Do parents save more for a daughter or a son? Minorities, cultural norms, and economic incentives

Maya Haran Rosen[1]
Nitsa (Kaliner) Kasir[2]
Moriel Malul[3]
Orly Sade[4]

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[1] Bank of Israel and the Hebrew University of Jerusalem
[2] National Insurance Institute of Israel
[3] National Insurance Institute of Israel
[4] Albertson-Waltuch Chair in Business Administration, Finance Department, Hebrew University Business School (HUBS), Hebrew University of Jerusalem

Abstract

This paper provides empirical evidence of gender disparities in parental s savings in a designated government saving program in Israel showing that parents allocate more financial resources to children perceived as future breadwinners. We take advantage of the unique characteristics of the Ultra-Orthodox Jewish and Arab populations, which share patriarchal gender biases but have different economic incentives regarding the future economic prospects of girls versus boys in light of cultural gender gaps. Our findings reveal that Ultra-Orthodox Jewish parents tend to save more for girls, while Arab parents save more for boys, investing more for each societies future breadwinners Additional administrative and survey data investigations suggest that these savings behaviors are motivated by economic considerations (investment in human capital of future breadwinners) rather than patriarchal preferences. We contribute to the global discussion regarding the design of government sponsored savings programs and labor market initiatives.

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1 Introduction

Designated child savings programs are recently gaining global prevalence as they play a crucial role in promoting financial security and literacy from a young age (e.g., 529 plans in the US or the Registered Education Savings Plan in Canada). These programs not only encourage saving habits and economic planning among young individuals but also provide a foundation for future financial stability and empowerment. The main goal of these types of programs is to lower inequality and provide children with better access to savings to fund academic attainment and other types of investments. If there is unequal treatment of children in these programs, it could have detrimental effects. This paper leverages a unique case study from Israel's national child savings program and a highly detailed dataset to examine how parents allocate savings between their children, disentangling the effects of economic incentives and parental preferences. The analysis sheds light on the sources of gender bias and favoritism, demonstrating that economic incentives often outweigh traditional patriarchal norms. The issue of favoritism in parental financial transfers and investments in their children is documented in the literature. Most papers indicate that gender favoritism typically favors boys, although the specific outcomes vary depending on the setting. Yet, there is still an open discussion on the origin of gender favoritism, whether it primarily arises from preferences and norms or is significantly influenced by economic incentives and expected returns (e.g.Mishkin 2021; Jayachandran 2015; Ongena and Popov 2016; Duflo 2012; Jensen 2012; Light and McGarry 2004; Chu 1991).

In 2017, the Israeli National Insurance Institute (NII) introduced the Savings for Every Child Program (SECP). Under the SECP, the government deposits approximately US$ 15 (NIS 50 indexed to 2017 prices) per month into a savings account for every Israeli child under the age of 18. While defaults are in place, parents have the option to actively participate in the program. They can exercise control over where and how to invest these funds, and to make additional monthly deposits of approximately US$ 15 (in 2017 prices) to the SECP account. After reaching the age of 18, children gain unrestricted access to the funds, allowing them to allocate the resources according to their preferences. The program offers tax benefits and government-covered fees. Combined with the ability for parents to tailor their level of risk and choose their preferred financial institution, the SECP represents an attractive savings vehicle

Israel encompasses two significant religious and ethnic minority groups: the UltraOrthodox Jewish community and the Arab population which constitute approximately 12% and 21% of the 2021 population, respectively (CBS 2022). The Ultra-Orthodox Jewish population is recognized for its religiously insular nature, featuring unique cultural elements (e.g. Goldfarb and Neuman 2023, 2020; Lehmann and Siebzehner 2009). Within this community, a patriarchal structure is evident, with an intriguing twist: while men primarily concentrate on religious studies, it falls upon the women to assume the responsibility of providing for the household income (henceforward economic incentive). The Arab population in Israel (which is mainly Muslim) is a religious and ethnic minority, adhering to a patriarchal structure that bears similarities to other minority groups worldwide. While the distinctive perspective of the Ultra-Orthodox Jewish community highlights women's role in providing for the household, both the Ultra-Orthodox Jewish and Arab populations exhibit a pronounced patriarchal gender bias and a preference for males (henceforward preferences, e.g. Ahmed 2021; Radford 1999; Lehmann and Siebzehner 2009, Haddad and

Esposito 2020; Jayachandran 2015).

The examination of parents' additional deposits into children's savings accounts within the SECP, is a unique setup to directly investigate parents' decisions to financially invest in children. In this setting, the child's gender is random, and we have information not only on the general population but also on two subgroups that share similar gender preferences yet face distinct economic incentives.

