

BusinessWeek

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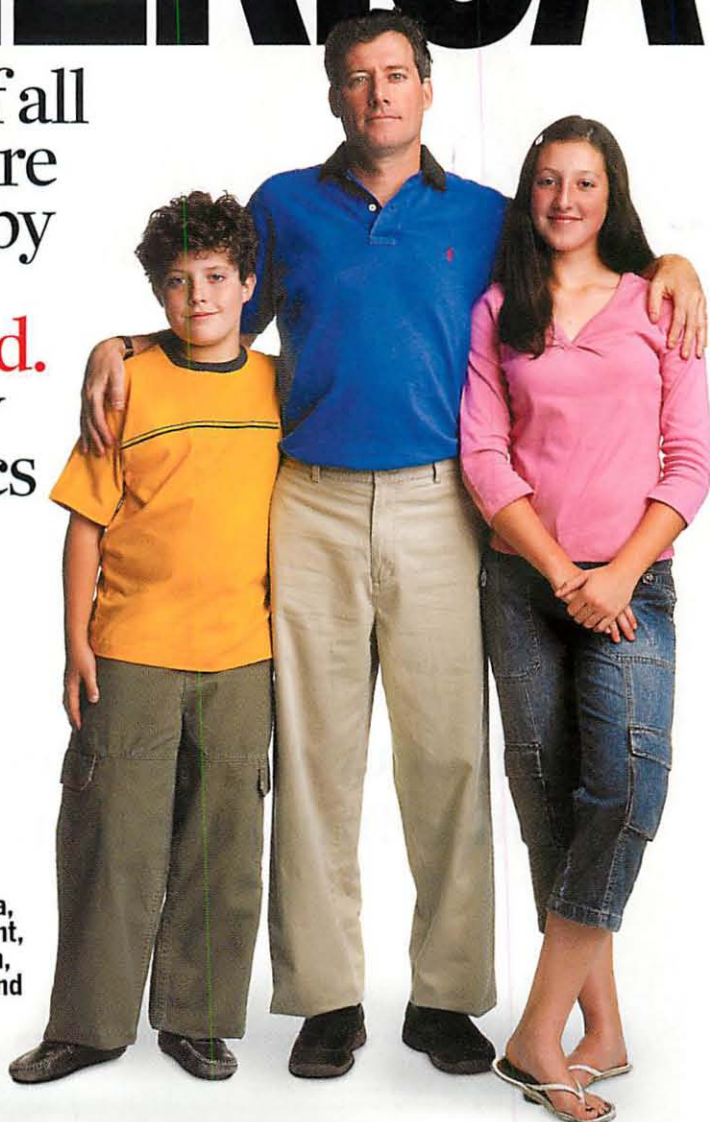
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UNMARRIED AMERICA

Nearly half of all households are now headed by people who **aren't married.** How the new demographics will change business, politics, and society.

