
 *
 * SUMMARY OF: *
 * *
 * EARNINGS, INCOME AND OTHER ASPECTS OF THE FINANCIAL *
 * CIRCUMSTANCES OF THE NCDS COHORT AT 23 *
 * *

Prepared by: Peter Shepherd
 Main Customer: Department of Health and Social Security
 Other Customers: DE, MSC, DES and DOE

This Working Paper was prepared for the sponsors of
 the NCDS fourth follow-up. The views expressed are
 the author's own. Please do not quote or reproduce
 this paper without the permission of the author.

The National Children's Bureau
 8 Wakley Street
 Islington
 LONDON EC1V 7QE

Reproduced by:
 National Child Development Study
 User Support Group
 City University
 Northampton Square
 LONDON EC1V 0HB

MARCH 1984

CONTENTS

<u>Paragraph</u>		<u>Page</u>
	LIST OF TABLES	v
	A NOTE ON PRESENTATION OF TABLES	xx
	SUMMARY	xxi
1	INTRODUCTION	1
5	EARNINGS FROM EMPLOYMENT	3
	Summary	
5	Introduction	3
8	Earnings of employees	5
8	<u>Average earnings</u>	5
10	<u>Full-time and part-time work</u>	7
14	<u>Sex differences</u>	9
16	<u>Children</u>	11
19	<u>Comparison with the New Earnings Survey</u>	13
20	Earnings of the self-employed	14
20	<u>Average earnings</u>	14
22	<u>Full-time and part-time work</u>	15
25	<u>Sex differences</u>	17
27	<u>Children</u>	19
29	EARNINGS PER HOUR	21
	Summary	
29	Introduction	21
33	Hourly earnings in current job	23
33	<u>Introduction</u>	23
35	<u>Hourly earnings of employees</u>	25
37	<u>Comparison with the New Earnings Survey</u>	27
38	<u>Hourly earnings of the self-employed</u>	28
40	Hourly earnings in last job	30
40	<u>Introduction</u>	30
42	<u>Hourly earnings of employees in last job</u>	32
44	<u>Hourly earnings of the self employd in last job</u>	34

CONTENTS

<u>Paragraph</u>		<u>Page</u>
	LIST OF TABLES	v
	A NOTE ON PRESENTATION OF TABLES	xx
	SUMMARY	xxi
1	INTRODUCTION	1
5	EARNINGS FROM EMPLOYMENT	3
	Summary	
5	Introduction	3
8	Earnings of employees	5
8	<u>Average earnings</u>	5
10	<u>Full-time and part-time work</u>	7
14	<u>Sex differences</u>	9
16	<u>Children</u>	11
19	<u>Comparison with the New Earnings Survey</u>	13
20	Earnings of the self-employed	14
20	<u>Average earnings</u>	14
22	<u>Full-time and part-time work</u>	15
25	<u>Sex differences</u>	17
27	<u>Children</u>	19
29	EARNINGS PER HOUR	21
	Summary	
29	Introduction	21
33	Hourly earnings in current job	23
33	<u>Introduction</u>	23
35	<u>Hourly earnings of employees</u>	25
37	<u>Comparison with the New Earnings Survey</u>	27
38	<u>Hourly earnings of the self-employed</u>	28
40	Hourly earnings in last job	30
40	<u>Introduction</u>	30
42	<u>Hourly earnings of employees in last job</u>	32
44	<u>Hourly earnings of the self employd in last job</u>	34

<u>Paragraph</u>		<u>Page</u>
46	EARNINGS OF SPOUSE OR PARTNER	36
	Summary	
46	Introduction	36
48	Weekly earnings	37
51	INCOME FROM STATE BENEFITS	39
	Summary	
51	Introduction	39
55	Total family income from state benefits	41
55	<u>Sex differences</u>	41
56	<u>Marital status</u>	41
58	<u>Children</u>	43
60	Income from specific benefits	44
60	<u>Sex differences</u>	44
61	<u>Marital status</u>	46
62	<u>Children</u>	46
64	INCOME FROM OTHER REGULAR PAYMENTS	51
	Summary	
64	Introduction	51
67	Weekly income from other regular payments	53
67	<u>Sex differences</u>	53
68	<u>Marital status</u>	54
69	<u>Children</u>	55
70	Income from specific sources	56
70	<u>Sex differences</u>	56
72	<u>Marital status</u>	57
73	<u>Children</u>	58

<u>Paragraph</u>		<u>Page</u>
75	TOTAL FAMILY INCOME	60
	Summary	
75	Introduction	60
78	Average total family income	62
79	Family income of respondents who are employees	63
79	<u>Sex differences</u>	63
82	<u>Marital status</u>	64
85	<u>Children</u>	68
88	Family income of respondents who are self-employed	72
88	<u>Sex differences</u>	72
91	<u>Marital status</u>	73
94	<u>Children</u>	77
96	Comparison with the General Household Survey	81
98	RENT ALLOWANCE AND RATE REBATE	83
	Summary	
98	Introduction	83
100	Income from housing benefits	84
101	SAVINGS AND INVESTMENT	85
	Summary	
101	Introduction	85
105	Total value of savings and investment	87
105	<u>Sex differences</u>	87
106	<u>Marital status</u>	88
109	Value of specific savings and investments	90
109	<u>Sex differences</u>	90
112	<u>Marital status</u>	92
113	Form of ownership	94

<u>Paragraph</u>		<u>Page</u>
116	INHERITANCE OR GIFT OF £500 OR MORE	96
	Summary	
116	Introduction	96
121	Value of largest inheritance or gift	98
121	<u>Sex differences</u>	98
122	<u>Who received inheritance or gift</u>	99
123	<u>Marital status</u>	100
128	MEASURES OF EARNINGS AND INCOME FOR ANALYSIS OF NCDS4 DATA	103
	Summary	
128	Introduction	103
129	Income percentiles	103
131	Equivalent income	106

REFERENCES

APPENDICES:

- A Original DHSS specification and DOE and DE additions
- B Additional tabulations of earnings per hour and weekly family income
- C The derivation of recodes of money amounts used in the working paper

LIST OF TABLES

See also the note on Presentation of Tables.

TABLES INCLUDED IN THE TEXT.

