Household spending by single persons and married couples in their twenties: a comparison

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In the United States, persons reaching age 21 enter adulthood facing the challenges and opportunities that come with personal and economic autonomy. Young adults in their twenties traditionally are completing their educational goals, entering the workforce, and making decisions regarding marriage and living arrangements. An earlier *Consumer Expenditure Survey Anthology* article by Geoffrey Paulin noted the relevance of studying persons in their twenties.[1] In the article, Paulin investigated the spending habits of never-married singles ages 21 to 29 years and noted that "For many Americans, the age of 21 is a major point of demarcation in one's life cycle."

Published Consumer Expenditure Survey (CE) data indicate that, compared with average U.S. consumer units (CUs), those headed by persons 25 years or younger earn lower incomes, are less likely to own a home or a car, and spend less on food, gifts, health care, and retirement plans.

They are also more likely to rent a home and spend more on education and alcohol.[2]

The analysis that follows examines demographic characteristics, per-capita incomes, and spending patterns of single and married persons in their twenties. The first section explores how these characteristics, *within* the single and married categories, differ from the early twenties to the late twenties. The second section explores income and spending differences *between* singles and married couples. The analysis uses 2007–08 CE data on single persons ages 21 to 29 years who were never married and on married couples whose reference person[3] is 21 to 29 years and has no children.

The chief findings of the study are as follows:

- Singles in their late twenties spend more and have a higher income than singles in their early twenties.
- The average per-capita income of singles 21 to 23 years is significantly lower than that of married couples in the same age range. The reverse is true of singles and married couples 27 to 29 years.
- Married couples are more likely than singles to be homeowners.
- Singles spend significantly more per capita than married couples do on food, housing, apparel, and education, and less on health care.

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[1] Geoffrey Paulin, "Examining Expenditure Patterns of Young Single Adults in a Historical Context: Two Recent Generations Compared," *Consumer Expenditure Survey Anthology, 2008* (U.S. Bureau of Labor Statistics, December 2008).

[2] See "Table 3. Age of reference person," on the Internet at **http://www.bls.gov/cex/2008/Standard/age.pdf.**

[3] See glossary on page 48 for the BLS definition of "reference person."

Data and methods

Interview survey. The data for this article are from the 2007–08 Interview Survey component of the CE. The Interview Survey contains information on incomes, expenditures, and demographic characteristics of American consumers, collected quarterly from a nationally representative sample of CUs in the U.S. population.

The CE includes two components: the quarterly Interview Survey and the weekly Diary Survey. Published CE tables are created by integrating information from the two surveys. The Interview Survey, which is designed to collect data on major types of expenditures, household characteristics, and income, is used in this study because it provides the most complete picture of spending. Respondents are usually asked to report values for expenditures or outlays that occurred during the three months prior to the interview. The data in this analysis are by collection year, not calendar year, from CUs interviewed in 2007 and 2008. This study employs many of the methods set forth in Paulin's article.

Outlays. The analysis that follows uses outlays, as opposed to expenditures, for comparisons. Outlays are similar to expenditures in that both measures (1) define spending as the transaction cost, including taxes, to obtain goods and services, (2) include spending on gifts for people outside of the CU, and (3) exclude business expenses. The key difference is in the treatment of purchases of real property and vehicles. In the CE, expenditures on purchases of property include only mortgage interest and expenditures on vehicles include the full value of the purchased vehicle, regardless of whether it was or was not financed. By contrast, outlays include both the principal and interest portions of property on mortgages and vehicle loans. The purchase price of vehicles bought outright and not financed also is included in outlays.

Weights. The CE uses a representative sample to estimate the spending habits of the U.S. civilian noninstitutional population. Estimates shown in this article are calculated with the use of weights. For the 2007–08 Interview Survey, approximately 600 married CUs and 2,200 single CUs provided data for this analysis. These sampled CUs represent nearly 7 million CUs in the population.

Reference groups. Recognizing that 21- to 29-year-olds are not a homogeneous group and that the twenties are a period of lifestyle transition, the analysis examines three distinct groups: those CUs (with reference person) ages 21 to 23 years, those in their midtwenties (24 to 26 years), and those in their late twenties (27 to 29 years). Further restrictions on the age difference between spouses in a married-couple CU follow.