BY MICHELLE CONLIN
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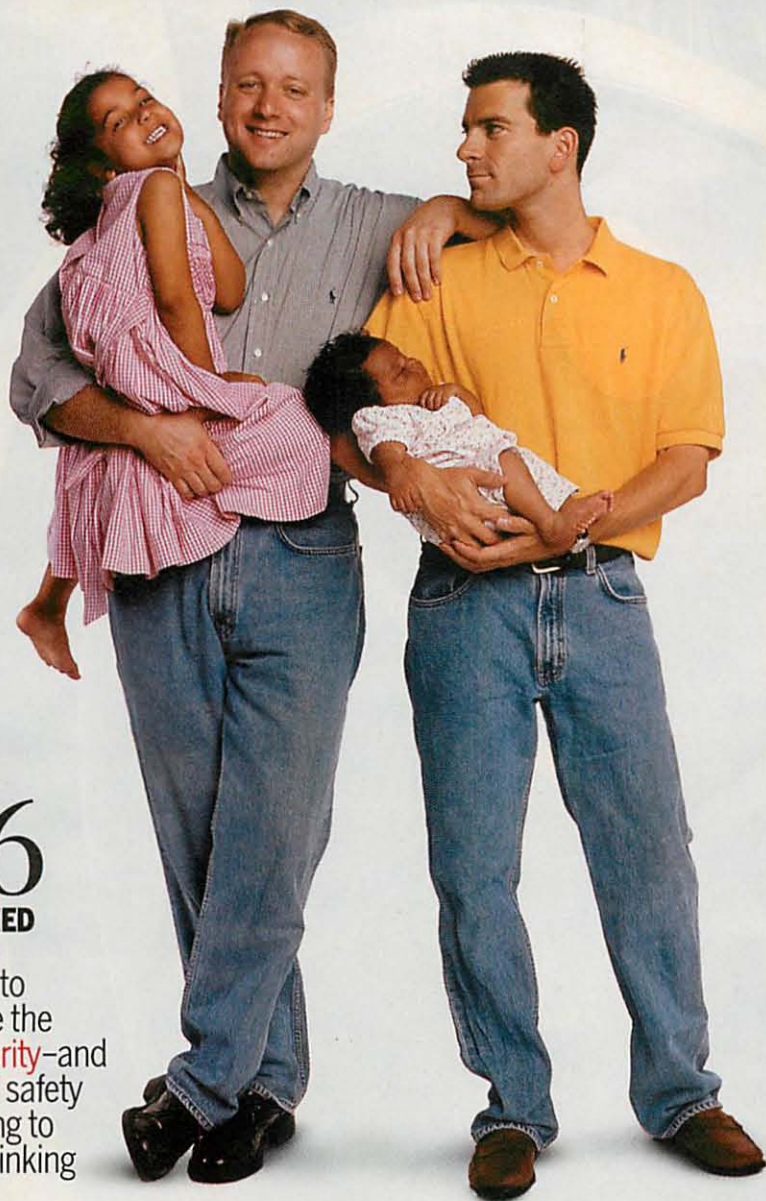


Mark Cunha, single parent, with his son, Nicholas, and daughter, Celine

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UNMARRIED AMERICA

It's about to constitute the **new majority**—and the social safety net is going to need rethinking

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CALIFORNIA

What has to be done—and the odds of doing it



UnMarried America

Say good-bye to the traditional family. Here's how the new demographics will change business and society. **BY MICHELLE CONLIN**

MOST THURSDAY NIGHTS, HILLARY HERSKOWITZ slips on her Seven jeans, chooses from among her dozens of shoes, and steps out for an evening sipping Ketel One and tonics with the modish throngs of Manhattan. The 35-year-old communications director and her designer-clad wing girls—a pediatrician, a health-care manager, and an executive recruiter—cruise the city's swankiest bashes: the posh private parties, the paparazzi-stalked soirees. They don't just watch *Sex and the City*. They live it.

But after 13 years of this behind-the-velvet-ropes scene, they have yet to find the one thing they want most: husbands. The search has taken on a more desperate flavor of late; the women now plan to haunt sports bars in their stilettos. "It feels terrifying because the biological clock is ticking, and I want to have kids," says Herskowitz. "And I never, ever thought I'd wind up here."

Thirty years ago, a single woman like Herskowitz would have been considered an aberration. An old maid. Today, she's so typical that the highest IQs in Hollywood and on Wall Street and Madison Avenue are fixated on dreaming up products for the swelling ranks of unattached urbanites just like her. Add to these monied romantics a growing number of gay couples such as Luke Schemmel and Jonathan Shapiro, who are raising two adopted kids; divorced parents such as Jason Lauer and Terresa Lauer, who share custody of their 7-year-old son; single parents like Mark Cunha, a widower who is raising a son and daughter alone; and young men like Vincent Ciaccio, who broke his Italian mother's

heart when he got a vasectomy three years ago at the age of 23 because he didn't want to get tied down. Along with the growing numbers of cohabitants and elderly unmarrieds, these wildly divergent types are the force behind a huge demographic shift taking place in this country: We're on the verge of becoming—at least in the legal sense—a nation of singletons.

The U.S. Census Bureau's newest numbers show that married-couple households—the dominant cohort since the country's founding—have slipped from nearly 80% in the 1950s to just 50.7% today. That means that the U.S.'s 86 million single adults could soon define the new majority. Already, unmarrieds make up 42% of the workforce, 40% of home buyers, 35% of voters, and one of the most potent—if pluralistic—consumer groups on record.