<u>TABLE</u>	<u>Page</u>
Table 1. Proportion of those in work for whom details of usual earnings are available.	3
Table 2. Proportion of those in work with no regular income or usual earnings from work	4
Table 3. Usual earnings for employees	6
Table 4. Usual earnings of full-time and part-time employees.	8
Table 5. Usual earnings of female and male employees.	10
Table 6. Usual earnings of female and male employees and the presence of children.	12
Table 7. Average gross weekly earnings of employees - NCDS 4 and New Earnings Survey (1981) compared	13
Table 8. Usual earnings of the self-employed	14
Table 9. Usual earnings of the self-employed working full-time and part-time.	16
Table 10. Usual earnings of self-employed men and women.	18
Table 11. Usual earnings of self-employed men and women and the presence of children.	20

Earnings per hour.

<u>Table</u>		<u>Page</u>
Table 12.	Reporting of average hours of paid work in current main job	21
Table 13.	Reporting of average hours of paid work in last main job	22
Table 14.	Average hourly earnings in current main job.	23
Table 15.	Distribution of gross hourly earnings in current main job.	24
Table 16.	Distribution of net hourly earnings in current main job.	24
Table 17.	Average hourly earnings of male and female employees	25
Table 18.	Distribution of gross hourly earnings of male and female employees	26
Table 19.	Distribution of net hourly earnings of male and female employees	26
Table 20.	NCDS4 and New Earnings Survey (1981) average gross hourly earnings of employees compared	27
Table 21.	Average hourly earnings of self-employed males and females.	28
Table 22.	Distribution of gross hourly earnings for self-employed males and females.	29
Table 23.	Distribution of net hourly earnings for self-employed males and females	29
Table 24.	Average hourly earnings in last main job.	30
Table 25	Distribution of gross hourly earnings in last main job.	31
Table 26.	Distribution of net hourly earnings in last main job.	31

<u>Table.</u>	<u>Page</u>	
Table 27	Average hourly earnings of male and female employees in last job	32
Table 28.	Distribution of gross hourly earnings of male and female employees in last main job	33
Table 29.	Distribution of net hourly earnings of male and female employees in last main job	33
Table 30.	Average earnings of the self-employed in their last job.	34
Table 31.	Distribution of gross hourly earnings of males and females self-employed in last job	35
Table 32.	Distribution of net hourly earnings of males and females self-employed in last job	35
<u>Earnings of spouse or partner.</u>		
Table 33	Nature of reports of spouse or partners net earnings from main job	36
Table 34	Net earnings of spouse or partner in main job	37
Table 35	Net earnings of spouse or partner employed full-time or part-time	38
Table 36	Net earnings of spouse or partner self-employed full-time or part-time	38
<u>Income from state benefits.</u>		
Figure 1.	Benefit showcard	39
Table 37.	Receipt of state benefits	40
Table 38.	Total weekly income from benefits.	41
Table 39.	Average total weekly income from benefits and marital status.	42
Table 40.	Average total weekly income from benefits, marital status and children	43
Table 41.	Average weekly income from each type of benefit.	44
Table 42.	Average income from specific benefits and marital status	45

<u>Table</u>	<u>Page</u>
Table 43. Average income from specific benefits and children.	47
Table 44. Average income from specific benefits marital status, children and sex.	48
<u>Income from other regular payments.</u>	
Figure 2. Other regular payments showcard.	51
Table 45. Receipt of regular income other than earnings and state benefits.	52
Table 46. Average total income from other regular payments.	53
Table 47. Average total income from other regular payments and marital status.	54
Table 48. Average total income from other regular payments, marital status and children.	55
Table 49. Average income from different sources of regular payment	56
Table 50. Average from different sources of regular payment, sex and marital status	57
Table 51. Average income from different sources of regular payment and children.	58.
Table 52. Children, marital status and average income from different sources of regular payment	59.
<u>Total family income.</u>	
Figure 3. Derivation of estimates of gross and net family income.	61
Table 53. Estimated family income for respondents working at the time of the survey.	62
Table 54. Sex differences in family income for respondents who are employees	63
Table 55. Percentage distribution of estimated family income for men and women employees	64

<u>Table</u>		<u>Page</u>
Table 56.	Marital status and estimated family income.	65
Table 57.	Marital status and estimated family income.	65
Table 58	Percentage distribution of estimated gross family income for marital status groups for male and female employees.	66
Table 59.	Percentage distribution of estimated net family income for marital status groups for male and female employees.	67
Table 60.	Marital status, children and average estimated family income.	68
Table 61.	Marital status, children and average estimated income for male and female employees.	69
Table 62.	Percentage distribution of estimated gross family income by sex and marital status for those with and without children.	70
Table 63.	Percentage distribution of estimated net family income by sex and marital status for those with and without children.	71
Table 64.	Sex differences in family income for respondents who are self-employed.	72
Table 65.	Percentage distribution of estimated family income for self-employed men and women.	73
Table 66.	Marital status and estimated family income of the self-employed.	74
Table 67.	Marital status and estimated family income for self-employed men and women.	74
Table 68.	Percentage distribution of estimated gross family income for the self-employed by sex and marital status.	75
Table 69.	Percentage distribution of estimated net family income for the self-employed by sex and marital status.	76

<u>Table</u>		<u>Page</u>
Table 70.	Marital status, children and average estimated family income for the self-employed.	77
Table 71.	Marital status, children and average estimated, family income for self-employed men and women.	78
Table 72.	Percentage distribution of estimated gross family income for those with and without children by sex and marital status.	79
Table 73.	Percentage distribution of estimated net family income for those with and without children by sex and marital status.	80
Table 74.	NCDS4 and the General Household Survey (1981) - gross weekly family income and gross weekly household income compared.	81
 <u>Rent allowance and rate rebate.</u>		
Table 75.	Average rent allowance and rebate received by private tenants paying rent and rates separately	84
 <u>Savings and investments.</u>		
Figure 4.	Showcards for savings and investments	85
Table 76	Prevalence of saving and investment.	86
Table 77.	Average total value of savings and investments.	87
Table 78.	Marital status and average total value of savings and investments for savers and investors.	88
Table 79.	Marital status and average total value of savings and investments for the total sample.	89
Table 80.	Average total amount held in each type of saving and investment.	91
Table 81.	Marital status and average total amount in each type of saving and investment.	92
Table 82.	Marital status and average total amount in each type of saving and investment for female and male respondents.	93

