43	40
Proportion of men living with children under 18	5	8	12	15	18	20
	'000					
Separated women						
Sample size	251	199	162	128	97	62
	%					
Couples	12	29	37	41	46	50
Lone parents	14**	12	11	10	9	9
Unattached individuals	74	59	53	49	45	42
Proportion of women living with children under 18	7	11	14	16	19	22

Source: Longitudinal Administrative Databank, 1986 to 1993

* In this study, the upper age limit for a child is 18.

** There are more lone parents than persons with children under 18 years of age because some lone parents may have children only over 18.

their income was only 5% lower than that prior to separation (Table 2). Men realized a small median gain in adjusted family income (2% in the year following separation), a gain that was maintained throughout the observation period. (Men *with* children at separation realized gains of 10% in the year following the breakup.) These observations show the importance of taking into account the number of family members when evaluating the effect of separation on income.⁶

The situation of women who became part of another couple was similar to that of men who did so. But while both sexes subsequently enjoyed a gain in median income, women fared better than men. Persons who lived alone following a separation experienced a median loss of income, although men's was rela-

tively low (-2%, compared with women's -27% in the year following the breakup). This gap remained sizeable throughout the observation period.

Men who became heads of lone-parent families realized a median gain of 2% in the year following the breakup, which was maintained during subsequent years. By contrast, women in the same situation experienced a median loss of 16%, which increased to 19% five years after separation.

Income distribution

One year after separation, while the median change in AFI was positive for men as a group, the gain applied to only 51% of them. This proportion remained stable during the observation period. In other words, nearly half experienced a loss in AFI.

Also, while women as a group experienced a median loss in AFI, 39% actually made gains, a proportion that increased to 47% five years after the breakup.

These figures vary according to family type. Persons who became part of a new couple after a breakup – both men and women – realized gains more often than those who remained unattached. For example, five years after separation, 53% of men in a relationship experienced gains, compared with 49% of unattached men. Among women, 56% of those who were once again part of a couple experienced gains in AFI, compared with only 38% of unattached women.

The proportion of men who experienced losses in AFI was lower than that of women (49%, compared with 61%). Furthermore, the monetary loss for women was greater (from \$1,000 to \$3,300) than the gain for men (from \$100 to \$400).

Income levels

In the year prior to separation, the median adjusted family income (in 1993 dollars) was \$22,500 for men and \$22,600 for women (Table 3).⁷ One year after separation, women's AFI was 82% of men's, but later rose to 94% (T₊₅), indicating that women's financial situations improved over time. However, these ratios vary according to family type. Women who again became part of a couple experienced more favourable conditions; indeed, their AFI was often higher than that of men in the same situation. Unattached women's income was 76% of unattached men's in the first year after separation, rising to 91% in the fifth year. Lone mothers had only 67% of lone fathers' income in T₊₁, a situation that prevailed five years after the breakup. However, throughout the study period, the proportion of separated women who were lone parents remained fairly low, in fact dropping from 12% to 9%.

	T ₀	T ₊₁	T ₊₂	T ₊₃	T ₊₄	T ₊₅
	%					
Men	3	2	1	2	2	2
Couples	19	6	4	3	3	3
Lone parents	3	2	4	4	5	2
Unattached individuals	-2	-2	-3	-2	-2	-1
Median change (\$)	500	300	100	200	300	400
Women	-27	-16	-12	-9	-7	-5
Couples	12	6	6	8	8	8
Lone parents	-24	-16	-17	-18	-13	-19
Unattached individuals	-32	-27	-25	-24	-21	-18
Median change (\$)	-6,000	-3,300	-2,500	-2,000	-1,400	-1,000
	%					
Persons who experienced a gain in AFI	52	51	51	51	51	51
Couples	67	57	54	53	53	53
Lone parents	55	53	53	53	54	50
Unattached individuals	48	48	47	48	48	49
Women	32	39	42	44	45	47
Couples	60	57	56	57	56	56
Lone parents	34	39	39	39	42	39
Unattached individuals	28	30	32	33	36	38