Yet even as marriage is on the wane, infatuation with the institution has never seemed so fierce—from the debate over same-sex unions to President Bush's marriage-promotion campaign to reality TV's depiction of wedlock as a psychological



SAME-SEX PARTNERS

Gay couples such as Luke Schemmel and Jonathan Shapiro are raising adopted children and forming de facto families—whether the marriage laws acknowledge the reality or not

DIVORCED

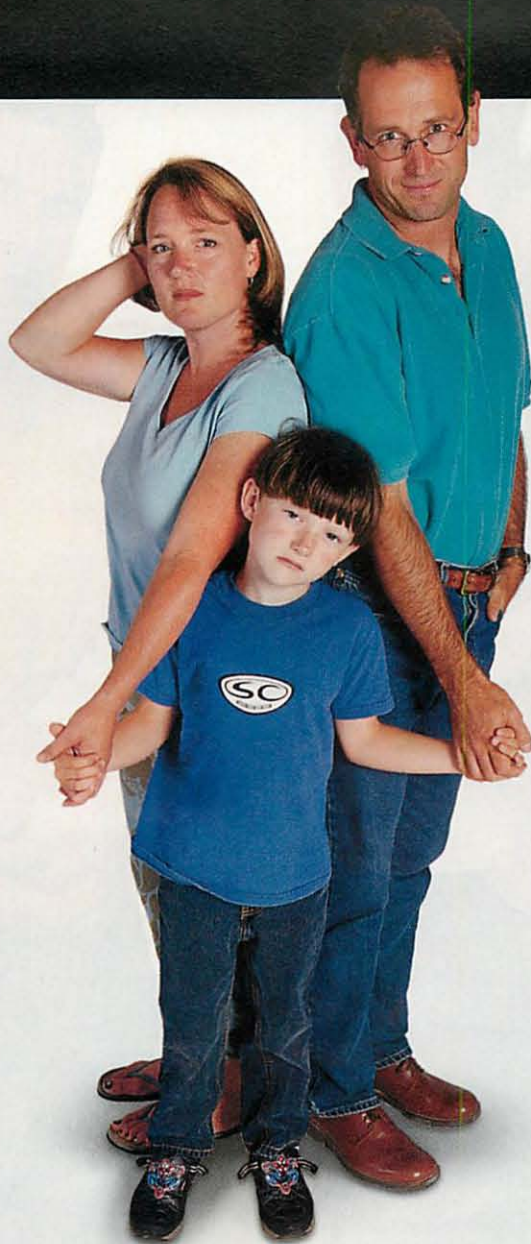
Terresa Lauer and Jason Lauer of Santa Cruz, Calif., share custody of their son, Joss

Super Bowl. The culture may be so marriage-crazed, though, precisely because the rite is so threatened. Indeed, we are delaying marriage longer than ever, cohabiting in greater numbers, forming more same-sex partnerships, living far longer, and remarriage less after we split up (charts).

What many once thought of as the fringe is becoming the new normal. Families consisting of breadwinner dads and stay-at-home moms now account for just one-tenth of all households. Married couples with kids, which made up nearly every residence a century ago, now total just 25%—with the number projected to drop to 20% by 2010, says the Census Bureau. By then, nearly 30% of homes will be inhabited by someone who lives alone.

This unprecedented demographic shift holds vast implications for everything from Corporate America to the culture wars; from government institutions to the legal system. Vast swaths of our social infrastructure are still modeled on the days when our realities were reflected in *Leave It to Beaver*, not *Queer Eye for the Straight Guy*. Corporate benefits, pensions, taxes, Social Security, educational funding—all were designed in the last century to favor and encourage marital unions. “There’s this pervasive idea in America that puts marriage and family at the center of everyone’s lives,” says Bella M. DePaulo, visiting professor of psychology at the University of California at Santa Barbara, “when in fact it’s becoming less and less so.”