Consumers must be single or married with no children in order to be included in the analysis. To be categorized as a "single" CU, a person must identify him- or herself as single and never married and must be in a CU of size 1. This categorization implies that the person is not living with other blood relatives, is not widowed or divorced, and, if there are other people living in the housing unit, is financially independent (that is, is not making joint financial decisions with his or her housemates). Financial independence is determined by the three major expense categories: housing, food, and other living expenses. To be considered financially independent, the respondent must pay all or part of the consumer unit's expenses in at least two of the three major expense categories.

Examples of singles eligible for this study include a 25-year-old living with three of her friends who makes her own financial decisions and a 21-year-old residing in a college dormitory even if he receives money from his parents each month. In contrast, a 27-year-old living at home with his parents is not counted as single even if he is financially independent.

For the married group, each CU must, of course, be married and must be living in a two-member CU. In order to allow for closer comparisons between singles and couples in the same age group, couples with age differences greater than 4 years between their members are omitted from their respective groups.

An example of a married couple eligible for the study is a married couple, one member of whom is age 27, and the other age 31, with no children. The same couple would be eligible even if the pair rented out their basement to another family. By contrast, any couple whose members

Groups eligible to participate in the study

Single
- Ages: 21–23; 24–26; 27–29
- CU type: single persons
- CU size: 1
- Marital status: single, never married

Married
- Age of reference person: 21–23; 24–26; 27–29
- Age of spouse: within 4 years of age of reference person
- CU type: husband and wife only
- CU size: 2
- Marital status: married, no children

are, respectively, 22 and 27 years would not be eligible, because their ages differ by more than 4 years. Also ineligible is a couple living in the home of the reference person's parents, regardless of the members' ages and financial independence.

Results are from the eligibility classification used and were computed on a per-capita basis, unless explicitly stated otherwise. This approach allows for closer comparisons between singles and couples.

Early twenties compared with late twenties

Singles. Sixty-seven percent of singles in their early twenties (21 to 23 years) are enrolled in college either full or part time, 18 percent have earned a bachelor's degree, and 6 percent report owning a home. (See chart 1.)

Singles in their early twenties tend to spend more money, on average, than they earn per year. Table 1 shows that average reported outlays of 21- to 23-year-olds exceed average income by about $5,000 ($21,083 and $16,067).

Lending credence to the view that singles in their twenties are in a transitional period, more of those in their late twenties have bought a home or earned a bachelor's degree. Thirty-five percent of singles ages 27 to 29 years report owning a home, 55 percent have earned a bachelor's degree, and 18 percent are enrolled in college either part time or full time.

The average income of a late-twenties single, $39,757, is almost 2½ times that of an early-twenties single, and the average total outlay of a late-twenties single, $34,889, is well above that of an early-twenties single. Late-twenties singles outspend early-twenties singles in every expenditure category except education.

There are also differences in how singles allocate their outlays. Early-twenties singles spend a larger share of their budgets on food and education and a smaller share on housing and transportation than do late-twenties singles. Food accounts for 18.0 percent, and education 11.0 percent, of outlays for an early-twenties single, whereas food accounts for only 14.6 percent, and education 1.6 percent, for a late-twenties single. Housing accounts for 34.5 percent, and transportation 14.2 percent, of outlays for an early-twenties single; housing makes up 39.0 percent, and transportation 16.6 percent, of outlays for a late-twenties single.

Married couples. For married CUs with reference person ages 21 to 23 years, 17 percent report owning a home, 21 percent have at least one person with a bachelor's degree, and 46 percent have at least one person enrolled in college either part or full time. (See chart 2.) Average per-capita income is $22,986 and average per-capita total outlays are $20,120. (See table 1.)

The twenties are also a transitional age for couples. Of married couples with reference person ages 27 to 29 years, 69 percent report owning their home, 73 percent live in a CU with at least one person with a bachelor's degree, and 29 percent are CUs with at least one member enrolled in college either part or full time. The average per-capita income of the late-twenties married group, $38,182, is 66 percent higher than the average per-capita income of the early-twenties married group, whereas average per-capita total outlays of late-twenties married couples, $26,649, are 32 percent higher than those of early-twenties married couples.