We have detailed data on the entire Israeli population, including these subgroups, all of whom participate in the same program and share identical infrastructure and access to program information. The parental decision to add monthly contributions—even in small amounts—has substantial long-term consequences. A simple simulation shows that saving USD 15 per month for 20 years results in a total of approximately USD 5,500 (NIS 18,339), while saving USD 30 per month over the same period yields roughly double. The specific characteristics of this choice in this setting can contribute to our desire to elucidate the general effect of preferences and norms versus economic incentives on parents' investment in their children, providing insights into which mechanism prevails.

We analyze administrative NII data covering all children in Israel, comprising a total of 2,345,882 observations. Among these, 537,126 are from the Arab population, while 384,916 are from the Ultra-Orthodox Jewish population.[5] To contextualize the potential for differential treatment, we find that although it represents only a small share of our sample, some households display variation in saving rates across children within the same family: 10.5% in the Ultra-Orthodox Jewish population, 6% in the non-Ultra-Orthodox Jewish population, and 4% in the Arab population.

We further examine the interaction between minority affiliation and the gender of the child and its impact on the likelihood of additional savings using logit estimations while controlling for various household attributes, such as income, academic attainment, and family size. In our empirical investigation, we find that UltraOrthodox Jewish parents deposit additional funds for girls while Arab parents deposit additional funds for boys. These findings are economically and statistically significant results. Specifically, after controlling for household's attributes, regressions show that there is a 7% higher rate of savings for girls versus boys in the Ultra-Orthodox population and a 5% decline in savings for girls versus boys in the Arab population. For non-UltraOrthodox Jewish populations, the effect is neither statistically nor economically significant. For the minority populations, parental favoritism persists across various robust specifications, including households with both girls and boys.

We then investigate the mechanisms in detail. Utilizing NII survey data from the inception of the savings program in 2017 and information on mother's academic attainment, we present evidence that parents' expectations for these funds are related to investments in human capital and education. Additionally, we leverage a unique aspect of the Ultra-Orthodox population to demonstrate that the marriage market does not lead the observed outcomes directly. Our analysis also indicates that women's economic bargaining power within the household (e.g., when women contribute a larger share of income, as discussed in Dizon-Ross and Jayachan- dran, 2022; Duflo, 2003) does not seem to affect parents' savings

[5]Due to differences in fertility rates, the percentage of minority children is different from their overall percentage in the population.

decisions based on the child's gender. This additional evidence strengthens the argument that parents' decisions regarding savings are significantly influenced by considerations related to their children's future economic prospects.

Extrapolating from the case study's outcomes to more general observations highlights important factors to consider when implementing child savings or labor market programs and the potential inequalities resulting from them. Biases experienced in the early stages of life not only impact but are also influenced by future economic incentives and labor market programs.

The paper proceeds as follows. Section 2 reviews the relevant literature on child savings programs and parental investment behavior by gender. Section 3 describes the institutional background. Section 4 details the data sources and descriptive statistics. Section 5 presents the main empirical results. Section 6 explores the underlying mechanisms using survey evidence and additional administrative data. Finally, Section 7 concludes with policy implications and directions for future research.

2 Literature review

2.1 Child savings programs

Savings for children have several implications for economic development and gender inequality. Providing access to funds in young adulthood can have large direct economic implications throughout the life-cycle (e.g. Zewde 2023; Brown et al. 2023; Caucutt and Lochner 2020; Stein and Yannelis 2020; Lee and Seshadri 2019; Loibl 2017). Specifically, child saving accounts (or similar child savings facilities such as baby bonds and 529 education savings plans) have been found to have a positive effect on financial behaviour and savings in adulthood (e.g. Li et al. 2023; Zewde 2020; Huang et al. 2021; Friedline et al. 2014; Friedline 2014; Ashby et al. 2011). Child saving accounts have specifically been found to positively impact academic attainment (e.g. Blumenthal and Shanks 2019; Elliott et al. 2011). The effect on academic attainment was found to be larger for low-income minorities and evidence shows that even small amounts of savings can have a strong effect (e.g. Huang et al. 2021; Elliott et al. 2013). Additionally, there is an indirect affect from accessing financial institutions and savings accounts in a young age through financial inclusion, financial literacy and financial behavior (Huang et al. 2021; Brown et al. 2019; Demirgug-Kunt and Singer 2017; Grohmann et al. 2018; Sherraden 1991). Given that institutional savings programs often aim to reduce inequality and grant financial access to young adults from lower socioeconomic backgrounds, the potential influence of gender favoritism on savings amounts can exacerbate or mitigate long-term gender disparities.

2.2 Parent's investment in children and gender favoritism

Gender favoritism in parental financial transfers and investments in their children is documented in the

literature (e.g.Carlsson Hauff and Hermansson 2023; Tani et al. 2023; Mishkin 2021; Jayachandran 2015; Barcellos et al. 2014; Ebenstein and Leung 2010; Bennedsen et al. 2007; Chu 1991). Historically, the practice of bequeathing the entirety of an estate to male children was widespread and continues to be prevalent in many developing societies (see, for instance Kaul 2018; Chu 1991; Guinnane 1992). But contemporary evidence suggests that parental gender favoritism persists even in modern developed countries such as the US (Mishkin 2021; Bennedsen et al. 2007).

