WHY TAXATION OF WEALTH IS A FEMINIST ISSUE
A GENDERED ANALYSIS OF WEALTH IN GREAT BRITAIN

wbg
WOMEN’S BUDGET GROUP
Key findings

- Men have on average £92,762 more in total wealth than women, a gap of 35%.
- Among 25 to 34, the average gender wealth gap is negligible. Within the ages of 35 to 44, it is 28%. After age 45, the average gender wealth gap starts growing significantly. By age 64, the average gender wealth gap is 42%.
- For men, the primary source of wealth is their private pension, which is theirs alone. In contrast, for women over 50% of their wealth comes from property and physical wealth (household possessions and vehicles), which is shared with other household members.
- Men have an average private pension wealth of £83,879 more than women, a gap of 90%.
- Men hold nearly three times the value of UK shares that women do.
- Taxes and public spending are important ways to redistribute resources and reduce gender inequalities. We must reform our tax system to make it more progressive: those with more should contribute more.
- As men hold more wealth than women, taxation of wealth would immediately reduce wealth disparities by gender. It would help fund our public services, invest in social infrastructure, an essential element for a green and caring economy, and reduce gender inequalities.
  - A 2% annual wealth tax on people with £10 million in assets could raise £22 billion a year.
  - Equalising capital gains with income tax rates could raise up to £15.2 billion a year.

I. INTRODUCTION

When exploring the causes of economic inequality, much of the focus is on income (earning from employment, money received from pay, benefits, interest in savings, dividends from shares) rather than wealth (total assets owned by individuals or households). However, the unequal distribution of wealth has severe and long-lasting implications, particularly for women.

Wealth inequality hampers social mobility, perpetuates poverty cycles, and restricts access to quality education, healthcare, and other essential services. Moreover, wealth inequality concentrates resources among a small rich group, limiting social mobility opportunities for the majority, and with adverse impacts on the distribution of power and decision-making in society.

The World Inequality Report¹ shows a decline in wealth inequality during most of the 20th century in the UK. However, in the 1980s, this downward trend stopped, and wealth

inequality increased again. By 2021, the top 1% wealthiest individuals owned 21.3% of the total wealth in the UK.

Wealth inequality has increased more than income inequality. Wealth inequalities were exacerbated by the pandemic, with richer households being able to save more and benefitting from higher asset prices.\(^2\)

The ownership of wealth is highly gendered. The unequal distribution of unpaid care, combined with other structural inequalities in society, means that women have fewer opportunities to accumulate wealth. The ONS analysis of the Wealth and Assets Survey (WAS) covering Great Britain between April 2018 and March 2020 highlights that women held, on average, £101,000 less in wealth than men.\(^3\)

Wealth itself is not directly taxed in the UK, and capital gains and some income from wealth are taxed at a lower rate than income from employment. This under-taxation increases income and wealth inequality, reinforcing existing disparities and gender gaps. The Women’s Budget Group has argued for the taxation of wealth and of income from wealth as a feminist issue because it can help reduce the gender wealth gap and, at the same time, raise public revenue to strengthen our social infrastructure.

This report looks at how different types of wealth (such as property, physical wealth, financial, and private pension) are distributed between men and women across different household types and age groups. It draws on data from the Wealth and Assets Survey (WAS) between April 2018 and March 2020 (round 7), which covers England, Scotland and Wales.

The report presents data showing how wealth is unevenly distributed by gender, with wealth gaps growing as men and women age. It makes a strong case for why taxation of wealth is necessary to reduce gender inequalities and increase public revenue to strengthen our social infrastructure.

The WAS presents data at the personal level and at the household level. In both data sets there are variables that identify the total net wealth and its components: private pension, financial wealth, physical wealth and property wealth.

Pension wealth is always recorded at the personal level, so it only includes individual data.

Financial wealth captures the net value of assets and liabilities, including savings and current accounts (both shared and individual), ISAs, student loans and investments. Physical wealth represents the value of the household contents and possessions, including vehicles. Property wealth is the net value of the main property and any other properties owned.\(^4\)

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\(^2\) A. Advani, G. Bangham and J. Leslie (2021) The UK’s wealth distribution and characteristics of high-wealth households; Ahmed, Nabi; Marriott, Anna; Dabi, Naftkote; Lowthers, Megan; Lawson Max; Mugehera, Leah (2022) Inequality Kills: The unparalleled action needed to combat unprecedented inequality in the wake of COVID-19. Oxfam; Adrien Auclert, Matthew Rognlie, Ludwig Straub (2023) The Trickling Up of Excess Savings

\(^3\) ONS (2022) Distribution of individual total wealth by characteristic in Great Britain: April 2018 to March 2020

\(^4\) ONS (2022) Distribution of individual total wealth by characteristic in Great Britain: April 2018 to March 2020
Financial, physical and property wealth at the personal level include both individual wealth (owned by one person) and joint assets, assuming that the ownership is equally shared between the adults in the household. This is problematic because different household members may not, in practice, have equal access to or benefit from those joint assets. This needs to be considered when analysing the data.