So societally ingrained is matrimony that on their wedding



day, a bride and groom become immediately eligible for a bonanza of perks. The notion that married people lose out because they pay more in taxes through the oft-cited marriage penalty is only partly true. Dual-income, high-earning marrieds and low-income couples sometimes suffer the penalty, but for slightly more than half of all spouses, marriage actually slashes tax bills, particularly for those with children. That means, for example, that mega-salary executives with stay-at-home wives get subsidies that single working mothers don't. “It does seem unfair to me that there are single people in our exact same situation who pay more than we do in taxes,” says Scott Houser, a tax-code expert and economics professor at California State University at Fresno. “Fixing the marriage penalty is just going to make the single penalties worse.”

Indeed, the elements are in place for a new form of social warfare. That's because what's occurring is a wealth transfer to the married class, which imposes an array of unseen taxes on singles—no matter how many people they care for or are dependent on them (table).

In the workplace, unmarried people wind up making an average 25% less than married colleagues for the same work because of the marriage-centric structure of health care, retirement, and other benefits, calculates Thomas F. Coleman, a lawyer who heads the Los

Angeles-based American Association for Single People.

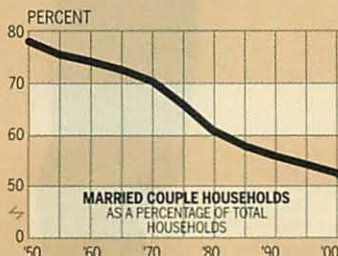
In the civic arena, rising school taxes and growing inequities in pensions between marrieds and singles represent a big bonus for legal couples. The unmarried are often subjected to discrimination in housing and credit applications. They pay more for auto and homeowners' insurance and are shut out of valuable discounts on gyms, country clubs, hotel

PHOTOGRAPH BY ROBERT CARDIN; CHARTS BY ERIC HOFFMANN/BW

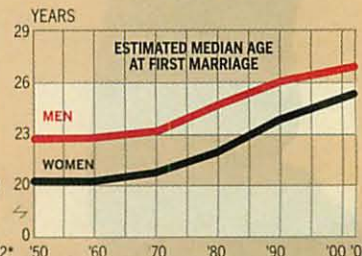
Unmarried: The New American Way

Delayed marriage, cohabitation, and longer life spans are making the married majority a thing of the past

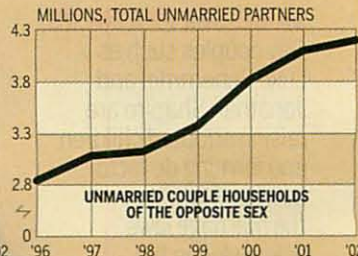
The married majority is on its way out...



...because people are marrying later...



...cohabiting more...



Data: U.S. Census Bureau *'02 data from The American Community Survey

The Unmarried Penalty

America gives traditional families all sorts of breaks. But the 86 million adults in Unmarried America—making up about half of households, 42% of employees, and 35% of voters—face big “unmarried” disadvantages:

FEWER JOB BENEFITS Companies subsidize benefits for employees' spouses and kids. But unmarried workers don't get compensated in some other form to make up the difference. For spouses, benefits are tax-free. **For domestic partners, benefits get taxed** (when they exist).

HIGHER UNEMPLOYMENT, LOWER PAY Unemployment for unmarried people with children under 18 was 9.1% last year—vs. just 3.8% for married workers with kids. **Never-married men also make less than married men**, as do unmarried women—until they hit 35, when never-married females start to earn more.

HIGHER TAXES Unmarried partners can't file joint returns. Nor may they do so with blood relatives with whom they are living and sharing expenses. They also get a smaller capital-gains break when they sell their houses.

LOWER SOCIAL SECURITY AND UNEMPLOYMENT BENEFITS Everybody pays these taxes, but **surviving spouses can**

collect half of a deceased worker's benefits, whereas domestic partners can't. Many marrieds can also collect unemployment if they quit to move with a relocated spouse.

NO ESTATE-TAX BREAKS Married people can leave spouses everything, tax-free. But estates of unmarrieds worth more than \$675,000 are taxed at 25% to 60%.

TRANSFER TAXES Transfers of property to a spouse are not taxable. Transfers to domestic partners are.

MARITAL STATUS REDLINING Many insurance companies put married drivers into a low-risk category and **unmarried drivers into a high-risk one**.