There is still an open discussion on the origin of gender bias and favoritism, whether it primarily arises from preferences and norms or is significantly influenced by economic incentives and expected returns.[6]

There is evidence suggesting that gender bias is predominantly associated with cultural preferences rather than being dependent on local infrastructure and economic opportunities. For instance, Ongena and Popov 2016 provides evidence that gender biases in the use of credit by US immigrant women tends to be more pronounced when gender bias in country of origin is higher. Alesina et al. 2013 examine gender preferences and attitudes towards gender roles and demonstrate that they are influenced by historical patterns of women's ability to participate in the labor force. Additionally, other studies, indicate that increased control of household income by women is associated with greater investments in girls, highlighting a gender preference (e.g. Dizon-Ross and Jayachandran 2022; Duflo 2003; Qian 2008).

There is also a large literature pointing to the importance of economic incentives and expected returns on gender bias and favoritism. Economic incentives can be influenced by various underlying mechanisms that contribute to gender bias. Firstly, in societies with patriarchal cultural and societal structures, males may utilize monetary transfers and inheritance to secure higher expected income than females (e.g. Kaul 2018; Qian 2008; Ebenstein and Leung 2010; Qian 2008; Chu 1991). Within this same patriarchal societal framework, parents might invest more in male children if they are expected to reciprocate monetary support in their parents' older age and provide economic assistance (e.g. Ebenstein and Leung 2010; Qian 2008; Light and McGarry 2004; Cox 1987). In contrast, care-giving responsibilities, which are typically performed by females, may result in greater transfers for girls (e.g. Loxton 2019; Light and McGarry 2004; Cox 1987).

Related to this topic is research on patrilocality and matrilocality, which explores where children reside after marriage. Typically, patrilocality is more prevalent were sons tend to stay near their parents, while daughters often relocate to their husband's hometown. This dynamic can influence parents' inclination to invest in their children, as they benefit more when their children live nearby (e.g. Zhao 2023; Bau 2021; Ebenstein 2021). Dowries and bride-prices can also impact parents' inclination to invest in their children and their education, as these factors can contribute to securing a more favorable marriage arrangement and a higher bride-price (e.g. Tani et al. 2023; Khalifa 2022; Ashraf et al. 2020; Anderson 2007; Anderson and Bidner 2015; Ambrus et al. 2010; Botticini and Siow 2003).

Further evidence from developing countries indicate that parents' level of care for their children responds to changing economic incentives. Jayachandran and Lleras-Muney 2009; Jensen 2012 and Shrestha and Palaniswamy 2017 find that when girls or boys are faced with better financial prospects later

[6]This is also connected to a wider discussion on gender bias in the working force e.g Ater et al. 2023; Jayachandran et al. 2023; Sherman and Tookes 2022; Kessler et al. 2019.

in life, there is an increase in parental care during their childhood, and they are more likely to receive schooling.[7].

Another mechanism related to economic incentives involves parents providing unequal monetary transfers to fund academic attainment (e.g. Kaul 2018; McGarry 2016; Wong 2013; Loxton 2019). For example, Wong 2013 provided evidence of different inter-vivos transfer trends between boys and girls, with larger gifts for boys in South Korea and higher gifting for girls in the United States. This disparity is explained by the need to finance varying levels of education when there are gender-based inequalities in academic attainment.[8]

This paper addresses an instance where cultural preferences and economic incentives point in different directions—an aspect that has received limited attention in the literature. Our setting, Israel's Savings for Every Child Program, provides a unique institutional framework to compare the relative strength of these explanations and to consider additional mechanisms such as mothers' bargaining power, the marriage market, patrilocality and matrilocality, and parental care.

3 Setup

3.1 SECP

In 2017, the Israeli National Insurance Institute (NII) introduced the Savings for Every Child Program (SECP). The SECP is a unique and interesting program that provides universal savings for all children in the country. Under the SECP, the government deposits approximately US $15 (NIS 50 indexed) per month into a savings account for every Israeli child under the age of 18 and covers the associated account fees until the child reaches the age of 21. Additionally, capital gains accrued until age 21 are not taxed and bonuses are awarded at age milestones until age 18, totaling approximately US $130. An additional bonus of approximately US $130 is provided if savings remain in the account until the age of 21. While defaults are in place, parents have the option to actively participate in the program. They can exercise control over where and how to invest these funds and make additional monthly deposits of approximately US $15 to the SECP account. Within approximately six months of the child's birth, parents finalize their SECP investment decision, and thereafter these choices remain largely unchanged. After reaching the age of 18, children gain unrestricted access to the funds, allowing them to allocate the resources according to their preferences. Given the program's tax benefits, government-covered fees and bonuses, and the ability for

[7] Furthermore, there is evidence indicating that economic incentives influence intra-household decisionmaking between men and women. It appears that cultural preferences still play a significant role in these contexts (e.g., Paredes et al. 2024; Hancock et al. 2023).