Household wealth is calculated by aggregating household members’ private pension and financial wealth, plus the net value of the main property and its contents (physical assets) and the value of second properties (and its contents) that household members might own.

II. GENDER DIFFERENCES IN PERSONAL WEALTH

We first analyse the differences in personal wealth by gender, looking at the average total net wealth and its components and how it changes across age groups.

Table 1 shows a breakdown of average (mean) total wealth across different components of wealth for men and women. Men have an average total wealth of £362,247, while women have an average of £269,653, a gap of £92,594 (35%).

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average total wealth</td>
<td>£359,926</td>
<td>£267,164</td>
<td>-£92,762</td>
</tr>
<tr>
<td>Average private pension wealth</td>
<td>£176,031</td>
<td>£91,868</td>
<td>-£84,163</td>
</tr>
<tr>
<td>Average net financial wealth</td>
<td>£46,621</td>
<td>£32,322</td>
<td>-£14,299</td>
</tr>
<tr>
<td>Average physical wealth</td>
<td>£27,216</td>
<td>£27,931</td>
<td>£715</td>
</tr>
<tr>
<td>Average property wealth</td>
<td>£110,058</td>
<td>£115,043</td>
<td>£4,985</td>
</tr>
</tbody>
</table>

Notes: weighted mean of wealth at the personal level, using probability weights per household. The sample includes individuals aged 20 years and older. *** represents that the difference is statistically significant at 99% level of confidence. The difference for physical and property wealth is not statistically different from zero.


Further analysis reveals that the composition of wealth also varies across genders. Figure 1 indicates that more than 50% of women’s wealth comes from property and physical wealth, which include the value of the main property and its contents. Notably, these sources of wealth are shared with other household members. In contrast, men’s primary wealth source is their private pension, which is individually owned rather than shared. These gender differences in the sources of wealth (individual-owned private pensions versus joint household wealth) are not trivial. Women rely more on wealth that is shared, leaving them in more precarious positions compared to men, who have greater control over their (private pension) wealth.

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5 To talk about the average wealth, it is possible to use the mean or the median. As wealth is highly unequally distributed, with a few very wealthy individuals, the mean will be higher than the median. In this report we use the mean to represent the average, as the ONS does in the briefing Distribution of individual total wealth by characteristic in Great Britain: April 2018 to March 2020. For completion, Table A1 in the Appendix shows the values for the median wealth by gender.

Figure 1: composition of wealth held by men and women

Figure 2 shows the gender wealth by age group, showing how gender inequality builds up over the life course. The gender gap is minimal for people between 25 and 34 years old and jumps to 28% for those between 35 and 44. The gender gap continues to increase, staying at over 40% for all older age groups and reaching a peak at 49% for 65- to 74-year-olds.

Figure 2: distribution of wealth by gender and age group

COMPONENTS OF PERSONAL WEALTH

PRIVATE PENSION WEALTH

Pension wealth is notable because it is entirely owned by individuals and, therefore, is the only component of wealth in the Wealth and Assets Survey based on individual information alone. All other sources of wealth combine individual and household information.
Data from the WAS survey allows us to better understand how lifetime income differences eventually lead to different levels of private pension wealth for men and women.

A look back at Table 1 shows us that, on average, men hold £176,031 on private pension, while women have £91,868, representing a substantial 92% gap.

Further analysis (see Figure 3) shows that not only do men have, on average, higher private pensions compared to women in every age group, but this gap increases with age, with men accumulating more in their pension pots compared to women throughout their career and life course.