Source: Longitudinal Administrative Databank, 1986 to 1993

Some people may have withdrawn from the labour market after the breakup; they either stopped working or cut back their hours of work.⁹ This may have been a personal choice (the decision to retire) or the result of difficult economic conditions (a cut in hours of work because of an economic downturn). This reduction in earnings was partly offset by income from other sources and, to a lesser extent, by social assistance. Without more information it is hard to attribute the change solely to the event of separation. Moreover, since more than a third of separated persons were aged 50 or over, some may have decided to retire.

Payers and recipients

Before separation, 4% of men were already making support payments¹⁰ (to a former partner); five years after the breakup the proportion of payers was 10%. Only 1% of separated women received such payments prior to separation; at the end of the study period, 5% did.

Income sources

Post-separation sources of *individual* income⁸ were similar for men and women. After the breakup, the proportion of individuals with employment income dropped and that of recipients of social assistance and other income (pensions, investment income, dividends and various tax credits) rose (Table 4).

The proportion of total income from each source before and after separation, however, varied to a lesser extent. In fact, only employment income dropped, offset in part by the increase in income from other sources. Social assistance and support payments still represented only a small part of the income of separated persons.

	T ₋₁	T ₀	T ₊₁	T ₊₅
	1993 \$			
Separated men	22,500	22,700	23,000	23,300
Couples	22,500	24,900	24,100	25,000
Lone parents	...	24,600	24,000	21,500
Unattached individuals	...	21,900	22,300	20,200
Separated women	22,600	16,500	18,800	21,900
Couples	22,600	24,700	25,200	26,600
Lone parents	...	15,700	16,000	14,500
Unattached individuals	...	15,400	16,900	18,300
Male-female ratio of AFI	1.00	0.73	0.82	0.94
Couples	1.00	0.99	1.05	1.06
Lone parents	...	0.64	0.67	0.67
Unattached individuals	...	0.70	0.76	0.91

Source: Longitudinal Administrative Databank, 1986 to 1993

One year after separation, 13% of men paid support and 7% of women received support. These proportions subsequently fell off slightly, reaching 10% and 5%, respectively, five years after the breakup.

In the case of couples with no children at separation, women were unlikely to receive support payments; this explains why the proportions of payers and recipients are so low. For couples with children at the time, 35% of women said they received support and 44% of men reported paying it. The *Divorce Act, 1985* tends to encourage the economic independence of the ex-spouses after their breakup; hence, the economic bond is often maintained only when there are children involved.

Family situation

A smaller proportion of payers and recipients formed new couples than was the case with separated persons generally (Table 5). The difference was especially marked for women: five years after separation, only 14% of support recipients had become part of a new couple, compared with 50% of separated women in general. For men, the gap was somewhat smaller: 45% of payers were part of a couple five years after separation, compared with 58% of separated men overall. The earlier study showed that payers and recipients with children at separation were similarly hesitant to form a new union.

A larger proportion of recipients than payers had children living with them five years after separation (43% versus 16%). Almost all of the remaining men were unattached, while women tended to fall into two categories: unattached individuals (46%) and lone parents (39%).

Payers are better off

Overall, support payers appeared to fare better than the majority of separated men. They generally realized

Table 4
Income sources of separated men and women, as well as tax and support payments