[8] An additional explanation offered in the literature for unequal transfers is that parents may allocate additional funds to children who are in greater need of support due to specific life events. (e.g. McGarry 2016, Dunn and Phillips 1997). In this paper, we focus on analyzing savings and transfers to children, and since future life events are unpredictable, they should not significantly impact the outcomes we are examining.

parents to tailor their level of risk and choose their preferred financial institution, the SECP represents an attractive savings vehicle (Butrica 2015).

Active enrollment in the SECP program can be done online, via phone, or in person. During the initial installation of the program, parents actively enrolled for two thirds of child account and fifty percent choose to deposit additional funds to these accounts. These rates dropped over time but still remain relatively high. As of January 2020, overall parents choose to deposit additional funds in 49% of child accounts. Despite general high levels of program enrollment and participation, economically vulnerable households—minority groups and especially the Arab minority, tended to engage less with the program, and do not deposit additional funds to the account (e.g. Haran Rosen and Sade 2022a; Haran Rosen et al. 2021). The NII investigated and found that usually parents make a decision in the first six months of eligibility in the program before defaults take place and do not change their savings decisions over time.

Estimated account size at age 18 can range from «US $3,000 to ~US $20,000 depending on parents choices (additional deposit and saving track) (Pinto and Gottlieb 2019). A year of college in Israel is ~US $2,500, meaning estimated funds can cover costs of between 1- 6 years of tuition. Academic studies in Israel typically begin at age 18, or between ages 21 and 24 for those completing mandatory military service, making SECP funds highly relevant for financing higher education at the point of entry.

It should also be noted that in the SECP all parents are subject to the same program, presented with identical choice architectures, and provided with uniform information regarding the program.[9] Hence, the accessibility, information, and economic incentives regarding saving in the program are similar for all parents and children.

3.2 Ultra-Orthodox Jewish and Arab populations

Israel encompasses two significant religious and ethnic minority groups, each characterized by distinct attributes: the Ultra-Orthodox Jewish and the Arab populations. The UltraOrthodox Jewish and the Arab populations constitute approximately 12% and 21% of the 2021 population, respectively (CBS 2022; Kasir and Romanov 2017a). The UltraOrthodox Jewish population is recognized for its religiously insular nature, featuring unique cultural elements (Gershoni et al. 2023; Goldfarb and Neuman 2023; Zupnik 2022; Gordon 2022; Cahaner 2020; Kasir 2018; Kasir and Tsachor-Shai 2016; Lehmann and Siebzehner 2009). Within this community, a patriarchal structure is evident, with an intriguing twist: while men primarily concentrate on religious studies, it falls upon the women to assume the responsibility of providing for the household income. This is a relatively recent shift in the last decades, influenced in part by government subsidies for religious studies, present a unique opportunity to explore a scenario where women emerge as the main breadwinners, despite prevailing preferences that continue to prioritize men. The Arab population in Israel (which is mainly Muslim) is a religious and ethnic minority, adhering to a

[9]The ability to observe transfers can affect the ability of parents to transfer funds unequally (e.g. Bernheim and Severinov 2003; Lundholm and Ohlsson 2000; Stark and Zhang 2002; Stark 1998; Dunn and Phillips 1997). Information includes an annual letter detailing the status of the savings accounts, and authenticated users can access quarterly data online through the financial institution's website. Additionally, general program information, rather than specific account details, is available in media outlets and publications from the National Insurance Institute (NII).

patriarchal structure that bears similarities to other minority groups worldwide.

The Ultra-Orthodox Jewish and Arab populations have high fertility rates. UltraOrthodox Jewish women fertility rate was 6.62 and was 2.82 for Arab women in 2020, while the distribution between females and males aligns with that of the general population CBS 2020).[10] Both populations face relatively high poverty rates.[11] Among the Ultra-Orthodox Jewish population, poverty is primarily attributed to the low levels of general education and workforce participation among men, whereas in the Arab population, it predominantly emanates from the lower workforce participation rates among women (BOI 2022; Kasir 2018; Kasir and Yashiv 2021). In the Ultra-Orthodox Jewish community, workforce participation stands at 82% for women, while for men, it is notably lower at 49%. In contrast, among the Arab population, workforce participation rates for women and men are 45% and 71%, respectively, highlighting a distinct gender-based division of labor. In comparison, the non-Ultra-Orthodox Jewish population exhibits higher workforce participation levels, with rates of 84% for women and 87% for men (BOI 2022).