FAMILY DISCOUNTS Most country clubs, health clubs, and auto clubs allow a spouse to join free of charge or at a steep discount. **But unmarried partners must pay for two memberships**. Not to mention the “single supplement”: the 40% to 100% more that

singles pay for hotel or cruise-ship rooms that would otherwise be shared.

NO VICTIMS' RIGHTS PROTECTION If a drunk driver kills a married partner, the surviving spouse can sue for wrongful death. But **unmarried surviving partners have no legal recourse**.

CREDIT AND HOUSING DISCRIMINATION Unmarried joint applicants are sometimes **offered credit on less favorable terms** than married counterparts. Many states do not ban marital status discrimination in rental housing, allowing landlords to refuse to rent to unmarried tenants.

LACK OF CITIZENSHIP RIGHTS FOR SAME-SEX PARTNERS Fifteen countries **recognize same-sex couples for immigration**. But U.S. citizens in relationships with same-sex foreigners cannot sponsor their partners.

Data: American Association for Single People, Lesbian & Gay Immigration Rights Task Force, *BusinessWeek*

rooms—even football-ticket lotteries. In some states, unmarried people, perhaps laid off from jobs and scrounging to pay their bills, are barred from taking on roommates to help pay the rent.

Outdated Definitions

THESE SILENT LEVIES MAY HAVE SEEMED LESS important in the days when most homes had a working dad and a full-time mom—and kids largely resided with their two biological parents. But today, chances are that if you live to the age of 70, you will spend more of your adult life single than married. Moreover, a record number of children—33%—are now born to single parents, many of them underemployed, uninsured mothers. Yet “most workplaces are still modeled on an outdated definition of an ideal worker—someone who works more than 50 hours a week and doesn't take breaks to raise children,” says Joan Williams, co-director of the Gender,

Work & Family Project at the American University Law School. “God forbid if you are single mother trying to live up to that ideal without a wife.”

As the reality of unmarried America sinks in, CEOs, politicians, and judges will be challenged to design benefits, structure taxes, and develop retirement models that more fairly match the changing population. Already in Corporate America, more than 40% of the 500 largest companies have started to revise their marriage-centric policies, reexamining everything from subsidized spousal health care to family Christmas parties. Companies such as Merrill Lynch & Co. and Bank of America have begun to accommodate the shift by instituting “extended family benefits.” These plans allow employees to add a qualified adult household member to their health plans—be it a domestic partner, extended family member, or grown child. American Express Co. is considering a plan whereby employees who are parents pay more for each kid they add to the health plan. At Xerox Corp. employees now get \$10,000 upon joining the company, on top of a standard benefits package, to spend on whichever programs they choose rather than having it automatically earmarked for families; at Prudential Securities Inc., cohabitants can get health benefits for opposite or same-sex partners as long as they've been living together at least six months.

Write large, these kinds of changes could lead to more European-style systems that de-link marital status from eligibility for social benefits. Already, a bill is pending in Congress that would make benefits for household members and domestic partners tax-free, just as they are

...splitting up in greater numbers...

% OF MEN DIVORCED*



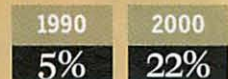
% OF WOMEN DIVORCED*



*All races, age 15 and over
Data: U.S. Census Bureau

...forming non-traditional families...

GAY MALE COUPLES WITH CHILDREN*



LESBIAN COUPLES WITH CHILDREN*



*As a percentage of all same-sex couples
Data: Urban Institute

...and living longer, upping the odds of widowhood

MALE EST. LIFE EXPECTANCY AT BIRTH*



FEMALE EST. LIFE EXPECTANCY AT BIRTH*



*All races

The New Singledom is Changing How Americans Live

Teens increasingly see marriage as optional...