Early-twenties couples spend a larger share of their budgets on food, transportation, and entertainment, and a smaller share on housing, than do late-twenties couples. Food accounts for 15.4 percent, transportation 21.3 percent, and entertainment 6.5 percent of total outlays for an early-twenties couple, whereas food accounts for 13.6 percent, transportation 19.5 percent, and entertainment 5.4 percent for a late-twenties couple. Housing constitutes 30.0 percent of outlays for an early-twenties couple, compared with 35.6 percent for a late-twenties couple.

Singles compared with married couples

Demographics. For the combined single and married-couple groups ages 21 to 29 years, married couples are far more likely than singles to be homeowners. The statistics show that 55 percent of married couples report owning their homes and 84 percent of singles are renters. Sixty-one percent of married CUs and 39 percent of single CUs, have at least one member with a bachelor's degree, and 39 percent of married CUs, compared with 43 percent of single CUs have at least one member currently enrolled in college.

The difference in home ownership rates of singles and married couples is the smallest for 21- to 23-year-olds, compared with 27- to 29-year-olds. For the younger group, 6 percent of singles and 17 percent of couples report home ownership.

The difference in home ownership rates is the largest among 27- to 29-year-olds, with 69 percent of married couples reporting home ownership, compared with 35 percent of singles.

For the 21- to 23-year-olds, 67 percent of singles report that they are enrolled in college and 46 percent of couples report having at least one member enrolled in college. Also, 18 percent of singles have a bachelor's degree, and 21 percent of married persons have at least one member with a bachelor's degree. For the 27- to 29-year-olds, 18 percent of singles report that they are enrolled in college and 29 percent of married persons report having at least one member enrolled in college. Fifty-five percent of singles have a bachelor's degree or higher, and 73 percent of married couples have at least one member with a bachelor's degree or higher.

Income. Married couples ages 21 to 29 have incomes that are, on average, $6,779 more than singles' incomes. Among singles, average income is $16,067 for 21- to 23-year-olds, compared with $39,757 for 27- to 29-year-olds. (See chart 3.) Among married couples, income averages $22,986 for the younger age group, compared with $38,182 for older married couples. Differences in income between singles and married couples are largest in the early twenties ($6,919) and smallest in the late twenties ($1,575).

Singles in their late twenties with at least a bachelor's degree or higher earn $42,645, and those in their late twenties with a high school diploma or less earn $26,708. Married couples in their late twenties with at least one member with a bachelor's degree or higher earn $40,240 per capita, and late-twenties married couples for which the highest level attained by either member is a high school diploma or less earn $33,169 per capita.

Outlays. For all CUs, ages 21 to 29, average outlays are similar for singles and married couples, with the latter spending $1,532 less. Differences in outlays between singles and married couples are smallest in the early twenties ($963) and largest in the late twenties ($8,240). (See chart 4.)

Spending patterns. For the three age groups combined, singles spend 6 percent more per capita than married couples spend, but married couples earn 25 percent more per capita in income than singles earn. Income and total outlays, however, tell only part of the story; a focus on how outlays are *allocated* demonstrates the differences in spending patterns of single and married consumers.

For all age groups combined, singles spend a larger share of their budget on food, housing, and education, and a smaller share on transportation and on personal insurance and pensions, than do married couples. Specifically, food accounts for 16.3 percent, housing 36.7 percent, and education 5.7 percent of total outlays for singles, whereas food accounts for 13.1 percent, housing 34.5 percent, and education 2.4 percent for married couples. Transportation makes up 15.6 percent, and personal insurance and pensions 8.9 percent, of total outlays for singles; transportation accounts for 20.0 percent, and personal insurance and pensions 12.7 percent, for married couples.

For each age group, some of the differences in spending shares between singles and married couples are more pronounced than for the three age groups combined. Among 21- to 23-year-olds, singles and married couples allocate their spending quite differently: singles apportion a higher percentage of their outlays to food, alcohol, housing, and education, whereas married couples apportion a higher percentage of their outlays to transportation, health care, and entertainment.

The same result holds for the 27- to 29-year age group; however, for most areas of spending, the difference is smaller. Singles' and married couples' budget shares for food, alcohol, housing, transportation, health care, entertainment, and education are closer to each other in the 27- to 29-year age group than in the 21- to 23-year age group. In this regard, late-twenties singles resemble late-twenties couples more than they resemble early-twenties singles.