Furthermore, academic attainment levels reveal disparities within these minority groups. Among Ultra-Orthodox Jewish women, academic attainment is notably higher at 33% in comparison to a mere 7% among men (BOI 2022). The shift of Ultra-Orthodox Jewish women towards academics over the last 10-20 years represents a significant change, driven by the labor market's increasing demand for higher education and the booming high-tech sector in Israel. Additionally, these women's aspirations to secure higher wages and engage more fully in the labor force have played a crucial role in this trend (Cahaner and Malach 2023; Malach and Cahaner 2022; Gordon 2022; Cahaner 2020; Regev 2017; Kasir et al. 2018). In the Ultra-Orthodox community, education for men primarily centered on religious studies. Yet, this focus results in minimal emphasis on other vocational subjects. Upon completing 12 years of education, male students possess limited knowledge in math, science, and no proficiency in English. In contrast, women in the same community graduate with vocational knowledge comparable to other populations, demonstrating proficiency in math, science, and English. For the other populations, there are no such disparities in the education system by gender although academic attainment is also higher for women and the difference is less pronounced. Academic attainment for Arab women and men stands at 29% and 19%, respectively. In the non-Ultra-Orthodox Jewish population there are higher academic attainment figures with 53% for women and 42% for men (BOI 2022).[12]

While the distinctive perspective of the Ultra-Orthodox Jewish community highlights women's role in providing for the household, both the Ultra-Orthodox Jewish and Arab populations exhibit a pronounced patriarchal preference for males (e.g. Ahmed 2021; Haddad and Esposito 2020; Jayachandran 2015; Kasir and Tsachor-Shai 2016; Lehmann and Siebzehner 2009; Radford 1999). This bias is also evident in CBS survey data, where a significant portion of individuals from these communities report that women are primarily responsible for laundry and cleaning, while a smaller

[10] In Israel, you cannot use an IVF procedure to choose the sex of the child unless you have four children of the same gender and abortions are uncommon and religiously prohibited.

[11] Forty-two percent of Ultra-Orthodox households and 45% of Arab households lived in poverty in 2018, with less than half of the median household income.

[12] Additional information on Ultra-Orthodox population attitude toward the education system is available at Kasir and Romanov 2017b.

proportion mention women's involvement in household finances (CBS 2009).[13] Specifically, 81% of the Ultra-Orthodox Jewish population and 91% of the Arab population indicate that women handle laundry duties in their households, in contrast to 71% in the general population. Additionally, 63% of the Ultra-Orthodox Jewish population and 84% of the Arab population state that women are responsible for cleaning the household, as opposed to 51% in the general population. Conversely, only 9% of the Ultra-Orthodox Jewish population and 11% of the Arab population indicate that women are in charge of household finances, in contrast to 20% in the general population. Furthermore, former research reveals that in both minorities women are less financially literate (e.g. Dresler and Hurwitz 2023; Haran Rosen and Sade 2022a,b). Indicating additional aspects of financial gender bias in these households as well as the fact that in both populations it is more likely that fathers are in charge of financial decision making in the household. When investigating parents' payment of allowances to children using the 2019 CBS Household Expenditure Survey data and looking only at families that have either boys or girls (allowance size is averaged for each household), we find evidence that in families with only boys, the allowance is higher and certainly not lower than in households with only girls across all sub-populations (Arab, Ultra-Orthodox Jewish, and non-Ultra-Orthodox Jewish). The difference is largest for Arab households, with an average allowance of 285 NIS for households with boys versus 127 NIS for households with girls. This is inline with a cultural preference.[14]

When considering economic incentives, the most direct one is the incentive to invest in the future breadwinner and their education. Yet, there could be additional economic incentives from the marriage market, housing, and parent-child relationships to save for sons and daughters. In the following sections, we describe the relevant additional economic incentives for these two populations.

Marriage incentives for Ultra-Orthodox Jewish and the Arab populations have changed over time. Dowry as part of the marriage contract was common in both cultures but has become less prevalent and less substantial in these communities in Israel (e.g. Lehmann and Siebzehner 2009; Jayachandran 2015). This is inline with the literature that shows that such practices decline in developing countries (e.g. Anderson and Bidner 2015). On the other hand, cultural norms echo in the marriage market as they continue to emphasize the role of men as breadwinners in the Arab population, while in the Ultra-Orthodox population, women are expected to fulfill this role. This means that in the Ultra-Orthodox Jewish population, girls are expected to provide financial support to the household either by contributing more capital to buy a house or by demonstrating better prospects in the labor market, while in the Arab population, it is the men who are expected to fulfill this role. This is especially true for a specific type of Ultra-Orthodox Jewish community that have a higher rate of men completely devoted to religious studies and being payed a small allowance from the government to do so (e.g. Zupnik 2022; Gordon 2022; Grossbard 1986). We address this sub-population in more detail later in the paper. Additionally, as real estate prices go up it seems that the marriage market for the Ultra-Orthodox Jewish population is putting

[13] Cultural bias toward housework appears to be prevalent in many communities (e.g. Hancock et al. 2023); however, these populations exhibit a higher bias than the rest of the population.

