# Low Fertility, Childlessness, Single-Person Households, and Savings

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## INTRODUCTION

The United States has a broad and diverse range of family and household structures and living arrangements. One type of household that has not received adequate attention is one that does not include a child. I will focus on this type of household in this essay.

Although being childless has not been uncommon throughout history, its acceptability has increased over the last several decades,[1] especially as a below-replacement fertility rate has accompanied it.[2] Partly as a result, there has been an increased proportion of childless and single-person households. About 29% of American households are married without children, and about the same percentage are single households without children. The prevalence of adults under 50 without children has increased from 37% in 2018 to 47% in 2023, with 47% of adults under 50 without children indicating that they may be unlikely ever to have them.

Over recent decades, we have seen changing attitudes toward parenthood, career focus, economic pressures, and lifestyle preferences, which have differed among socioeconomic and geographic population segments. There has been greater acceptance and, in some cases, desirability of child-free lifestyles, changing gender roles, and growing pursuit of higher education and more job opportunities for many women. As a result, there have been a host of sociological and financial impacts, some of which I will discuss below.

## CHILDLESSNESS

Two types of childless situations can arise[3]: (1) a one-person household, either never married, divorced, separated, or widowed, and (2) a two-person household, either married or partnered. Reasons for savings are similar for both groups, although a second source of income or wealth often enhances income/wealth support; in addition, the spouse/partner may be able to provide for or support the other in times of need.

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[1] For example, it was not uncommon to refer to an older woman who was not married as being a spinster or old maid, or more recently one without children as a career woman.

[2] A total fertility rate (TFR) of 1.62 children per woman in 2023-2024 in the United States, an all-time low, with a TFR of about 1.3 children in Canada and about 1.8 in Mexico. All are significantly less than the population replacement rate of about 2.09.

[3] Some parent(s) have had children who no longer co-habit with their parents (usually due to forming their own households). This situation is not addressed here.

Children no longer fit into many American dreams, which can value individualism, wealth, and freedom. However, this trend is certainly not always the case. For example, the fertility rate of Generation X college-educated women has increased faster than that of those with less educational attainment, with a decline in childlessness occurring among the most educated women.

In the aggregate, the marriage rate is a leading indicator of childlessness, even though about half of births are currently born out of wedlock. This is due to the higher rate of childlessness for those who are not married (although for some ethnic/racial groups, the difference is not significant).

For multiple reasons, the age of first marriage has significantly increased over the last several decades. For example, in 1974, the age at first marriage for males was 23.5 and for females was 21.1; in contrast, these corresponding ages in 2024 were about 30.2 and 28.6. Based on surveys, the percentage of those who have never married has recently been about 37% for males and 31% for females.

In the first half of the twentieth century, the percentage of childlessness in the United States was between 25% and 30%, decreasing in the baby-boom generation to between 10% and 15%, followed by a period of women's liberation in the 1970s and 1980s of between 20% and 25%, increasing somewhat to between 25% and 30% over the last two decades. This trend generally follows the fertility rate.

Although a significant open question is where these trends will move,[4] there is no current indication or major driver that suggests that the currently low fertility rate will increase significantly or that the rate or age of marriage will significantly decrease in the short or medium term. In any case, the rate of childless households approaching retirement age has been baked in and will not change for at least several decades.

In sum, childlessness is not new—there have always been those without children, by choice or other reasons. However, it has become more common. Due to decreased fertility, more adults will be moving toward retirement alone or at least without the support of children.

## SAVINGS NEEDS

Being childless can significantly impact savings and retirement, whether in a single or cohabited (partnered or married) household. To properly discuss the effect of childlessness on savings, it is essential first to address the purposes and uses of savings. The following are significant reasons/needs addressed by saving that differ by individual situation:

- Expected future needs, such as for a home or car purchase and maintenance, childcare and education, food and habitation, and vacations;
- Retirement and long-term care support;
- Unexpected emergency events or conditions, with resulting moderate or severe health care expenditures, disability, or home maintenance; although some preventive action may reduce their likelihood or severity, some will inevitably arise;

[4] See Gutterman (2024). "On Fertility: the Story of a Baby Bust" *Contingencies* July/August 2023; https://contingencies.org/on-fertility/ or Babad, Dermot and Gutterman (2023). "Fertility and Aging - Actuarial Perspectives". *British Actuarial Journal* v28, 21 September 2023, e6. doi: https://doi.org/10.1017/S1357321723000065.

- Debt repayment or a business startup or expansion;
- For others, such as children/grandchildren/other relatives or legacy giving to institutions such as a charity or educational entities; and
- Residual, including the excess of earnings, less expenditures, and earnings on savings.

There are usually multiple reasons for any household to accumulate resources. In addition, many households will, in any case, adapt to changing circumstances, e.g., after completing full or part-time work, possibly by eliminating child support expenses as they leave for college or to develop their own household, or downsizing expenses as their income stream changes. The following focuses on differences between the needs of those households that never included children compared to those that had children.

## SAVINGS OF THE CHILDLESS

Those who are childless tend to have different consumption habits and resultant saving rates than corresponding individuals/households with children. Raising children can be expensive, involving expenditures for education, healthcare, food, housing, and related necessities and desirables.[5]

In contrast, not burdened with these expenditures, equivalently situated childless households may have greater disposable income and time available toward career-building, savings, investments, or employee-contributed retirement funds. Those bearing child-related expenses may have to delay or defer saving for retirement.