Summary of total outlays

Data from the Interview Survey component of the CE for 2007–08 show that ages 21 to 29 years are a time of transition for young adults. Regardless of their marital status, persons in their late twenties, ages 27 to 29 years, earn more, spend more, are more likely to have a bachelor's degree, and are more likely to own a home than are their early-twenties counterparts. Singles in their early twenties earn less in income than early-twenties married couples, but spend about the same amount per capita. However, late-twenties singles earn per-capita incomes similar to those of late-twenties married couples, but spend significantly more per capita. Finally, late-twenties singles report larger per-capita outlays than married couples do in each category examined, except for health care. ■

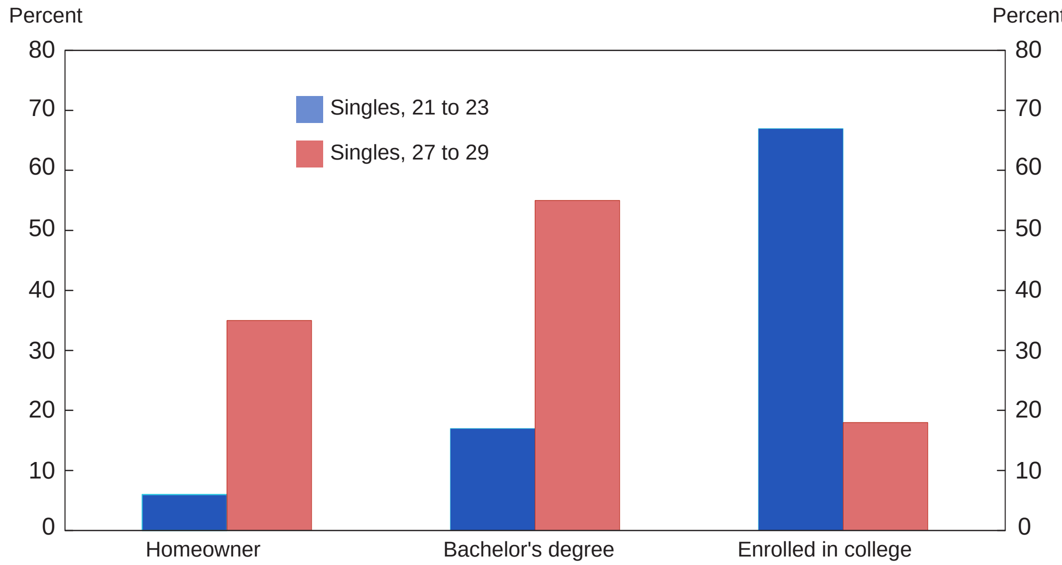
Table 1. **Characteristics, per-capita outlays, and outlay shares of singles and married couples, by age group, 2007–08**

Category	21–29 years		21–23 years		24–26 years		27–29 years	
	Single	Married couple	Single	Married couple	Single	Married couple	Single	Married couple
Number of CUs (in thousands)	5,236	1,515	2,083	243	1,737	578	1,417	694
Per-capita income	$27,267	$34,046	$16,067	$22,986	$30,512	$33,723	$39,757	$38,182
Percent distribution:								
Sex								
Men	58	50	56	50	59	50	60	50
Women	42	50	44	50	41	50	40	50
Housing tenure								
Homeowner	16	55	6	17	14	55	35	69
Renter	84	45	94	83	86	45	65	31
Educational status (highest level attained by single or by any member of married couple)								
High school diploma or less	61	39	82	79	50	36	45	27
Bachelor's degree or higher	39	61	18	21	50	64	55	73
College enrollment (by single or by either member of married couple)								
Enrolled	43	39	67	46	34	47	18	29
Not enrolled	57	61	33	54	66	53	82	71
Total per-capita outlays:	$27,178	$25,646	$21,083	$20,120	$28,197	$26,761	$34,889	$26,649
Food	4,417	3,363	3,798	3,101	4,592	3,173	5,111	3,613
Food at home	2,359	1,940	2,050	1,932	2,417	1,830	2,744	2,036
Food away from home	2,057	1,423	1,748	1,169	2,175	1,343	2,367	1,577
Alcoholic beverages	660	227	637	195	683	265	668	205
Housing	9,964	8,844	7,266	6,045	10,238	9,249	13,593	9,484
Apparel	896	650	760	596	827	774	1,180	567
Transportation	4,233	5,128	2,991	4,286	4,461	5,393	5,779	5,202
Health care	570	963	334	913	663	1,061	802	899
Entertainment	1,346	1,347	1,048	1,299	1,415	1,246	1,702	1,448
Education	1,544	611	2,329	731	1,405	737	560	464
Personal insurance and pensions	2,431	3,250	1,200	1,932	2,782	3,279	3,811	3,686
Other outlays[1]	1,117	1,264	720	1,021	1,131	1,585	1,683	1,081
Total outlay shares (percent)								
Food	16.3	13.1	18.0	15.4	16.3	11.9	14.6	13.6
Food at home	8.7	7.6	9.7	9.6	8.6	6.8	7.9	7.6
Food away from home	7.6	5.5	8.3	5.8	7.7	5.0	6.8	5.9
Alcoholic beverages	2.4	0.9	3.0	1.0	2.4	1.0	1.9	0.8
Housing	36.7	34.5	34.5	30.0	36.3	34.6	39.0	35.6
Apparel	3.3	2.5	3.6	3.0	2.9	2.9	3.4	2.1
Transportation	15.6	20.0	14.2	21.3	15.8	20.2	16.6	19.5
Health care	2.1	3.8	1.6	4.5	2.4	4.0	2.3	3.4
Entertainment	5.0	5.3	5.0	6.5	5.0	4.7	4.9	5.4
Education	5.7	2.4	11.0	3.6	5.0	2.8	1.6	1.7
Personal insurance and pensions	8.9	12.7	5.7	9.6	9.9	12.3	10.9	13.8
Other outlays[1]	4.1	4.9	3.4	5.1	4.0	5.9	4.8	4.1