[14] This might also be connected to initial evidence indicating that parents provide more allowance for boys when they are younger (e.g. Philip 2024).

a bigger emphasis on the women's ability to provide capital for housing. Therefore, although dowry practices are not prevalent overall, we can assume that the dynamics of the marriage market may increase the economic motivation to save for girls within the Ultra-Orthodox Jewish community and for boys in the Arab population.

Regarding incentives to invest in children who may assist parents in the future (e.g. Light and McGarry 2004; McGarry 2016), there are several indications suggesting that this should not be considered a primary driver to differences in savings in the SECP. Culturally and historically, it is common for young couples in the Ultra-Orthodox Jewish population to move next to the bride's family (Matrilocality) and next to the groom's family for the Arab population (Patrilocality). Yet, Israel is a small country (most places are less than a 4-hour drive even with traffic), and additionally, these populations tend to reside in specific areas, leading to even less dispersion. The rise in housing prices has also affected the ability of the bride and groom to stay close to family, as they move to more peripheral and less expensive localities (Haj-Yahya et al. 2022; Regev and Gordon 2022). Hence, it seems that patrilocality and matrilocality should have a mitigated effect on parents' investment decisions in SECP for these populations nowadays. Even if there is an effect, it should lead to increased savings for girls in the Ultra-Orthodox Jewish populations and increased savings for boys in the Arab population.

Survey data conducted by the Israeli Central Bureau of Statistics reveals that within both minority communities, men are more inclined to offer financial support to their parents compared to women (CBS 2019) but women are generally more likely to physically support parents (e.g. Arazi et al. 2023; Brodsky et al. 2011). It should also be noted that both minority communities have a strong communal structure, and many family and community members offer support to the elderly (e.g. Halperin 2015; Shulyaev et al. 2020). High fertility rates also lead to a mitigated effect on parents' expectations of help from each specific child. Hence, for these communities, children's future assistance for parents appears relatively mitigated but should drive additional savings for boys.

The Ultra-Orthodox Jewish and Arab populations share patriarchal gender preferences but diverge in terms of their economic incentives, (influenced by the cultural context) to invest in boys versus girls. Table 1 summarizes forces and how outcomes enable us to investigate them. We hypothesize that in the Arab population, parents will save more for boys, reflecting both patriarchal preferences and economic incentives, while patterns among the Ultra-Orthodox will reveal whether norms (patriarchal preference for males) or incentives (favoring girls) dominate. For the non-Orthodox Jewish population, where neither force is particularly strong, we do not expect systematic favoritism. We now turn to the data before presenting the empirical analysis.

Table 1: Forces effecting gender favoritism in different populations

	Preferences/Norms (patriarchal preference for males)	Economic incentives	SECP incentives
Arab Population	Boys	Boys	Same
Ultra-Orthodox Jewish Population	Boys	Girls	Same

4 Data

Data for this research comes from the NII administrative data on all SECP accounts and households as of January 2020. The database covers all children between the ages of 0.5-15 in Israel.[15] The data set includes information on decisions made within the SECP, particularly regarding the deposit of additional funds into the account. Additionally, it comprises administrative data concerning various household characteristics and attributes. These attributes include the marital status of the child's parents[16], the order of children in the household[17], the age of each child, the average age of parents, the income of each parent, indicators for whether each parent attended a university or college, indicators for whether each parent receives social security income (e.g., disability and income assurance benefits), and the household's minority affiliation, based on an algorithm according to the NII classification. As parents tend to make a savings decision early and remain consistent over time, examining a cross-sectional snapshot of these savings decisions provides valuable insights into parental preferences and investment behavior concerning their children's future.

In our administrative NII data set, we have a total of 2,342,277 observations. This data set includes 384,904 observations from the Ultra-Orthodox Jewish population and 536,658 observations from the Arab population. Notably, in 39% of Ultra-Orthodox Jewish children accounts, parents chose to make additional deposits into their child's account. For the Arab children, this percentage was 23%, while for the non-Orthodox Jewish accounts, it was notably higher at 62%. When examining outcomes in regressions below, we control for household income due to the fact that low income and liquidity constraints are likely contributing to the differences between populations and help explain the lower contribution rates for the minority populations. Summary statistics of the administrative data is presented in Table 2. It is important to note that the proportion of boys and girls is consistent across all populations, with girls comprising 49% of the sample. This indicates that there is no gender-based selection bias within any of the populations studied.