<u>Table</u>	<u>Page</u>
Table 83 Average total value of savings and investments and form of ownership	94
<u>Inheritance or gift of £500 or more.</u>	
Table 84. Receipt of inheritance or gift of £500 or more.	96.
Table 85. Who received largest inheritance or gift.	97
Table 86. Year largest inheritance or gift received.	98
Table 87 Average approximate value of largest inheritance or gift and sex of respondent.	99
Table 88. Average approximate value of largest inheritance or gift and identify of recipient.	99
Table 89. Average approximate value of largest inheritance or gift and marital status and sex of respondent	100
Table 90. Average approximate value of largest inheritance or gift, identify of recipient and marital status of respondent.	101
Table 91. Average approximate value of largest inheritance or gift, identify of recipient and sex and marital status of respondent.	102
<u>Measures of earnings and income for analysis of NCDS4 data.</u>	
Table 92. Percentage distribution of net weekly family income for male and female respondents in work.	104
Table 93. Percentage distribution of net weekly family income for employees and the self-employed.	104
Table 94. Percentage distribution of net weekly family income and marital status.	105
Table 95. Percentage distribution of net weekly family income and children.	105
Table 96. Equivalent income scales derived from Supplementary Benefit scale rates.	107

<u>Table</u>		<u>Page</u>
Table 97.	Average net weekly family income and average equivalent net weekly family income compared for marital status groups.	108
Table 98.	Average net weekly family income and average equivalent net weekly income compared for those with and without children.	109
Table 99.	Average net weekly family income and average equivalent net family income compared for male and female respondents.	109
Table 100.	Average net weekly family income and average equivalent net weekly family income compared for employee and self-employed respondents.	110
Table 101.	Percentage distribution of equivalent net weekly family income and marital status.	110
Table 102.	Percentage distribution of equivalent net weekly family income and children	111
Table 103.	Percentage distribution of equivalent net weekly family income for male and female respondents in work.	111
Table 104.	Percentage distribution of equivalent net weekly family income for employees and the self-employed.	112

TABLES INCLUDED IN THE APPENDICES.

Appendix B. Additional tabulations of earnings for hour and weekly family income.

Distribution of hourly earnings.

Version 1.

Table.

- Table 1. Percentage distribution of gross hourly earnings in current main job - version 1.
- Table 2. Percentage distribution of net hourly earnings in current main job - version 1.
- Table 3. Percentage distribution of gross hourly earnings of male and female employees - version 1.
- Table 4. Percentage distribution of net hourly earnings of male and female employees - version 1.
- Table 5. Percentage distribution of gross hourly earnings for self-employed males and females - version 1.
- Table 6. Percentage distribution of net hourly earnings for self-employed males and females - version 1.
- Table 7. Percentage distribution of gross hourly earnings in last main job - version 1.
- Table 8. Percentage distribution of net hourly earnings in last main job - version 1.
- Table 9. Percentage distribution of gross hourly earnings of male and female employees in last main job - version 1.
- Table 10. Percentage distribution of net hourly earnings of male and female employees in last main job - version 1.
- Table 11. Percentage distribution of gross hourly earnings of males and females self-employed in last job - version 1.

Table

Table 12. Percentage distribution of net hourly earnings of males and females self-employed in last job - version 1.

Version 2.

Table 13. Percentage distribution of gross hourly earnings of those in work - version 2.

Table 14. Percentage distribution of net hourly earnings of those in work - version 2.

Table 15. Percentage distribution of gross hourly earnings of employees - version 2.

Table 16. Percentage distribution of net hourly earnings of employees - version 2.

Table 17. Percentage distribution of gross hourly earnings of the self-employed - version 2.

Table 18. Percentage distribution of net hourly earnings of the self-employed - version 2.

Table 19. Percentage distribution of gross hourly earnings in last job - version 2.

Table 20. Percentage distribution of net hourly earnings in last job - version 2.

Table 21. Percentage distribution of gross hourly earnings in last job for employees - version 2.

Table 22. Percentage distribution of net hourly earnings in last job for employees - version 2.

Table 23. Percentage distribution of gross hourly earnings in last job for the self-employed - version 2.

Table 24. Percentage distribution of net hourly earnings in last job for the self-employed - version 2.

Version 3.

Table 25. Percentage distribution of the gross hourly earnings of all those in work - version 3.

Table 26. Percentage distribution of the net hourly earnings of all those in work - version 3.

Table.

- Table 27. Percentage distribution of the gross hourly earnings of employees - version 3.
- Table 28. Percentage distribution of the net hourly earnings of employees - version 3.
- Table 29. Percentage distribution of the gross hourly earnings of the self-employed - version 3.
- Table 30. Percentage distribution of the net hourly earnings of the self-employed - version 3.
- Table 31. Percentage distribution of gross hourly earnings in last job - version 3.
- Table 32. Percentage distribution of net hourly earnings in last job - version 3.
- Table 33. Percentage distribution of gross hourly earnings in last job for employees - version 3.
- Table 34. Percentage distribution of net hourly earnings in last job for employees - version 3.
- Table 35. Percentage distribution of gross hourly earnings in last job for the self-employed - version 3.
- Table 36. Percentage distribution of net hourly earnings in last job for the self-employed - version 3.

Version 4.

- Table 37. Percentage distribution of the gross hourly earnings of all those in work - version 4.
- Table 38. Percentage distribution of the net hourly earnings of all those in work - version 4.
- Table 39. Percentage distribution of the gross hourly earnings of employees - version 4.
- Table 40. Percentage distribution of the net hourly earnings of employees - version 4.
- Table 41. Percentage distribution of the gross hourly earnings of the self-employed - version 4.

Table.

- Table 42. Percentage distribution of the net hourly earnings of the self-employed - version 4.
- Table 43. Percentage distribution of gross hourly earnings in last job - version 4.
- Table 44. Percentage distribution of net hourly earnings in last job - version 4.
- Table 45. Percentage distribution of gross hourly earnings in last job for employees - version 4.
- Table 46. Percentage distribution of net hourly earnings in last job for employees - version 4
- Table 47. Percentage distribution of gross hourly earnings in last job for the self-employed - version 4.
- Table 48. Percentage distribution of net hourly earnings in last job for the self-employed - version 4.