	T ₋₁	T ₀	T ₊₁	T ₊₅
	%			
Separated men as % of all men with income				
Employment	81	79	78	75
Employment Insurance	19	19	19	18
Support	-	-	-	-
Social assistance *	10	13	14	19
Other **	73	82	83	82
As % of all men paying ...				
Tax	82	82	83	83
Support	4	11	13	10
Separated women as % of all women with income				
Employment	82	78	77	73
Employment Insurance	19	20	21	20
Support	1	6	8	5
Social assistance *	6	14	16	17
Other **	68	87	89	88
As % of all women paying ...				
Tax	76	74	76	75
All separated men				
Employment	79	78	77	75
Employment Insurance	3	3	3	3
Support	-	-	-	-
Social assistance *	1	2	2	3
Other **	16	17	18	19
Tax paid	22	22	23	22
Support paid	1	2	3	2
All separated women				
Employment	83	78	76	74
Employment Insurance	3	4	4	4
Support	--	2	3	1
Social assistance *	2	3	4	4
Other **	12	14	14	17
Tax paid	17	18	18	18

Source: Longitudinal Administrative Databank, 1986 to 1993

* Social assistance includes non-taxable income, such as Workers' Compensation, the federal supplement and social assistance.

** Other income consists of C/QPP benefits, investment income and dividends, limited partnership income, other income, pension and RRSP income, Child Tax Benefits, GST credit, provincial tax credit and rental income.

Table 5
Change in family composition and percentage change in AFI
after separation, for payers and recipients *

	T ₀	T ₊₁	T ₊₂	T ₊₃	T ₊₄	T ₊₅
	%					
Family composition						
Payers (men)	100	100	100	100	100	100
Couples	11	25	33	38	40	45
Lone parents	8	6	6	5	4	3
Unattached individuals	81	69	61	58	56	52
Recipients (women)	100	100	100	100	100	100
Couples	4	10	13	15	17	14
Lone parents	31	32	33	31	31	39
Unattached individuals	64	58	54	55	52	46
Percentage change in AFI						
Payers (men)	11	8	7	8	5	10
Couples	12	11	11	13	10	12
Lone parents	2	-3	3	-4	3	--
Unattached individuals	13	8	5	6	4	10
<i>Median change (\$)</i>	<i>2,600</i>	<i>2,100</i>	<i>1,800</i>	<i>1,900</i>	<i>1,500</i>	<i>2,300</i>
Recipients (women)	-51	-39	-34	-34	-30	-32
Couples	-17	11	3	19	-2	5
Lone parents	-32	-27	-27	-27	-25	-30
Unattached individuals	-58	-46	-43	-45	-43	-45
<i>Median change (\$)</i>	<i>-13,800</i>	<i>-10,100</i>	<i>-9,600</i>	<i>-9,500</i>	<i>-8,600</i>	<i>-7,600</i>

Source: Longitudinal Administrative Databank, 1986 to 1993

* In this article, all payers are men, and all recipients, women.

gains in AFI, ranging between 5% and 10% over the observation period (compared with changes between 1% and 2% for non-payers).

This was also true for men who had been in families with children (Galarnau and Sturrock, 1997).¹¹ Generally, payers had a higher AFI than non-payers. In this study, one year after separation payers' median AFI was \$28,500, compared with \$22,100 for non-payers; five years after separation, the corresponding income levels were \$27,000 and \$22,800, respectively.

Support recipients experienced a median loss much greater than that

of separated women generally (39% versus 16% in T₊₁). They subsequently recovered part of this, but still faced a 32% reduction in AFI (Table 5). In general, recipients had a lower median AFI than non-recipients, even though they were receiving support payments.

Unattached women experienced the largest losses, followed by women heading lone-parent families. Because so many support recipients fell into these categories, their median losses were greater than those of separated women in general (most of whom became part of a new couple).

These observations tend to confirm the conclusions of MacDonald (1989) and Rogerson (1990), who found that the divorce legislation's encouragement of economic independence of former spouses affects two specific groups: women in their thirties and forties who are left with custody of children following a divorce, and older women who generally did not participate in the labour force during their marriage.

Conclusion

This article deals with the financial situation of separated persons who had no children at the time of marital breakup. It complements a previously published study on the situation of separated persons who did have children. A number of differences between the subjects in the two studies are noted. These differences may be explained primarily by age.