4.1 Empirical investigation

We estimate the following linear model for all population groups in Israel: Ultra-Orthodox Jewish population, Arab population, and non-ultra-Orthodox Jewish population.[18] For each child i we estimate

[15] We examined children aged 0.5 and above, after defaults took effect, and before they reached the age of 15, at which point the child's savings horizon is relatively short.

[16] Whether they are married to each other or not.

[17] We grouped child number 7 and above together. Therefore, children are categorized with an indicator for the order of children in the household ranging from 1 to 7.

[18] When partitioning data based on parents' academic attainment or income (not shown here), the statistically significant effects and differences seem to stem from the Arab and Ultra-Orthodox Jewish populations. In households where the mother has academic attainment but the father does not (indicative of Ultra-Orthodox Jewish households), there is a higher savings rate for girls. Conversely, in households lacking education (primarily indicative of Arab households, though not exclusively), there is a tendency to save more for boys, albeit this effect is less pronounced. Regarding income, households where women have low income, in lowest 20% percentile, but fathers do not (common among the Arab population but not limited to it) exhibit a lower savings rate for girls, though this effect is not particularly strong. In contrast, in households where the mother does not have a low income but the father does (characteristic of Ultra-Orthodox Jewish households), there is a strong tendency to save more for girls. Notably,

(Y_i), dummy value of 1 or 0 for depositing an additional NIS 50 per month to the child's account.

Table 2: Statistical Summary

Population and N Obs		Variable	Mean	Std Dev	Minimum	Maximum
Ultra-Orthodox 384,904	Jewish	Deposit additional funds	0.39	0.49	0.00	1.00
		Proportion female	0.49	0.50	0.00	1.00
		Age of child	7.02	4.11	0.51	15.00
		Parent's married	0.98	0.14	0.00	1.00
		Parent's average age	36.12	7.07	18.27	71.01
		Father academic attainment	0.06	0.24	0.00	1.00
		Mother academic attainment	0.62	0.49	0.00	1.00
		Mother in top 20% of female earners	0.11	0.31	0.00	1.00
		Mother in low 20% of female earners	0.19	0.39	0.00	1.00
		Father in top 20% of male earners	0.02	0.16	0.00	1.00
		Father in low 20% of male earners	0.55	0.5	0.00	1.00
		Mother has income from social security	0.11	0.31	0.00	1.00
		Father has income from social security	0.07	0.26	0.00	1.00
		Order of children in household	2.78	1.68	1.00	7.00
		Mother's bargaining power	0.64	0.34	0	1
Arab 536,658		Deposit additional funds	0.23	0.42	0.00	1.00
		Proportion female	0.49	0.50	0.00	1.00
		Age of child	7.62	4.18	0.51	15.00
		Parent's married	0.91	0.29	0.00	1.00
		Parent's average age	37.84	6.96	16.77	88.75
		Father academic attainment	0.16	0.37	0.00	1.00
		Mother academic attainment	0.23	0.42	0.00	1.00
		Mother in top 20% of female earners	0.06	0.23	0.00	1.00
		Mother in low 20% of female earners	0.47	0.50	0.00	1.00
		Father in top 20% of male earners	0.07	0.25	0.00	1.00
		Father in low 20% of male earners	0.19	0.39	0.00	1.00
		Mother has income from social security	0.12	0.32	0.00	1.00
		Father has income from social security	0.19	0.39	0.00	1.00
		Order of children in household	1.96	1.14	1.00	7.00
		Mother's bargaining power	0.27	0.28	0	1
Non-Ultra-Orthodox Jewish 1,420,715		Deposit additional funds	0.62	0.48	0.00	1.00
		Proportion female	0.49	0.5	0	1
		Age of child	7.52	4.12	0.51	15.00
		Parent's married	0.87	0.34	0.00	1.00
		Parent's average age	40.26	6.43	17.80	84.75
		Father academic attainment	0.48	0.50	0.00	1.00
		Mother academic attainment	0.59	0.49	0.00	1.00
		Mother in top 20% of female earners	0.28	0.45	0.00	1.00
		Mother in low 20% of female earners	0.10	0.30	0.00	1.00
		Father in top 20% of male earners	0.30	0.46	0.00	1.00
		Father in low 20% of male earners	0.11	0.31	0.00	1.00
		Mother has income from social security	0.12	0.32	0.00	1.00
		Father has income from social security	0.11	0.31	0.00	1.00
		Order of children in household	1.83	1.04	1.00	7.00
		Mother's bargaining power	0.39	0.24	0	1

Notes: The table provides a statistical summary of the main and control variables. Order of children in household is windsorized at 7. Academic attainment is a dummy variable indicating if a parent was enrolled in a university or college. Top 20% or bottom 20% of earners are calculated based on the SECP parents population for each gender. Income from social security indicates if a parent is receiving benefits such as disability or income assurance. Mother's bargaining power is measured as the mother's income divided by the sum of both parents' incomes. Data based on NII SECP administrative data.