[1] Other outlays include personal care, reading, tobacco, cash contributions, and miscellaneous.

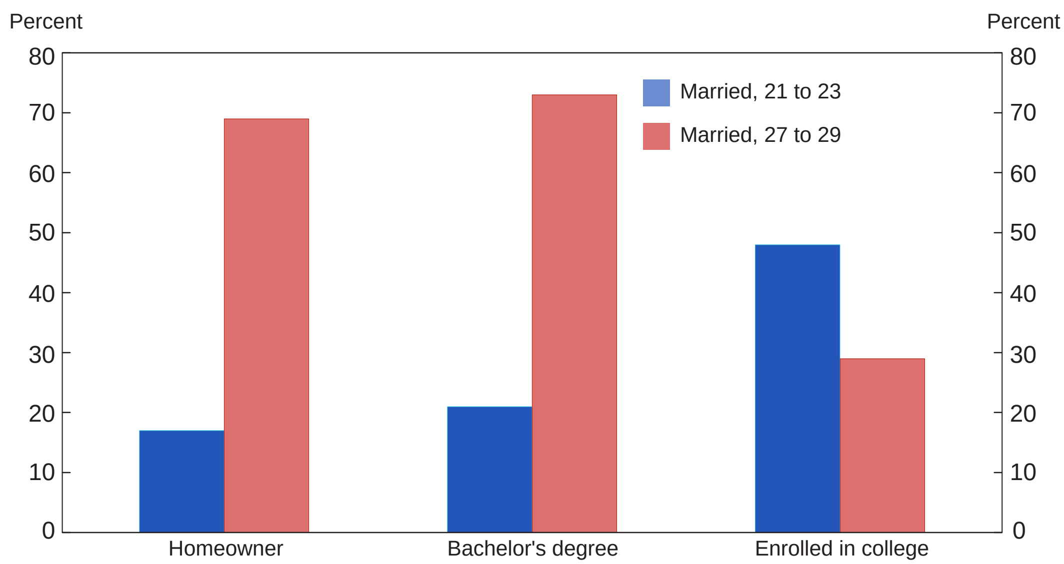
Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2007–08

Chart 1. **Comparison of home ownership, attainment of bachelor's degree, and college enrollment by singles in their early twenties and late twenties, 2007–08**