Childless households may also have greater discretionary income or resources and more time and budget for personal leisure, experiences, or luxury items. Despite this availability, many manage to maintain higher savings overall without the financial burden of raising children. Nevertheless, childless households might prioritize financial stability due to a perceived lack of a family safety net over the long term.

Married couples with children often have lower median wealth compared to childless couples. In addition, a single mother will, on average, tend to experience a "motherhood penalty"[6] in her career, especially if she has to take time off or her work trajectory is interrupted, compared to a corresponding woman without children. Of course, for those in debt or in a lower socioeconomic group, a household can find it challenging to save, whatever the household makeup.

Other than directly related expenditures on children, what distinguishes the savings of a household without children from one with children? I categorize them in three ways: (1) personal expenditures, (2) non-financial support, and (3) inheritance.[7]

1. Everyone wants to achieve a soundly based and secure retirement, although not everyone can plan financially and execute their plan to achieve this objective. Those without children tend to focus more on personal long-term financial goals such as saving for retirement, buying property or stocks, traveling, or investing in personal development rather than on funds needed for college or childcare. Quite different

[5] A U.S. Department of Agriculture study found that, adjusting for inflation, it costs about $234,000 to raise a child through age 17.
[6] Although less common, a stay-at-home man with children can also experience a "fatherhood penalty."
[7] Inheritance here refers to a provision for financial wealth transfer to children and grandchildren. There are, of course, other family members and other people/entities that could be provided for, e.g., nieces/nephews, cousins, or philanthropic purposes, e.g., to charitable entities.

financial strategies may be preferable in these two situations. In addition, childless households often may have more flexibility and availability to work longer hours, pursue higher-paying or multiple jobs, or advance their career and personal development. This increased earnings potential can contribute to expanded savings capacity.

2. Children can provide a systemic support system for those in retirement, either physical, financial, or mental. For physical support, it is helpful if children or other close relatives live nearby.
3. Funds for others. An often-cited reason for accumulating savings is to provide funds for future generations as inheritance. However, if a household has no children, whether or not they have a living spouse or close partner, there is less need to save for inheritance purposes.

A relevant and practical financial plan can be valuable for all types of households, including those without children, regardless of the extent or lack of financial resources available. Nonetheless, the unique characteristics and needs of the childless couple or childless single need to be recognized. Many financial actions can be taken to prepare someone who is childless or has no spouse/permanent partner. These include plans addressing what to do in an emergency, possibly due to health reasons, or to help prevent an emergency through neighbor/community support, legal actions such as the development of wills, powers of attorneys, or long-term care or burial arrangements.

Couples with children may seek larger homes in family-friendly neighborhoods, which can be more expensive and affect affordability. In contrast, childless couples might opt for smaller or more affordable properties, facilitating higher homeownership rates. In addition, childless households may be more flexible and mobile, enhancing their career opportunities.

For households without children, with no need for inheritance across family generations, saving objectives may focus more on actions or things with a more self-centered or self-actualizing purpose or greater attention/ability to provide for future contingencies, such as unexpected future healthcare or home maintenance expenses. But where there is a greater emphasis on consumption, other things being equal, this may mean it is more likely that savings will prove insufficient to provide for living needs at older ages, including healthcare or support needs, especially those years after the individual's life expectancy.

Unfortunately, some people, during their working period, totally focus their financial planning for retirement on their life expectancy.[8] An individual(s) fortunate enough to live beyond this single age (that, depending on the time of planning, continues to increase) may be inadequate (or excessive). This means they should emphasize income over their lifetime, possibly through life annuities,[9] to plan for a longer-than-expected lifespan.

Despite this, there does not appear to be an increased purchase of such products. Institutions offering these products, such as life insurers, need to market them more effectively, emphasizing how they address lifetime needs. In contrast, for the many childless who do not have significant wealth and depend on their Social Security income (which does provide such lifetime income), whether such income satisfies their desired needs without children for fallback support will depend on their situation.

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[8] Of course, it is better that attention is at least directed toward their life expectancy, rather than a shorter period.
[9] The form of life annuities can differ among individuals, possibly invested in the stock market or fixed income securities, depending on how risk averse the household is.

The household structure, health, and support-related needs will inevitably differ depending on the individual's situation. For example, family or community support may not always be available or convenient if the individual lives alone. Although financial (earnings or resources) support is usually essential, life needs also include mental and moral support.

Early-onset dementia may only be inconvenient, for instance, in some married/partnered situations, but when living alone, there may not be anyone to help with the numerous minor hurdles that can arise, such as turning off the stove after meal preparation is complete. In many cases, it is adult children who will notice early stages of dementia, followed by (what can be encouragement or forceful action for) a period of re-orientation to a more suitable living situation.

In addition to the effects on savings and life objectives, an increase in childlessness can have significant societal and economic impacts as the population ages. This aging can result in lower national economic growth and less support for healthcare and social security systems, which may strain the finances of these systems, already beginning to be seen in some advanced countries' operating budgets.

## CONCLUSION

Planning for retirement is necessarily complex. Although the childless may have greater financial wealth, their retirement planning will not be able to rely on adult children for financial and non-financial support as they age, which may prompt them to save more for future self-sufficiency, including long-term care and other support services.

Although the factors indicated in this essay are relevant for discussion purposes, individual circumstances are bound to differ, possibly widely, as there is a broad range of individuals and relationships within each household category. Thus, any conclusions discussed above may not apply in the individual case.

Due to the relative lack of available research on this large and growing group, further study and analysis are warranted to study the needs of the childless household. I hope this essay encourages such efforts.

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