The significant gender gap in private pensions reflects gender differences in earnings throughout men’s and women’s life cycle: the gender pay gap is 3.2% for men and women between 30 and 39 years old and then increases to 10.9% for people between ages 40 and 49. The earnings gap is even bigger because women tend to work fewer hours and receive a lower total pay as a consequence. Gross weekly pay is 40% lower for women than for men. 6

**Figure 3: average private pension by age group**

The private pension gap between men and women is smaller when they are younger because there has been less time to accumulate pension pots. Also, in earlier stages of their careers, when people tend to earn less, contributions to private pensions are relatively small. As men and women age, the gender gap in earnings (and subsequently pensions) starts to widen because of different patterns of labour market participation (e.g. women working fewer hours or low-paid part-time jobs due to caring responsibilities), because of pay and other

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6 ONS (2022) Annual survey of hours and earnings – Median weekly gross pay for men and women in Great Britain.
intersectional discrimination against women, and because women are more likely to be lone parents compared to men. The result is a restricted capacity for women to save and contribute to their private pensions.

Table 1 above includes both those who have and those who don’t have a private pension fund. Of the people who have no private pension fund, usually because they earn so little, over half (58%) are women. 33% of women are not contributing to any private pension, while 25% of men are in the same situation. This matters because, without a private pension, an individual is completely dependent on the state pension.

Among those with private pension funds, men’s average private pension wealth is £233,885, while women have £136,230 as private pension wealth, a 72% gap.

FINANCIAL WEALTH

The WAS also gives information on individuals’ net financial wealth, including current and savings accounts, ISAs and other financial assets. It is worth noting that although the data is part of the personal database, the information given is a combination of individual and shared assets and liabilities. Later, we show how individually owned net wealth is distributed within couples.

Table 1 showed that men have an average net financial wealth of £47,161. In contrast, women have £33,329, representing a difference of £13,832 or 42% less than men.

PHYSICAL AND PROPERTY WEALTH

Physical and property wealth are based on the respondent’s self-evaluation of any valuable possessions, vehicles, and properties owned, including the main residence. Liabilities are also included, so the survey provides a net value for these elements. Physical and property wealth combine individual assets and liabilities and household-level data. To impute the value of household physical wealth to individuals, WAS assumes that all adults in the household (over 16 years old) share it equally. The value of the main residence is distributed equally among adults in the household who declared to have accommodation in their name.

This strategy has some limitations. First, equal control and perceived ownership are assumed when allocating property and physical wealth to household members. Second, people tend to overestimate the value of their property when compared with other indicators. These issues should be considered when drawing conclusions from physical and property wealth data.

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7 ONS (2022) Distribution of individual total wealth by characteristic in Great Britain: April 2018 to March 2020
9 ONS (2022) Distribution of individual total wealth by characteristic in Great Britain: April 2018 to March 2020
Table 1 presents men’s and women’s average net physical and property wealth. In terms of physical wealth, women have an average of £28,748, slightly higher than men’s average of £27,960, resulting in a difference of £788 or 3%. Regarding property wealth, women hold an average of £114,364, more than the average property wealth of men at £110,034, reflecting a difference of £4,329 or 4%.

**Figure 4: physical and property wealth by age**

Figure 4 shows the average property and physical wealth by gender and age groups. The gender gap is considerably smaller than for other wealth elements because of how these variables are constructed in the WAS, sharing property and physical wealth from the household level among the individuals within it.

The gender difference is almost negligible for those between 35 and 64 years old and increases for individuals in retirement age. As previously mentioned, women tend to live longer than men, often owning by then what used to be the family home and property, which could explain the difference in favour of women for people between 56 and 79 years old.

### III. HOUSEHOLD WEALTH

To estimate household wealth, the Wealth and Assets Survey aggregates the individual wealth of the members of each household plus the net value of joint assets, such as the main property.

Table 2 and Figure 5 depict the household wealth and its components by quintiles. As households get richer (higher quintiles), property and pension wealth increase as a proportion of total wealth. Also, households in the poorest 20% are more frequently indebted.
On the other side, the richest 20% make up the only quintile holding a significant proportion of their wealth in financial assets.