Distribution of weekly family income by GHS categories.

Employees.

- Table 49. Percentage distribution of weekly family income for employees by sex - GHS categories.
- Table 50. Percentage distribution of gross weekly family income for employees by marital status - GHS categories.
- Table 51. Percentage distribution of gross weekly family income for female employees by marital status - GHS categories.
- Table 52. Percentage distribution of gross weekly family income for male employees by marital status - GHS categories.
- Table 53. Percentage distribution of net weekly family income for employees by marital status - GHS categories.
- Table 54. Percentage distribution of net weekly family income for female employees by marital status - GHS categories.
- Table 55. Percentage distribution of net weekly family income for male employees by marital status - GHS categories.

Table.

- Table 56. Percentage distribution of gross weekly family income for employees by marital status and children - GHS categories.
- Table 57. Percentage distribution of gross weekly family income for female employees by marital status and children - GHS categories.
- Table 58. Percentage distribution of gross weekly family income for male employees by marital status and children - GHS categories.
- Table 59. Percentage distribution of net weekly family income for employees by marital status and children - GHS categories.
- Table 60. Percentage distribution of net weekly family income for female employees by marital status and children - GHS categories.
- Table 61. Percentage distribution of net weekly family income for male employees by marital status and children - GHS categories.

Self-employed.

- Table 62. Percentage distribution of weekly family income for the self-employed by sex - GHS categories.
- Table 63. Percentage distribution of gross weekly family income for the self-employed by marital status - GHS categories.
- Table 64. Percentage distribution of gross weekly family income for the female self-employed by marital status - GHS categories.
- Table 65. Percentage distribution of gross weekly family income for the male self-employed by marital status - GHS categories.
- Table 66. Percentage distribution of net weekly family income for the self-employed by marital status - GHS categories.
- Table 67. Percentage distribution of net weekly family income for the female self-employed by marital status - GHS categories.

Table.

- Table 68. Percentage distribution of net weekly family income for the male self-employed by marital status - GHS categories.
- Table 69. Percentage distribution of gross weekly family income for the self-employed by marital status and children - GHS categories.
- Table 70. Percentage distribution of gross weekly family income for the female self-employed by marital status and children - GHS categories.
- Table 71. Percentage distribution of gross weekly family income for the male self-employed by marital status and children - GHS categories.
- Table 72. Percentage distribution of net weekly family income for the self-employed by marital status and children - GHS categories.
- Table 73. Percentage distribution of net weekly family income for the female self-employed by marital status and children - GHS categories.
- Table 74. Percentage distribution of net weekly family income for the male self-employed by marital status and children - GHS categories.
- Table 75. NCDS4 and General Household Survey (1981) - percentage distribution of gross weekly family income and gross weekly household income compared.

Appendix C. The derivation of recodes of money amounts used in the working paper.

- Table 1. Variables used in the derivation of basic weekly earnings recodes.
- Table 2. The derivation of earnings per hour recodes
- Table 3. The categorisation of earnings per hour.
- Table 4. Variables used in the derivation of basic weekly benefit income recodes.
- Table 5. Identification of type of benefit.
- Table 6. Variables used in the derivation of basic regular payments recodes.
- Table 7. Identification of type of other regular payment.
- Table 8. Variables used in the derivation of saving and investment recodes.
- Table 9. Identification of type of saving or investment.
- Table 10. Identification of holder of saving or investment.
- Table 11. Derivation of equivalent income scales from Supplementary Benefit scale rates.
- Table 12. Variables used to determine family size and composition.

A NOTE ON PRESENTATION OF TABLES.

For the main, the figures reported in the tables are averages (arithmetic means) or percentages.

Averages have been rounded to two decimal places in tables reporting earnings and income and to the nearest whole number in tables reporting savings and investment and inheritance and gifts. The sample on which an average is based is indicated in brackets beneath unless stated otherwise. Averages are reported regardless of sample size.

Percentages are rounded to the nearest whole number. Values 0.5 to 0.9 are shown as 1 per cent. Where the percentage value is less than 1, the number of individuals within the cell is reported in brackets. Percentages are not reported when the bases is less than 20, again the number of individuals within each cell is reported in brackets.

Empty cells in tables of averages or percentages are in all cases indicated by the symbol "-".

Summary

SUMMARY.

This Working Paper provides a preliminary account of some of the main features of the financial circumstances of the NCDS cohort at age 23. Earnings of both respondent and spouse or partner, income from state benefits, regular income from other sources, estimates of total income, income from housing benefits and the value of savings and investment as well as inheritances and gifts are considered in turn. Brief consideration is also given to measures of earnings and income for general use in future analysis.

Weekly Earnings of respondent.

The weekly earnings of employees in their main job averaged £99 gross (£72 net) whilst those who have regular earnings from a subsidiary job or jobs earn £26 per week gross (£19 net) from this source. However, as few have earnings from work other than their main job, total weekly earnings from all jobs (£100 gross; £73 per week net) are similar to earnings in main job. Not surprisingly, those working full-time in their main job earn more on average (£100 per week gross; £73 per week net) than those working part-time (£54 per week gross; £41 per week net). Earnings from subsidiary jobs average £31 per week gross (£21 per week net) for those employed full-time in their main job and £26 per week gross (£19 per week net) for those employed part-time. As expected, the average earnings of women in their main job (£82 per week gross; £60 per week net) are less than those of men (£113 per week gross; £82 per week net). Average earnings of women from subsidiary jobs (£20 per week gross; £15 per week net) are also less than those of men (£32 per week gross; £23 per week net). Amongst women employees, average earnings from main job differ according to parental status. For those women with children in their care, average earnings in main job (£51 per week gross; £41 per week net) are less than those of women without children (£86 per week gross; £62 per week net). For men such differences are small and tend to favour those with children. Similarly, differences in average earnings from subsidiary jobs for those with and without children are small.