Generally, separated persons with no children at the time of marital breakup were older than those with children. Women were more likely to remain unattached over the five-year study period when they had no children at the time of separation. As a consequence, their adjusted family income decreased less, and the contrast with men's AFI was less obvious. Also, with no children living at home at the time of the breakup, fewer men were payers and fewer women, recipients of support than had been the case in the earlier study. These factors help to explain why differences between the sexes were less marked in the current study.

Unlike separated spouses who had children at the time of the breakup, those who were childless experienced a greater change in their income sources following separation. This was especially true in the case of employment income, which tended to decrease after separation, for both men and women. By contrast, income from other sources tended to increase. □

■ Notes

1 In this article, only children under 18 are considered.

2 The data source makes no distinction between divorces and separations. Thus, the term “separation” includes both separations and divorces, and the term “separated persons” also includes persons who are divorced.

The term “married” is used here for simplicity. In fact, some people living common law are counted as married (see *Data source* in Galarneau and Sturrock, 1997).

3 The earlier study noted an equally strong propensity of separated individuals to become part of another couple. When this did not occur, women were in most cases heads of lone-parent families and remained so throughout the observation period, while men tended to live alone.

4 This article looks at median changes only, and not mean changes. The median is more appropriate for measuring income, because it is not excessively influenced by extreme values. The median separates the universe into two equal parts: 50% of individuals are below the median and 50% are above.

5 In the year in which separation occurred, their loss in adjusted family income was actually 27%. However, this figure must be used with caution, given the many changes in living arrangements taking place that year.

6 To adjust family income, an equivalence scale based on low income measures (LIMs) is used. This scale is made up of

“equivalence factors” that give an approximation of the extra expense represented by each additional household member. The more household members, the greater the equivalence factor. In the case of a couple with children at the time of the breakup, the woman frequently has custody of the children, while the man often lives alone. The woman’s family income (which generally consists solely of her personal income, often lower than the man’s) is then divided by the equivalence factor. The latter has a value of 1.4 for a woman and one child, 1.7 for a woman and two children, and so on. The man’s family income (which generally consists solely of his personal income) is also divided by the equivalence factor, but the latter often has a value of only 1, since proportionally more men live alone in the year after separation. This explains why the difference in AFI between men and women with children at separation is more pronounced. In the present case, there are few children, so the gap in AFI tends to represent the income differential between men and women, which is brought out when a couple separates.

7 It is normal to observe a slight difference here, since this is not the family income of men and women who came from the same households. In other words, the sample is not made up of former spouses of the same union, but of unrelated men and women who happened to separate from their spouses at a given point in time.

8 These are sources of personal income, as opposed to family income.

9 The LAD sheds little light on the motivations behind people’s decision to reduce their hours of work.

10 Women are excluded from the support payers’ category, while men are excluded from the support recipients’ group. These exclusions were necessary because of the small number of records in each of these categories. In addition, tax data do not distinguish between support paid for children and support for the ex-spouse. Support payments for the ex-spouse and for children are therefore combined.

11 Given the family income adjustment, the presence of children tends to decrease the man’s family income. When the man lived alone after separation, his salary was no longer adjusted for the presence of children, and hence was maintained at a higher level than in his pre-breakup situation. However, this adjustment was necessary to reflect the effect of children on the family income level of both men and women.

■ References

Galarneau, D. and J. Sturrock. “Family income after separation.” *Perspectives on Labour and Income* (Statistics Canada, Catalogue no. 75-001-XPE) 9, no. 2 (Summer 1997): 18-28.

MacDonald, J.C. *Consultation with Family Law Lawyers on the Divorce Act, 1985*. Ottawa: Department of Justice, 1989.

Rogerson, C.J. *Review of Support Factors and Objectives in Case Law Decided under the Divorce Act, 1985*. Ottawa: Department of Justice, 1990.

Statistics Canada. “Introduction to the Longitudinal Administrative Databank (LAD).” Small Area and Administrative Data Division. Ottawa, 1997.