### Table 2: average household wealth by quintile

<table>
<thead>
<tr>
<th>Quintile 1 - Poorest 20%</th>
<th>Quintile 2</th>
<th>Quintile 3</th>
<th>Quintile 4</th>
<th>Quintile 5 - Richest 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>£16,573</td>
<td>£110,801</td>
<td>£306,954</td>
<td>£632,380</td>
</tr>
<tr>
<td>Pension</td>
<td>£4,286</td>
<td>£37,436</td>
<td>£96,294</td>
<td>£244,571</td>
</tr>
<tr>
<td>Financial</td>
<td>-£2,053</td>
<td>£5,644</td>
<td>£22,614</td>
<td>£59,740</td>
</tr>
<tr>
<td>Physical</td>
<td>£14,028</td>
<td>£33,261</td>
<td>£47,394</td>
<td>£64,004</td>
</tr>
<tr>
<td>Property</td>
<td>£312</td>
<td>£34,460</td>
<td>£140,652</td>
<td>£264,065</td>
</tr>
</tbody>
</table>

Notes: weighted mean of total wealth at the household level, using probability weights per household. Source: round 7, Wealth and Assets Survey, ONS, (2022).

### Figure 5: composition of household wealth by quintile

Household wealth also varies across age groups. Table 3 and Figure 6 show the household wealth by age of the household reference person. As the age of the reference person increases, wealth increases and the composition of wealth changes. Pension wealth reaches its highest point before the pension age, as expected. Property wealth grows until 55 - 64 and then remains constant. Interestingly, financial wealth represents a more relevant proportion of the household wealth for those near or above retirement age.
### Table 3: household wealth by age of household reference person

<table>
<thead>
<tr>
<th>Age group of household reference person</th>
<th>25 to 34</th>
<th>35 to 44</th>
<th>45 to 54</th>
<th>55 to 64</th>
<th>65 to 74</th>
<th>75 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>£151,491</td>
<td>£350,027</td>
<td>£583,105</td>
<td>£872,226</td>
<td>£873,841</td>
<td>£576,239</td>
</tr>
<tr>
<td>Pension</td>
<td>£37,599</td>
<td>£114,194</td>
<td>£272,327</td>
<td>£447,686</td>
<td>£388,637</td>
<td>£153,333</td>
</tr>
<tr>
<td>Financial</td>
<td>£10,562</td>
<td>£52,004</td>
<td>£55,203</td>
<td>£97,631</td>
<td>£121,611</td>
<td>£104,929</td>
</tr>
<tr>
<td>Physical</td>
<td>£32,920</td>
<td>£47,295</td>
<td>£56,013</td>
<td>£61,976</td>
<td>£61,983</td>
<td>£52,219</td>
</tr>
<tr>
<td>Property</td>
<td>£70,411</td>
<td>£136,535</td>
<td>£199,562</td>
<td>£264,932</td>
<td>£301,610</td>
<td>£265,758</td>
</tr>
</tbody>
</table>

Notes: weighted mean of total wealth at the household level, using probability weights per household. Source: round 7, Wealth and Assets Survey, ONS, (2022).

### Figure 6: composition of household wealth by age of household reference person

![Composition of household wealth by age of household reference person](image)

Another approach to analyse gender disparities in wealth is to look at the level of wealth the household members have across different household compositions. Table 4 presents the average personal wealth for single men, single women and couples in households with and without children and in households where all the members are above pension age.

Consistent with the previous results, single women in all groups have less personal wealth than single men and less than individuals living in couples. The difference is most noticeable for lone parents, where a single working-age woman with children has, on average, £100,043, while a single working-age man with children has £214,844. Parents in a couple have, on average, £226,171.
<table>
<thead>
<tr>
<th></th>
<th>Working age without children</th>
<th>Working age with children</th>
<th>Above pension age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single man, working age</td>
<td>Single woman, working age</td>
<td>Couple, working age</td>
</tr>
<tr>
<td></td>
<td>without children</td>
<td>without children</td>
<td>without children</td>
</tr>
<tr>
<td>Total wealth</td>
<td>£313,454</td>
<td>£289,429</td>
<td>£292,437</td>
</tr>
<tr>
<td>Pension</td>
<td>£140,693</td>
<td>£140,368</td>
<td>£146,154</td>
</tr>
<tr>
<td>Financial</td>
<td>£34,817</td>
<td>£21,976</td>
<td>£32,526</td>
</tr>
<tr>
<td>Physical</td>
<td>£30,305</td>
<td>£30,534</td>
<td>£25,690</td>
</tr>
<tr>
<td>Property</td>
<td>£107,639</td>
<td>£96,552</td>
<td>£88,067</td>
</tr>
</tbody>
</table>

Notes: includes single people living in household size=1, households with 1 couple, and dependent children. Working age/Above pension age couples mean that both partners are Working age/Above pension age. Couples with one working-age partner and one above-pension-age partner are not included in the sample. Weighted mean of wealth at the personal level, using probability weights per household. The sample includes individuals aged 20 years and older. Source: round 7, Wealth and Assets Survey, ONS, (2022).
IV. CAPITAL GAINS TAX

Financial wealth comprises several types of assets, including UK shares. Capital gains, including those from selling UK shares, are subject to capital gains tax. Tax rates for capital gains tax are lower than those for income from employment.