HIGH SCHOOL SENIORS WHO SAID CHILD-REARING OUTSIDE OF MARRIAGE IS A WORTHWHILE LIFESTYLE

BOYS

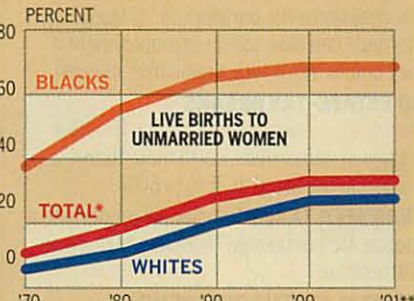
1976-80	1996-2000
41.2%	49.1%

GIRLS

1976-80	1996-2000
33.3%	54.3%

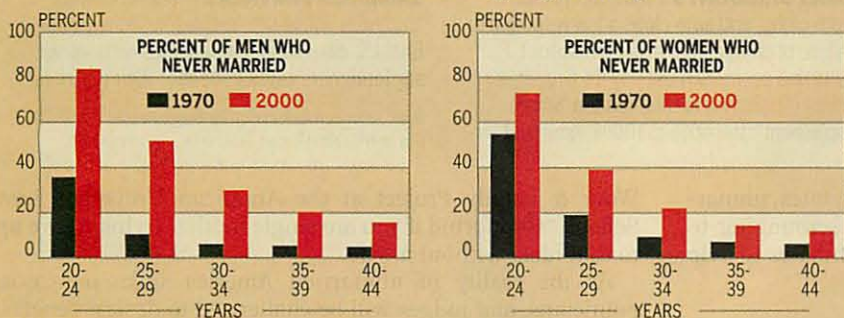
Data: National Marriage Project, Rutgers University; Survey Research Center, University of Michigan

...out-of-wedlock births are on the rise...



Data: National Marriage Project, Rutgers University; U.S. Census Bureau

...and more adults are forgoing marriage



Data: Pearson Education, U.S. Census Bureau

for spouses. Another would mandate that the federal government offer health benefits to domestic partners; in the past few years, Minneapolis, San Francisco, and Seattle, among other cities, have also passed laws obligating companies doing municipal business to do so.

The lower marriage rates, combined with declining fertility, also raise questions—ones Europe and Japan are already facing—about whether smaller future generations will be able to support the growing retirement and health needs of the huge numbers of older people. Can the country pump out enough educated workers to supply the labor force with the talent it needs to keep productivity strong? Will minority groups and immigrants, who tend to have higher fertility rates, gain more power? The answers to these questions will shape social policy and force corporations to rethink their human-capital strategies, product lineups, and marketing missions. Because unmarried America has such diverse constituencies—from urban swingers to straitlaced widows—it will also mean more micromarketing to cater to these finely tuned population segments.

Rumblings of a Backlash

THE TENSIONS BETWEEN TRADITIONAL families and the new households are already starting to spill out all over society—in offices, neighborhoods, and political campaigns. Pollsters Celinda Lake and Ed Goetas say the marriage gap could become an issue in the 2004 Presidential campaign since George W.

Bush draws so much of his support from the wedded, who give him approval ratings 15 percentage points higher than the single or divorced. Meanwhile, the numbers of Democratic-favoring singles continues to grow in number and power. There are also rumblings of a political backlash as non-traditional families balk at lopsided tax burdens. Dual-income, kid-free cohabitants, and elderly retirees on fixed incomes, for example, are joining forces to oppose school bond issues, a growing argument now that only 20% of the electorate has children. Charlotte Ness, a 55-year-old childless single, fumes about the way she pays the same school taxes as the married couples in her Vienna (Va.) neighborhood but will only get half the capital-gains break on the sale of her home. "It's nothing other than theft by a government of married people," she says.

Some singles are challenging zoning laws that limit the number of unrelated people who can live together, while others are forming homeowner associations that ban kids. Then there are those who are working to bar travel-industry practices that force them to pay 40% to 100% more for single-occupancy hotel rooms as well as auto and health-club rules that limit discounts to spouses. "You never used to have this," says David Popenoe, co-director of the National Marriage Project at Rutgers University. "Those without children and those who aren't coupled have begun to mobilize much more than they did in the past."

