

The 'singles tax' stings, but can you put a price on happiness?

Studies suggest the price of choosing to live alone could be anywhere between 3 per cent and 15 per cent.



Have you felt the singles tax? **Bethany Rae**

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Updated Feb 4, 2025 - 11.31am,
first published at 5.00am



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When the electricity and gas bill lands for Elizabeth McArthur's Sydney apartment each month, there's nobody to split it with. The

same goes for the mortgage. And when she travels, 33-year-old McArthur has to pay the full cost of a room designed for two unless she's travelling with friends.

These are examples of the so-called "singles tax" – the extra money unpartnered people have to pay to match the lifestyles of their paired-up counterparts. Studies suggest the singles tax, at last official count, was about 3.5 per cent, but trends in utilities and rent bills mean today singles could be paying up to 10 to 15 per cent more than their partnered friends.

McArthur brushes it off as a fair price to pay for freedom and flexibility, but researchers say singles are an overlooked cohort whose financial experiences deserve to be studied.



Elizabeth McArthur would rather pay the 'singles tax' than end up with the wrong guy. **Louise Kennerley**

Analysis of ABS data by economist Alicia Bubb of RMIT found the average single spends about 3.5 per cent more on goods and services than couples, while single parents spend 19 per cent more than couples with children.

That's based on the 2015-16 ABS household expenditure survey – the most recent numbers available. But, the gap has likely grown in the 10-odd years since to land closer to 10 to 15 per cent, due to sharp increases in rent and utilities bills, Bubb estimates.

A survey of more than 2000 Australians in 2023, commissioned by iSelect, also found that single people with no kids spend an estimated \$7691 more on cost-of-living expenses than couples per year.

While it may be tempting to dismiss concepts such as the “singles tax” as no big deal – after all, the notion that dual-income households usually have more money to spend is not earth-shattering – Bubb says that as more people live single lives, their pathways to wealth creation and the challenges they face need to be considered by policymakers.

There are more people than ever before living alone, according to the Australian Institute of Family Studies. In 1981, 18 per cent of households were single. By 2016 that was 24 per cent and in 2021 it reached 26 per cent.

The ABS has found the proportion could grow to 28.4 per cent by 2046, with the actual number of single households climbing as much as 50 per cent from 2.6 million to 3.9 million.

This is partly due to people living longer, with half of women living alone aged 65 or older, at the same time as people marry later. There are also more people choosing to stay single because they see it as a sign of independence [<https://www.theguardian.com/lifeandstyle/2013/dec/22/enjoy-freedom-single-look-for-partner>] and empowerment, Bubb says.

“A single person is a household structure that is usually overlooked,” she says, adding that households are usually studied through the lens of dating or single parenthood. But it's also true that building wealth as a single person looks different from doing it as a couple.



Alicia Bubb of RMIT has measured the 'singles tax'.

“There’s a term I use, which is ‘a lifetime of disadvantage’ because these costs aggregate over time,” Bubb says.

For example, when it comes to property, the median income of those buying as a couple is \$94,500 each, according to broker group Lendi. But single buyers (who, according to Lendi accounted for 20 per cent of loans in 2023 [<https://www.afr.com/wealth/personal-finance/let-s-get-together-double-our-income-money-is-the-new-dating-trend-20241120-p5ks3o>]) have a median income of \$109,000, as they need a higher income to cover the repayments.

Of course, that same single who is trying to buy alone is also contending with renting alone, says Bubb, further eating into their ability to save [<https://www.afr.com/wealth/personal-finance/six-maps-that-show-where-you-can-buy-a-home-on-your-income-20231124-p5emnl>].

Then, a person who chooses or is forced to become a single parent also doesn't have the option of splitting super with a spouse.

Molly Benjamin, the founder of the Ladies Finance Club, notes that insurance is typically more expensive for single parents, too. According to Choice analysis, couples who switch their private health cover to a family policy will at most pay an extra 5 to 10 per cent on their premiums, but single parents who want to add children to their policy may pay up to 70 per cent more.



Molly Benjamin, a financial literacy advocate, froze her eggs in 2023 and bought her house in 2024. **Louie Douvis**

Bubb says the singles tax plays out very differently based on life stage and gender. A 33-year-old earning a good income while owning her home, like McArthur, pays a different “singles tax” to a 60-year-old divorcee, who perhaps took time out of the paid workforce to raise children, and as such has lower super and savings.

While an oft-quoted statistic, it's no longer the case that women over the age of 55 are the fastest-growing group of homeless people – that's now women aged 35-44, and men aged 25-34 remain the largest homeless cohort overall.

Even so, in January, Opposition Leader Peter Dutton announced that the Coalition's controversial plan to allow first-home buyers to tap up to \$50,000 from their super [<https://www.afr.com/wealth/superannuation/super-for-housing-could-only-work-for-the-fastest-movers-experts-20240516-p55je4m>] to help them buy a home would be extended to separated women, in recognition of the challenges older women face.

Single women who rent are at the greatest risk of poverty in retirement, the Grattan Institute found in 2022. It also estimated that half of all divorced women who lost their home did not buy again [<https://www.afr.com/politics/federal/liberal-mps-push-to-give-single-women-early-access-to-super-20241011-p5kho4>].

And in 2014, then-treasurer Joe Hockey claimed that single-income households were often worse off as a result of bracket creep. KPMG research released at the time found a single person on \$70,000 to \$75,000 would face a 60 per cent increase in tax [<https://www.afr.com/policy/tax-and-super/households-on-70-000-face-60pc-tax-rise-kpmg-20140422-ix3t8>] by 2024, if the government did not cut taxes.

All up, it means that being a single person without children means you are 1.5 to 1.6 times more likely to be in poverty than a coupled woman with children, the Productivity Commission has found.

The silent tax

Benjamin of the Ladies' Finance Club has witnessed a more insidious form of the "singles tax" – people putting off their financial goals because they're waiting for a partner.

“We delay doing these things because we think we’re going to meet someone,” she says. “When I bought my property, I just thought, ‘Screw it. I’m going to do this because I want to have property in my own name. I’m 35, and I haven’t met anyone.’”

Benjamin also decided to freeze her eggs in 2023

[<https://www.afr.com/wealth/personal-finance/the-big-freeze-single-women-pay-high-price-to-call-the-shots-20230206-p5cibe>], and while she couldn’t afford to buy in Bondi where she lives, she bought an investment property in Brisbane in January 2024. She’s since entered a relationship and adds that, somewhat ironically, the early dating period was more expensive than single life.

A fair price for peace

McArthur, who has been single for two-and-a-half years and lives alone, concedes life would be cheaper if she were in a partnership. But she’d also be giving up her space, her flexibility and potentially her peace of mind if it was the wrong person.

She says covering a mortgage solo is “difficult” and she goes on holidays with friends to split costs, as well as sharing subscriptions with her sisters.

“[But] I feel like I’d rather pay the singles tax than be stuck with the wrong dude,” says McArthur.

She also offers the caveat that, as a corporate communications professional working in financial services, she’s paid well, which helps with covering the mortgage.

But when it comes down to it, McArthur deems being single is a fair price to pay.

“Imagine what you pay in life if you hitch yourself to the wrong person,” she says. “You pay in existential dread – forever. I think about how all throughout history, women couldn’t be alone – they had to hitch to someone. They couldn’t get a bank account or a loan without their

husband. The idea that another person is going to give you security is a little bit deluded.”

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