Men hold, on average, £6,216 on UK shares, while women have £2,243, a 177% difference (table 5). Hence, men benefit from capital gains tax being levied at a lower rate than income tax. The Women’s Budget Group has argued for a long time that income from capital should be taxed at the same rates as income from employment. Under-taxation of this type of income and wealth exacerbates gender inequality in post-tax incomes.

Table 5: average UK shares

<table>
<thead>
<tr>
<th>Men</th>
<th>Woman</th>
<th>Difference</th>
<th>Difference %</th>
</tr>
</thead>
<tbody>
<tr>
<td>£6,216</td>
<td>£2,243</td>
<td>-£3,974</td>
<td>-177%</td>
</tr>
</tbody>
</table>

Notes: weighted average of UK shares at the personal level, using probability weights per household. The sample includes individuals aged 20 years and older. Source: round 7, Wealth and Assets Survey, ONS, (2022).

V. CONCLUSION

Like income, wealth is unequally distributed between men and women, and this is closely connected to women taking on more unpaid caring roles. A progressive and fair tax structure could help tackle inequalities and redistribute resources in society.

In the Spring Budget 2023, the Government announced the abolition of the lifetime allowance for private pensions at a cost of £835m in 2027/28. The beneficiaries of this measure will be only those who have pension pots approaching the now-abolished lifetime allowance of £1,073,100, almost entirely men. The Government also announced an increase in the annual tax-free allowance for private pension pots, from £40,000 to £60,000 per year, with a cost of £290m in 2027/28. This will also benefit only higher earners earning enough to be able to deposit more than £40,000 in one year in their pensions, primarily men, deepening the pension gender gap.

The data from the WAS shows how differences in lifetime earnings between men and women translate into differences in pension funds. Cutting the liability to tax for those contributing to already big pension pots will directly increase gender inequality in pensions. Instead of spending money on tax breaks, those resources could be better used to improve the state pension, which would help tackle gender inequality in pensions.10 Further, if the reduction in public revenues due to these tax cuts results in cuts in public spending, this will mainly impact women, who are more likely to use public services.

10 WBG (2023) Women’s Budget Response to the Spring Budget 2023
Taxes and public spending are important ways to redistribute resources and reduce gender inequalities. We must reform our tax system to make it more progressive: those with more should contribute more. The relatively low rates of capital gains tax benefit men, who are more likely to hold larger financial assets. Income from capital gains should be taxed at the same rate as income from employment, raising up to £15.2bn per year.\footnote{Tax Justice UK (2023) \textit{Six wealth tax policies that could raise £50 billion}}

Direct wealth taxation would reduce gender inequalities and raise resources to strengthen our public services. Tax Justice UK proposes a 2% annual wealth tax on people with £10 million in assets, which could raise £22 billion a year. Taxation of wealth is a feminist issue and a crucial tool towards a more equal and caring society.

Written by Ignacia Pinto, with contributions from Susan Himmelweit, Zubaida Haque, Sara Reis and Mary-Ann Stephenson. October 2023

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### VI. APPENDIX

**Table A1: median average wealth by gender**

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
<th>Difference</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median total wealth</strong></td>
<td>£140,540</td>
<td>£125,903</td>
<td>-£14,637</td>
<td>12%</td>
</tr>
<tr>
<td>Median private pension wealth</td>
<td>£75,913</td>
<td>£44,496</td>
<td>-£31,417</td>
<td>71%</td>
</tr>
<tr>
<td>Median net financial wealth</td>
<td>£3,000</td>
<td>£2,500</td>
<td>-£500</td>
<td>20%</td>
</tr>
<tr>
<td>Median physical wealth</td>
<td>£19,433</td>
<td>£20,500</td>
<td>£1,067</td>
<td>-5%</td>
</tr>
<tr>
<td>Median property wealth</td>
<td>£42,000</td>
<td>£46,500</td>
<td>£4,500</td>
<td>-10%</td>
</tr>
</tbody>
</table>

**Notes:** weighted median of wealth at the personal level, using probability weights per household. The sample includes individuals aged 20 years and older. Source: round 7, Wealth and Assets Survey, ONS, (2022).