Also fueling the demographic change: More people are coming out of the closet and setting up same-sex households. And most everyone, on average, is living longer, which will make for an expanding population of widows as boomers age. Meanwhile, more seniors are divorcing so they can qualify for Medicaid, while others are living together instead of remarrying to

SINGLE

At 35, New York communications director Hillary Herskowitz says: "I want to have a family. I never, ever thought I'd wind up here"



PHOTOGRAPH BY ROB KINMONTH; CHARTS BY ERIC HOFFMANN/BW

avoid losing pension-survivor or health benefits. "Sometimes you have to break the rules to make a living," says 64-year-old Darlene Davis, who lives with her boyfriend of 19 years, Cary Cohen. Marrying Cohen would mean losing her deceased husband's health benefits, which she relies on as a heart-attack survivor with three stents. Last year, the state of Virginia refused to renew her day-care license because of old laws on the books that classify cohabitation as illegal. But after the American Civil Liberties Union took up the case, officials relented. "In the spiritual sense, we are husband and wife," she says. "But the law just doesn't see it that way."

Neither does the workplace, where singles get less and pay more. Married people often make more than unmarrieds, with married men earning an average 11% more than their never-married male colleagues, according to the Federal Reserve. The unmarried, most importantly those with kids, also suffer higher unemployment. And aside from subsidized health coverage for spouses, there are plenty of other inequities. Social Security is one of the biggest redistributions machines there is: Married and unmarried co-workers pay the same amount in employment taxes, but married people can leave their Social Security benefits to surviving spouses, while the unmarried can't leave them to surviving partners.

Pension Penalties

THAT'S ONE REASON WHY, given the gender pay gap, single working mothers often end up with far less in their old age than lifelong homemakers; one-earner married couples receive average benefit returns that are up to 85% higher than those of single males; and African Americans, who have low marriage and life-expectancy rates, sometimes end up subsidizing the retirement benefits of millionaire whites. In fact, one of every three black male youths will pay for retirement benefits they will never see.

Pensions also certainly come with big penalties for singles. If a married worker dies before starting to receive the benefits, a surviving spouse can inherit them. For singles, they go back into the pot. April Murphy, an unmarried 38-year-old who has worked as a flight attendant for American Airlines Inc. for 11 years, found this out when she tried to name her sister as her designate on her traditional pension. The company told her that was fine. But if Murphy dies even one day before her retirement, her sister won't see a penny. "When I'm pushing a beverage cart, the flight attendant on the other end is getting more just because she has a spouse or child or two," says Murphy. "How



COHABITING

For 19 years, Cary Cohen has lived with Darlene Davis, 64. If they got married, she would lose her deceased husband's health benefits

can you compensate one employee more than the other?" Murphy was also stunned to learn that she had no legal recourse: Federal anti-discrimination laws protect just about every class—race, religion, gender, age—except the unmarried.

Although marriage and fertility rates are at their lowest point in history across the industrialized world, an estimated 85% of Americans will still marry at least once in their lives—even though that is a huge drop from the historic high of 95% in the 1950s. Though Rutgers' Popenoe believes that marriage rates will continue to slide, there are some countertrends that could tilt the statistics back toward a married majority. An unforeseen legalization of gay marriage or an even bigger surge in married immigrants—who are already propping up population growth—could dampen the trend. Hispanics, the fastest-growing minority group, tend to have higher rates of marriage, given their religiously rooted family values. Some demographers point to a late-1990s leveling-off of divorce rates and the numbers

of kids living with single parents as evidence that the institution may be approaching a turnaround. But most chalk this development up to the booming economy and welfare reform. Nothing less than a massive return to traditional values, they argue, will reverse the trend.

Judging by the attitudes of young people, that seems unlikely. Fully 54% of female high school seniors say they believe that having a child outside of marriage is a worthwhile lifestyle, up from 33% in 1980, according to the University of Michigan Survey Research Center. And 40% of female twentysomethings would consider having a baby on their own if they reached their mid-30s and hadn't found the right man to marry.

What was once a frowned-upon alternative has become the mainstream. Since 1970, the ranks of the never-married and the childless have surged astronomically, according to the Census Bureau. There is also a creeping disconnect between marriage and child-rearing, with an 850% increase since 1960 in the number of unmarried couples living with kids. As for children, 40% of them will live with their mom and her boyfriend before they turn 16, according to the National Institute of Child Health & Human Development.