The weekly earnings of those self-employed in their main job are higher on average than those of employees (£122 gross; £94 net). The very few who have a regular income from a subsidiary job or jobs average £32 gross from this source. Average weekly earnings from all jobs are similar to those from main job (£121 gross; £93 net). Those working full-time in their main job earn more on average (£126 per week gross; £96 per week net) than those working part-time (£73 per week gross; £58 per week net). Earnings from subsidiary jobs average £32 per week net for those self-employed working full-time in their main job and £29 per week net for those working part-time. Again, as expected, average earnings of self-employed women in their main job (£73 per week gross; £62 per week net) are less than those of men (£136 per week gross; £102 per week net). Similar sex difference also occurs for earnings from subsidiary jobs - women average £16 per week net and men £39 per week net.

Earnings of the self-employed differ according to parental status. Among women with children, average earnings from main job (£38 gross per week; £41 per week net) are less than those for women without children (£83 per week gross; £68 per week net). For self-employed men, however, average earnings from main job (£165 per week gross; £127 per week net) are higher than those for men without children (£128 per week gross; £95 per week net). Weekly earnings in subsidiary jobs show the same pattern of variation although figures are based on a small number of individuals.

Hourly earnings of respondent.

Earnings in current job average 251 pence gross (183 pence net). They are slightly higher for the self-employed (277 pence gross; 216 pence net) than for employees (251 pence gross; 182 pence net). Amongst employees, hourly earnings are higher for male employees (269 pence gross; 194 pence net) than for female employees (229 pence gross; 168 pence net). Similarly, for the self-employed average hourly earnings of men (228 pence gross; 220 pence net) are higher than those of women (235 pence gross; 201 pence net).

For those not in work, last job may have ended in 1974 or in 1981, hourly earnings in last job average 166 pence gross (127 pence net) Again they are higher for the self-employed (287 pence gross; 234 pence net) than for employees (164 pence gross; 126 pence net). For employees average hourly earnings in last job are higher than men (203 pence gross; 152 pence net) than for women (147 pence gross; 115 pence net). Among the self-employed average hourly earnings are higher for men (346 pence gross; 269 pence net) than for women (119 pence gross; 116 pence net)

Earnings of spouse or partner.

Weekly net earnings of spouse or partner average £82. They are higher where the spouse or partner is self-employed (£117 per week net) than where they are employees (£80 pe week). Among the employees, average earnings are higher for men (£93 per week) than for women (£55 per week) and higher for those employed full-time (£83 per week) than for those employed part-time (£30 per week). Similar differences are found for the self-employed - men receiving on average (£120 per week net) than women (£48 per week net) and those working full-time (£119 per week) earning more than those working part-time (£31 per week).

Income from state benefits.

Total weekly income from state benefits averages just over £20 for both men and women. It is lowest for those who are married (£18 per week) and highest for those whose marriage has ended in separation, divorce or widowhood (£36 per week). Overall, average total income from state benefits is lowest for families with children (£19 per week) than for those with no children (£25 per week). However, for those with children who are not married or cohabiting - the single (£32 per week) and separated, divorced or widowed (£39 per week) - average without children - the single (£23 per week) and separated, divorced or widowed (£29 per week). Average total income from specific benefits tends to be higher for women, those married or cohabiting and those with children.

Income from other regular payments.

Total weekly income from other regular payments from outside the household (other than earnings and state benefits) averages just under £25, with women (£22) receiving slightly less than men (£28). It is lowest for those whose marriage has ended in separation, divorce or widowhood (£13 per week) and highest for the single (£28 per week). Total income from such sources is lower for families with children (£14 per week) than those without children (£29 per week). This does, however, vary according to marital status. For those with children whose marriage has ended in separation, divorce or widowhood, average total income from regular payments - cohabiting (£13 per week) and not married or cohabiting (£15 per week) - is greater than that for similar families without children - cohabiting (£9 per week) and not married or cohabiting (£6 per week).

Average total income from specific sources varies with sex and marital and parental status according to the nature of the source.

Total family income.

Total family income of respondent and any spouse or partner averages £125 per week gross (£100 per week net). Differences between the families of respondents who are employees (£126 per week gross; £112 per week net) and those who are self-employed (£112 per week gross; £100 per week net) are only apparent for gross income.

Among those who are employees in their main job, there is comparatively little difference in average family income between women (£123 per week gross; £101 per week net) and men (£129 per week gross; £100 per week net). Family income does, however, vary with marital status being highest on average for those who are married (£153 per week gross; £129 per week net) or cohabiting (£154 per week gross; £129 per week net) and lowest for those respondents who are single (£101 per week gross; £73 per week net) or separated, divorced or widowed (£98 per week gross; £73 per week net). Overall, there is little difference between those families with children (£126 per week gross; £104 per week net) and those without (£126 per week gross; £99 per week net). However, for all marital status groups and for both sexes, income is greater on average for those families without children

Among those who are self-employed in their main job there is comparatively little difference in average family income between female respondents (£107 per week gross; £102 per week net) and male respondents (£224 per week gross; £99 per week net). Family income does, however, appear to vary with marital status being, once again, highest for those who are married (£114 per week gross; £115 per week net) and single and cohabiting (£135 per week gross; £120 per week net). Overall there is little difference between families with children and families without children, although for all marital status groups and for both sexes income is greater on average for those families without children

Housing benefits.

Only nine individuals provided information concerning amount of rent allowance or rate rebate. The average payment was just under £5 per week.

Savings and investments.

For those families with savings or investments, the average total value of all such holdings is £1468 (£1083 averaged over all respondents). The average for men (£1579) is over £200 greater than that for women (£1355). Among male respondents, the average total holding is greatest for the separated, divorced or widowed who are not cohabiting (£2126) and the cohabiting-single (£1904). It is least for the separated, divorced or widowed who are cohabiting (£1118) and the married (£1155). For female respondents it is greatest for the cohabiting-single (£2123) and the cohabiting-separated, divorced or widowed (£2116), and least for the married (£1183).

Among the savings identified by respondents, average savings are greatest with Building Societies (£761) and least for Premium Bonds (£39). Averages are higher for investments and highest for property (£17,605). The average total value of savings and investment is least for those held jointly with a spouse or partner (£916) and greatest for those held by the respondent jointly with someone other than a spouse or partner. There are, however, some marked sex differences.

Inheritance or gift of £500 or more.