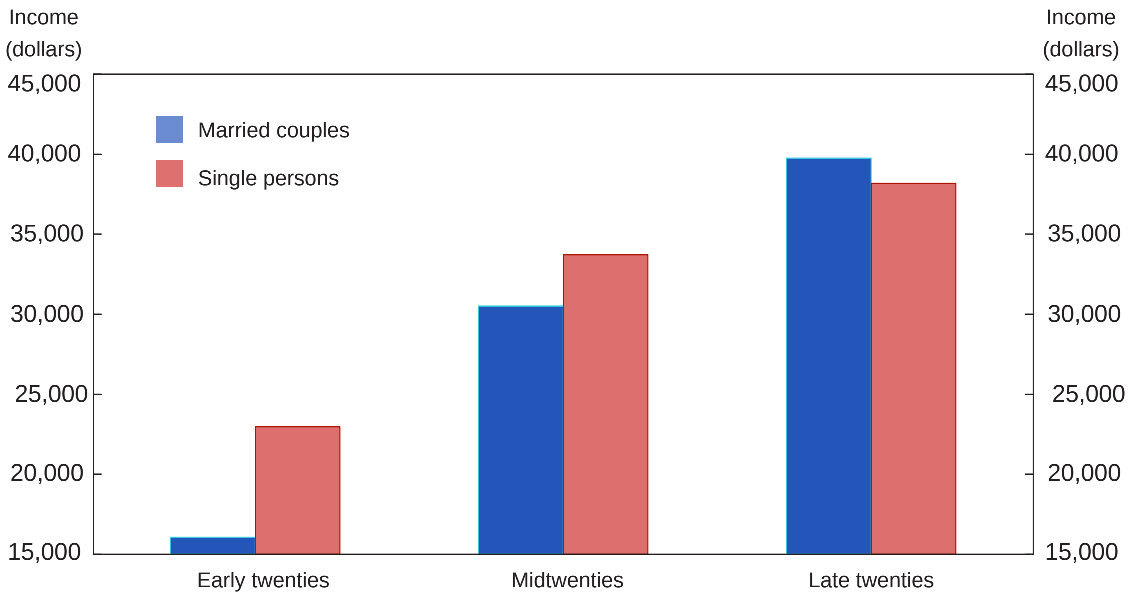
Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2007–08

Chart 2. **Comparison of home ownership, attainment of bachelor's degree, and college enrollment, by age of married reference person, 2007–08**



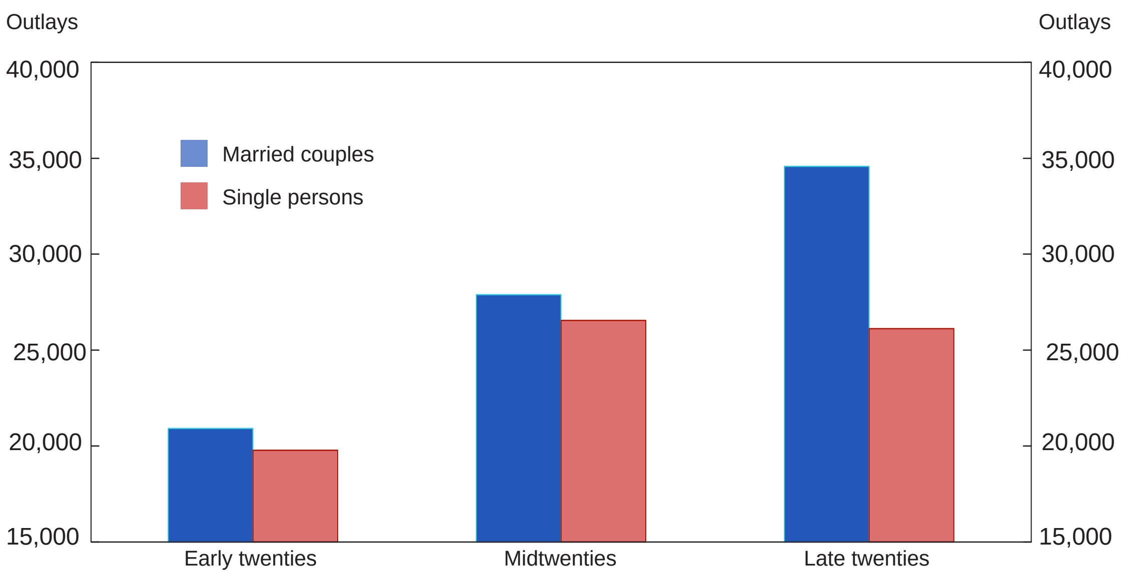
Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2007–08

Chart 3. **Income of single persons and of married couples ages 21–29, 2007–08**



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2007–08

Chart 4. **Outlays of single persons and of married couples ages 21–29, 2007–08**



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2007–08