Certainly, there are scores of reasons to encourage mar-

riage. Social research suggests that it is one of the republic's great stabilizers. Living with two happily married parents is the best shot a kid has for a successful launch in life. Marriage attaches fathers to children and protects adolescents from the scourges of addiction, suicide, teen pregnancy, and crime. Matrimony also offers families a layer of economic protection in an era when demands for individual competence and educational achievement have never been greater; when even members of the middle-class face slippery job security, diminishing benefits, and bidding wars for houses in the ever-dwindling number of good school districts.

Looser Ties

BUT JUST BECAUSE matrimony is good for society doesn't mean that outmoded social benefits are—especially when so many kids are not living in the kinds of traditional households that current social policies favor. As more and more companies begin to loosen the connection between benefits and marriage—and partners who act like they are married are treated as if they are—it's likely that there may be even higher rates of cohabitation and even lower rates of marriage, as has already happened in Europe. The difference, though, is that European countries have stronger social safety nets in the form of long, subsidized maternity leave policies; good part-time jobs for mothers; and tight-knit extended families, who help care for children born to single parents.

In America, the debate over the relative prominence of unmarrieds and marrieds is likely to grow more complex and caustic as the tipping point nears. Some say that the country is sliding down a slippery slope, gutting one of the last social safety nets that exists. Critics warn of an atomized society of subgroups, each vying for its selfish interests, with children the ultimate victims. But others say that given the demographic trends, what's needed isn't a nostalgia for the past but a rethinking of our notions of relationships, parenting, and family. No matter how the politics play out, the demographic convulsion is certain to cause a collective reexamination of what it means to be full-fledged members of society. No matter if you think that's for better or worse, husbands and wives no longer have a monopoly on that. ■

—With Jessi Hempel in New York

COMMENTARY

BY ALEXANDRA STARR

Washington's \$1 Billion Lecture to the Poor

Why a "pro-marriage" bill isn't likely to help much

THE DECLINE OF THE two-parent family has long prompted conservative hand-wringing. The Bush Administration, however, is on the case. As part of a welfare bill moving through Congress, the President seems poised to win \$1 billion over five years to promote marriage. The funds could be used for a national ad campaign championing the benefits of wedlock, for premarital counseling services, and for instruction in high schools.

It's certainly true that children do better when they're raised by married biological parents—provided the relationship is relatively friction-free. And there's ample evidence that teaching middle-class couples communication skills can be helpful in keeping fragile unions together. But the President's plan to spread the marriage gospel in poor communities is likely to do little to salvage the troubled institution.

The biggest problem with the scheme, which Congress is likely to approve now that a key Senate committee passed it in September, is that it turns a blind eye to the broader issues that plague many poor households. As Rachel Gragg, a social policy expert at the Center for Community Change, a liberal advocacy group, puts it: "It's hard to devote yourself to a relationship when you're worried about whether you can

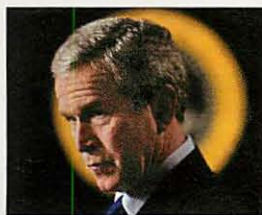
buy food, pay the rent, and keep your kids safe."

A more effective approach would be to fund a variety of assistance programs that promote marriage in more indirect ways. For example, an initiative Minnesota tried a few years ago lifted marriage rates in impoverished communities by helping to improve the economic stability of families. Even though the Minnesota Family Investment Program made a big difference, it was expensive and wasn't renewed when the initial experiment came to an end. How did the MFIP manage to lift marriage rates? The program allowed parents on welfare to continue to collect benefits even after they found jobs as

long as their earnings didn't exceed the poverty threshold (now \$14,500 for a family of three) by more than 40%. By allowing welfare checks to be combined with income from work, the MFIP helped to keep couples together and made marriage seem a more viable option.

While Bush's pro-marriage bill may be a heartfelt response to the decline of the traditional family, most of the money would probably wind up helping middle-class couples. Why? Similar experiments by several

states show that they're the ones who are easiest to sign up, while welfare moms are more difficult to reach. It would help children's well-being if more were raised within healthy marriages. But the Administration's plan may be more of an exercise in good intentions than effective social policy. ■



Welfare moms need child care, not an ad campaign