Estimated value of the largest inheritance or gift received by the respondent or spouse or partner averages £2669. The average for male respondents (£2909) is higher than that for female respondents (£2464). Among the latter, the average is greatest for those inheritances and gifts received by the husbands of the married (£6664). Among male respondents, it is greatest for those received by the respondents who are single and cohabiting (£5708).

Other measures of earnings and income.

Various tabulations of the quintile distribution show net weekly family income to be concentrated at the extremes of the distribution for female respondents and in the middle quintiles for men; relatively evenly distributed for employees and concentrated at the extremes for the self-employed; concentrated in the lower quintiles for those not married or cohabiting and in the upper quintiles for those who are married or cohabiting; and concentrated in the middle quintiles for those with children and at the extremes of the distribution for those without children.

An alternative measure of income is presented. Equivalent net income is a proxy measured standard of living. It is based on an adjustment of net family income to allow for variation in family size and composition. The effects are to adjust upward the low income of single adult families, because of their relatively low requirements, and lower the higher incomes of married and cohabiting couples and those with children because of their relatively high need

Appendix C.

The derivation of recodes of money amounts
used in the working paper.

CONTENTS

	<u>Page</u>
<u>Introduction</u>	1
<u>The Recodes</u>	2
Earnings	2
Earnings per hour	3
State benefits	5
Other regular payments	7
Family income	9
Rent allowance or rate rebate	10
Savings and investment	11
Measures of income and earnings	14

Appendix C.- The derivation of recodes of money amounts used in the working paper.

Introduction.

1. The derivation of 95 money amount recodes (derived variables) used in this working paper are reported in this appendix. They are a subset of a larger number of recodes of NCDS4 financial data which have been developed. They relate to earnings and income, including income from state benefits and other regular payments, housing benefits, savings and investment and inheritance and gifts. Recodes relating to earnings in first job, the value of business assets, home purchase price, mortgage and rents have not been used and details are not reported here.
2. All recodes are derived from questionnaire variables (items included on the NCDS4 questionnaires) which have been taken from the NCDS data base. Recodes are identified below by the mnemonic used during their development and questionnaire variables by their data base name*. All recodes and questionnaire variables named below have been included on a separate SPSS file.

* Each NCDS4 questionnaire variable is identified on the NCDS data base by a name derived with reference to the appropriate punched card number (shown on the top right of each page of the questionnaire) and the card column position (shown to the right of each question) as follows:

Name = N(4000+ (punched card number x 100) + card column position)

For example, Q1, page 2 (number of jobs) is allocated to punched card number 1 in column position 44. The data base variable name was obtained as follows.

$$\begin{aligned} & N (4000 + (1 \times 100) + 44) \\ = & N (4000 + 100 + 44) \\ = & \underline{N4144} \end{aligned}$$

Where a questionnaire variable is allocated more than one column the variable name is derived with reference to the first column position only. For example, question 17(a) page 8 (usual net pay in current job) was allocated columns 62-66 on punched card number 2 and has a data base variable name of N4262 - derived as follows: $N (4000 + (2 \times 100) + 62)$

The recodes.

3. The recodes are described below in an order which, when possible, follows that of the main text of the Working Paper.

Earnings.

- (1) N4269PW. Current job - gross pay per week
- (2) N4262PW Current job - net pay per week
- (3) N4341PW 2nd job - net pay per week
- (4) N5164PW Partner's net pay per week
- (5) N4371PW Last job - gross pay per week
- (6) N4364PW Last job - net pay per week

Following the rationalisation of missing values and period data to give a common set of codes these basic earnings recodes were derived by combining amount and period variables. Details of the source variables are given in Table 1.

TABLE 1. Variables used in the derivation of basic weekly earnings recodes.

<u>Recode</u>	<u>Questionnaire variables</u>		
	<u>Amount</u>	<u>Period</u>	<u>Missing data</u>
N4262PW	N4262	N4267	N4268
N4269PW	N4269	N4274	N4275
N4341PW	N4341	N4345	N4346
N4364PW	N4364	N4369	N4370
N4371PW	N4371	N4376	N4377
N5164PW	N5164	N5169	N5164

- (7) N4341PWG. Estimated gross earnings per week in 2nd job

$$N4341PWG = N4341PW / (N4262PW / N4269PW)$$
- (8) EARNINGSN Net earnings per week from all jobs

$$EARNINGSN = N4262PW + N4341PW$$
- (9) EARNINGSG Gross earnings per week from all jobs

$$EARNINGSG = N4269PW + N4341PW.$$
- (10) ESTGE1 Estimated gross earnings from all jobs

$$ESTGE1 = N4269PW + N4341PWG$$

Earnings per hour

- (11) N4269PH Gross hourly earnings in current main job
- (12) N4262PH Net hourly earnings in current main job
- (13) N4371PH Gross hourly earnings in last main job
- (14) N4364PH Net hourly earnings in last main job

These recodes of hourly earnings in current and last main job were derived by combining the weekly earnings variable and weekly hours variables shown in Table 2.

TABLE 2. The derivation of earnings per hour recodes.

	(a) <u>Weekly earnings.</u>	(b) <u>Weekly hours</u>	(a)/(b) <u>Hourly earnings.</u>
<u>Current main job*</u>			
Gross	N4269PW	N4331	N4269PH
Net	N4262PW	N4331	N4262PH
<u>Last main job **</u>			
Gross	N4371PW	N4421	N4371PH
Net	N4364PW	N4421	N4364PH

* All those currently in work

** All those who are not in work but have worked.

- (15) N4269PH1 Grouped gross hourly earnings in current main job - Version 1.
- (16) N4262PH1 Grouped net hourly earnings in current main job - Version 1.
- (17) N4371PH1 Grouped gross hourly earnings in last main job - Version 1
- (18) N4364PH1 Grouped net hourly earnings in last main job - Version 1.
- (19) N4269PH2 Grouped gross hourly earnings in current main job - Version 2.
- (20) N4262PH2 Grouped net hourly earnings in current main job - Version 2.
- (21) N4371PH2 Grouped gross hourly earnings in last main job - Version 2.
- (22) N4364PH2 Grouped net hourly earnings in last main job - Version 2.

- (23) N4269PH3 Grouped gross hourly earnings in current main job - Version 3.
- (24) N4262PH3 Grouped net hourly earnings in current main job - Version 3.
- (25) N4371PH3 Grouped gross hourly earnings in last main job - Version 3.
- (26) N4364PH3 Grouped net hourly earnings in last main job - Version 3.
- (27) N4269PH4 Grouped gross hourly earnings in current main job - Version 4.
- (28) N4262PH4 Grouped net hourly earnings in current main job - Version 4.
- (29) N4371PH4 Grouped gross hourly earnings in last main job - Version 4.
- (30) N4364PH4 Grouped net hourly earnings in last main job - Version 4.

Details of the source variables and the categories used are to be found in Table 3.

TABLE 3. The categorisation of earnings per hour.

	<u>Source</u>	<u>Version 1*</u>	<u>Version 2</u>	<u>Version 3</u>	<u>Version 4</u>
<u>Current main job.</u>					
Gross	N4269PH	N4269PH1	N4269PH2	N4269PH3	N4269PH4
Net	N4262PH	N4262PH1	N4262PH2	N4262PH3	N4262PH4
<u>Last main job.</u>					
Gross	N4371PH	N4371PH1	N4371PH2	N4371PH3	N4371PH4
Net	N4364PH	N4364PH1	N4364PH2	N4364PH3	N4364PH4

	pence	pence	pence	pence
* Categories =	<120	<120	<120	<120
	120-139	120-139	120-159	120-159
	140-149	140-149	160-209	160-259
	150-159	150-159	210-259	260-499
	160-179	160-189	260-339	500 or more
	180-199	190-219	340-499	
	200-219	220-259	500 or more	
	220-239	260-299		
	240-259	300-359		
	260-299	360-499		
	300-339	500-699		
	340-399	700 or more		
	400-499			
	500-599			
	600-699			
	700 or more			

State benefits.

- (31) N5516PW 1st benefit - amount per week
- (32) N5523PW 2nd benefit - amount per week
- (33) N5530PW 3rd benefit - amount per week
- (34) N5537PW 4th benefit - amount per week
- (35) N5544PW 5th benefit - amount per week

These basic benefit recodes were derived by combining amount and period data - again following rationalisation of period and missing value codes. Source variables are given in Table 4.

Table 4. Variables used in the derivation of basic weekly benefit income recodes.

Questionnaire variables.			
<u>Recode</u>	<u>Amount /Missing.</u>	<u>Period.</u>	<u>Type.</u>
N5516PW	N5516	N5519	N5514
N5523PW	N5523	N5526	N5521
N5530PW	N5530	N5533	N5528
N5537PW	N5537	N5540	N5535
N5544PW	N5544	N5547	N5542

- (36) BENINCPW Total weekly income from benefits

$$\text{BENINCPW} = \text{N5516PW} + \text{N5523PW} + \text{N5530PW} + \text{N5537PW} + \text{N5544PW}$$
- (37) UNEMPB Unemployment benefit per week
- (38) SUPPB Supplementary benefit per week
- (39) UNSUPPB Combined unemployment and supplementary benefit per week
- (40) SICKB Sickness benefit per week
- (41) DISAB Invalidity benefit, etc. per week
- (42) FIS Family Income Supplement per week
- (43) CHILDB Child benefit per week
- (44) ONEPB One parent benefit per week
- (45) MATA Maternity allowance per week
- (46) OTHERB Other state benefit per week.

For each respondent weekly family income from each of the benefits identified above was derived by summing value of "recode" in Table 4 for all appropriate values of "type" - see Table 5

TABLE 5. Identification of type of benefit.

<u>Recode</u>	<u>Value of "type" in Table 4.</u>
UNEMPB	1
SUPPB	2
UNSPPB	3
SICKB	4
DISABEN	5, 6, 7, 8 or 9.
FIS	10
CHILDB	11
ONEPB	12
MATA	13
OTHERB	14

Other regular payments.

- (47) N5552PW 1st other payment - amount per week.
- (48) N5559PW 2nd other payment - amount per week
- (49) N5566PW 3rd other payment - amount per week
- (50) N5573PW 4th other payment - amount per week

These basic other income recodes were derived by combining amount and period data following rationalisation of period and missing data codes. Source variables are given in Table 6.

TABLE 6. Variables used in the derivation of basic other regular income recodes.

<u>Recode</u>	<u>Amount/Missing</u>	<u>Questionnaire variables.</u>	
		<u>Period</u>	<u>Type</u>
N5552PW	N5552	N5555	N5550
N5559PW	N5559	N5562	N5557
N5566PW	N5566	N5569	N5564
N5573PW	N5573	N5576	N5571

- (51) OTHINCPW Total weekly income from other sources
OTHINCPW = N5552PW + N5559PW + N5566PW + N5573PW
- (52) EDGRANT Educational grant, etc. per week
- (53) MAN Maintenance, etc. per week
- (54) CASH Cash help from parents per week
- (55) OTHERS Other regular income per week

For each respondent weekly family income from each of the other sources identified above was derived by summing the value of "recode" in Table 6 for all appropriate values of "type" - see Table 7.

TABLE 7. Identification of type of other regular payment.

<u>Recode.</u>	<u>"Value of "type" in Table 6.</u>
EDGRANT	1
MAIN	4
CASH	5
OTHERS:	2, 3, 6, 7, 8, 9 or 10

Family income.

- (56) FAMGRS Gross family income per week
FAMGRS = N4269PW + N4341PW + N5164PW + BENINCPW
+ OTHINCPW
- (57) FAMGRS1 Gross family income in "DHSS" categories FAMGRS1
FAMGRS grouped as follows £50 or less; £51-£75;
£76-£100; £101-£125; £126-£150; £151-£200;
£201-£300; £300 or more.
- (58) FAMGRSR Gross family income in GHS categories FAMGRSR =
FAMGRS grouped as follows: £25.00 or less; £25.01-£30.00;
£30.01-£40.00; £40.01-£50.00; £50.01-£60.00;
£60.01-£70.00; £70.01-£80.00; £80.01-£100.00;
£100.01-£120.00; £120.01-£140.00; £140.01-£160.00;
£160.01-180.00; £180.01-£200.00; £200.01-£250.00;
£250.01 or more.
- (59) FAMNET Net family income per week
FAMNET = N4262PW + N4341PW + N5164PW +
BENINCPW + OTHINCPW
- (60) FAMNET1 Net family income in "DHSS" categories
FAMNET1 = FAMNET grouped as FAMGRS1
- (61) FAMNETR Net family income in GHS categories
FAMNETR = FAMNET grouped as FAMGRSR

Rent allowance or rate rebate.

(62) N5431PW Private tenant - rent allowance or rate
rebate per week.
N5431PW = combination of amount (N5431) and
period (N5434) variables.

Savings and investment.

- (63) N5617P 1st saving or investment - amount
- (64) N5625P 2nd saving or investment - amount
- (65) N5633P 3rd saving or investment - amount
- (66) N5641P 4th saving or investment - amount
- (67) N5649P 5th saving or investment - amount
- (68) N5657P 6th saving or investment - amount
- (69) N5665P 7th saving or investment - amount
- (70) N5673P 8th saving or investment - amount
- (71) N5715P 9th saving or investment - amount
- (72) N5723P 10th saving or investment - amount

These simple recodes of the questionnaire variables were the result of rationalisation of missing values to give common codes for all money amounts. The source variables are shown in Table 8.

TABLE 8. Variables used in the derivation of saving and investment recodes.

<u>Recode</u>	<u>Amount/Missing</u>	<u>Type</u>	<u>Holder.</u>
N5617P	N5617	N5615	N5622
N5625P	N5625	N5623	N5630
N5633P	N5633	N5631	N5638
N5641P	N5641	N5639	N5646
N5649P	N5649	N5647	N5654
N5657P	N5657	N5655	N5662
N5665P	N5665	N5663	N5670
N5673P	N5673	N5671	N5678
N5715P	N5715	N5713	N5720
N5723P	N5723	N5721	N5728

(73) SAVINV Total value of savings and investments
 SAVINV = N5617P + N5625P + N5633P + N5641P
 + N5649P + N5657P + N5665P + N5673P + N5715P
 + N5723P.

(74) BUILDS	Money in Building Society
(75) NATS	Money in National Savings Certificates
(76) POSB	Money in Post Office Savings Bank
(77) BDEP	Money in Bank deposit account
(78) TSB	Money in Trustee Savings Bank
(79) SAYE	Money in Save-As-You-Earn scheme
(80) PREMB	Money in Premium Bonds
(81) OTHSAV	Money in other forms of saving.
(82) SHARES	Money in Company Stocks and Shares
(83) UNITS	Money in Unit Trusts
(84) GOVTS	Money in Government Stocks and Securities
(85) LABS	Money in Local Authority Bonds and Securities
(86) PROP	Money in Property
(87) OTHINV	Money in other investments

For each respondent the values of total holdings for each type of saving or investment was derived by summing the value of the amount "recode" in Table 8 for all appropriate values of "type"- see Table 9.

(88) RESP	Total value of savings and investment held by respondent alone
(89) SPOUSE	Total value of savings and investments held by spouse or partner alone
(90) JOINT	Total value of savings and investments held by respondent and spouse or partner jointly
(91) ROTHER	Total value of savings and investments held by respondent and another (not spouse or partner) jointly.
(92) SPOTHER	Total value of savings and investments held by spouse or partner and another (not respondent) jointly.

The value of the total individual and joint holdings of respondent and spouse or partner were derived by summing the value of the amount "recode" in Table 8 for all appropriate values of "holder" - see Table 10.

TABLE 9. Identification of Type of saving or investment.

<u>Recode.</u>	<u>Value of "type" in Table 8.</u>
BUILDS	11
NATS	12
POSB	13
BDEP	14
TSB	15
SAYE	16
PREMB	17
OTHSAV	18
SHARES	21
UNITS	22
GOVTS	23
LABS	24
PROP	25
OTHINV	26

TABLE 10. Identification of holder of saving or investment.

<u>Recode.</u>	<u>Value of "holder" in Table 8.</u>
RESP	1
SPOUSE	2
JOINT	3
ROTHER	4
SPOTHER	5

Measures of income and earnings.

(93) NOT ON SPSS FILE. Quantile distribution of net family income = FAMNET grouped after examination of the cumulative frequency distribution, as follows:
 £59.00 or less; £59.01-£75.00; £75.01-£100.00;
 £100.01-£140.75; £140.75 or more

(94) FEQN Equivalent net family income per week

where:

FAMNET = Net family income per week (see above)
 EQUIV = Family income equivalence scale - the sum of income equivalence + scores awarded to each member of the respondent's immediate family (i.e. respondent, spouse or partner and/or any dependent children). The scores reflect how the needs (costs) of family members differ according to status and age. They were derived from an income equivalence scale based on Supplementary Benefit scale rates. Details of this are given in Table 11.

TABLE 11. Derivation of equivalent income scales from Supplementary Benefit scale rates.

<u>Supplementary Benefit household type:</u>	<u>Supplementary Benefit basic rate (23/11/81)</u>	<u>Implicit equivalence scale</u>	<u>NCDS4 family type</u>
Husband and wife	37.75	100	Husband and wife or cohabiting couple.
Single householder	23.25	0.62	Single householder
Non-householder			Non-householder
18 or over	18.60	0.49	22 or over
16-17	14.30	0.38	17-21
11-15	11.90	0.32	11-16
0-10	7.90	0.21	0-10

Information on family membership, age and status was derived from the variables listed in Table 12.

TABLE 12. Variables used to determine family size and composition.

<u>Variable</u>	<u>Values</u>	<u>Information</u>
N5113	1 - 5	Marital status
N5116	1, 2)	Cohabiting status
N5129	1,2)	
N5331	1 - 6	Householder status
N5036, N5039)		Dependent children
)		
N5042, N5045)		
)		
N5048, N5051)	2 - 4	
)		
N5054, N5057)		
)		
N5060, N5063)		
)		
N5038, N5041)		Age of family member
)		
N5044, N5047)		
)		
N5050, N5053)	1 - 8	
)		
N5056, N5059)		
)		
N5062, N5065)		
)		

(95) NOT ON SPSS FILE
 Quantile distribution of equivalent net family income = FEQN grouped, after examination of the cumulative frequency distribution, as follows:
 £90.04 or less; £90.05-£118.37; £118.38-£141.20;
 £141.21-£167.35; £167.36 or more