$\boldsymbol{Y} = \cdot_{\blacksquare} + \boldsymbol{0}_1 * \boldsymbol{I}_i + \boldsymbol{0}_2 * X_i + _i$ Where $\boldsymbol{I}_i$ is the indicator if the child is female (0 is male). And we denote by $\boldsymbol{X}_i$ household's characteristics as stated above. (1)

when both parents have low income, no significant gender effect on savings behavior is observed. Given that gender favoritism in savings appears to stem from ethnic and religious minorities, and considering the insights their unique setups can provide into the sources of gender favoritism, we continue to discuss and focus on these populations in our analysis.

To explore potential variations in parental interactions with the program across distinct populations, we conduct separate regressions for the Ultra-Orthodox Jewish, Arab, and non-Ultra-Orthodox Jewish populations. This approach enables us to discern if there are nuanced differences in program dynamics among these demographic groups, particularly concerning the gender of the children.[19]

We start by investigating the first child in the family to address the interdependence of observations within the same household and account for random assignment, as the gender of the first child is random. Another benefit of starting the investigation with the first-born child is that this decision might be less influenced by liquidity constraints.[20] In our primary specification, as our dependent variable is binary, we utilize a logit model and report both the coefficients and odds ratios to offer a detailed interpretation of the results.[21]

We then continue to examine parents' choices within the same household, conducting a logit regression on families with both girls and boys. This analysis helps us provide further evidence that parents intentionally make non-equitable choices when it comes to saving and investing in their children, favoring specific children based on their gender. In this analysis, we use cluster-robust standard errors at the household level to account for intra-household correlation.

We then continue to investigate survey data and additional specifications to offer further insights into the mechanisms influencing parents' disparate investment in their children based on gender. We specifically address the following mechanisms: parents' expectations regarding the funds, academic attainment, marriage market considerations, and mother's economic bargaining power.

5 Main results

The regression results presented in Table 3 show that Ultra-Orthodox Jewish parents are statistically significantly more likely to deposit additional funds for their girls, while Arab parents are less likely to deposit additional funds for girls. For non-Ultra-Orthodox Jewish population, there is no significant effect by gender of child. All outcomes are after controlling for an array of household and child attributes. The full regression with all controls is presented in Appendix 1. Given that the regression is a logit regression, Figure 1 presents the odds ratios of the outcomes. Specifically, the results show a 7% higher likelihood of savings for Ultra-Orthodox Jewish girls compared to boys, and a 5% lower likelihood of savings for Arab girls compared to Arab boys. For non-Ultra-Orthodox Jewish populations, the effect is neither statistically nor economically significant.

Table 3: Depositing additional funds for child in SECP by populations

[19]It should be noted that the outcome can be viewed from both an extensive and intensive perspective. On the extensive margin, the investigation explores whether parents are willing to invest additional funds out of pocket for girls compared to boys. Conversely, on the intensive margin, it examines whether parents save additional funds for girls compared to boys.

[20]As part of our robustness checks, we extend our analysis by running regressions on the second child within the family. Additionally, we explore alternative specifications using a linear model instead of a logit model. Notably, these robustness checks yield consistent outcomes, reinforcing the reliability of our findings.

[21]As this is a logit regression, pseudo R^2 is calculated using: 1-exp2[logL(M)-logL(0)]/n. Where logL(M) and logL(0) are the maximized log likelihood for the fitted model and the "null" model containing only an intercept term, and n is the sample size.

	Logit Coefficients		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.03***	*** (0.00)	0.00 (0.00)
Controls	YES	YES	YES
Observations	110,268	238,741	692,155
Pseudo R^2	0.08	0.12	0.11

Notes: Data on first born child. Coefficients are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variable is an indicator if the child is female. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the UltraOrthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. $^{*}p < 0.1$ $^{**}p < 0.05$ $^{***}p < 0.01$

We also investigated overall savings differences between populations using a regression covering the entire sample (available upon request). This regression included fixed effects for minority populations and an interaction term between minority populations and a dummy variable indicating whether the child is female, along with all specified control variables. Because this specification includes interaction terms, we estimate the model using ordinary least squares rather than a logit model. The results show that, in line with the outcomes indicated in Table 3, the coefficient for the interaction term between girl and minority is statistically significant and positive for the Ultra-Orthodox Jewish population and statistically significant and negative for the Arab population. Despite these minority populations showing relatively higher savings rates for girls or boys, they both exhibit an overall lower likelihood of making additional deposits for any of their children compared to the non-Ultra-Orthodox Jewish population, as indicated by the statistically significant negative coefficient for the minority dummy, consistent with these populations' overall deposit rates.

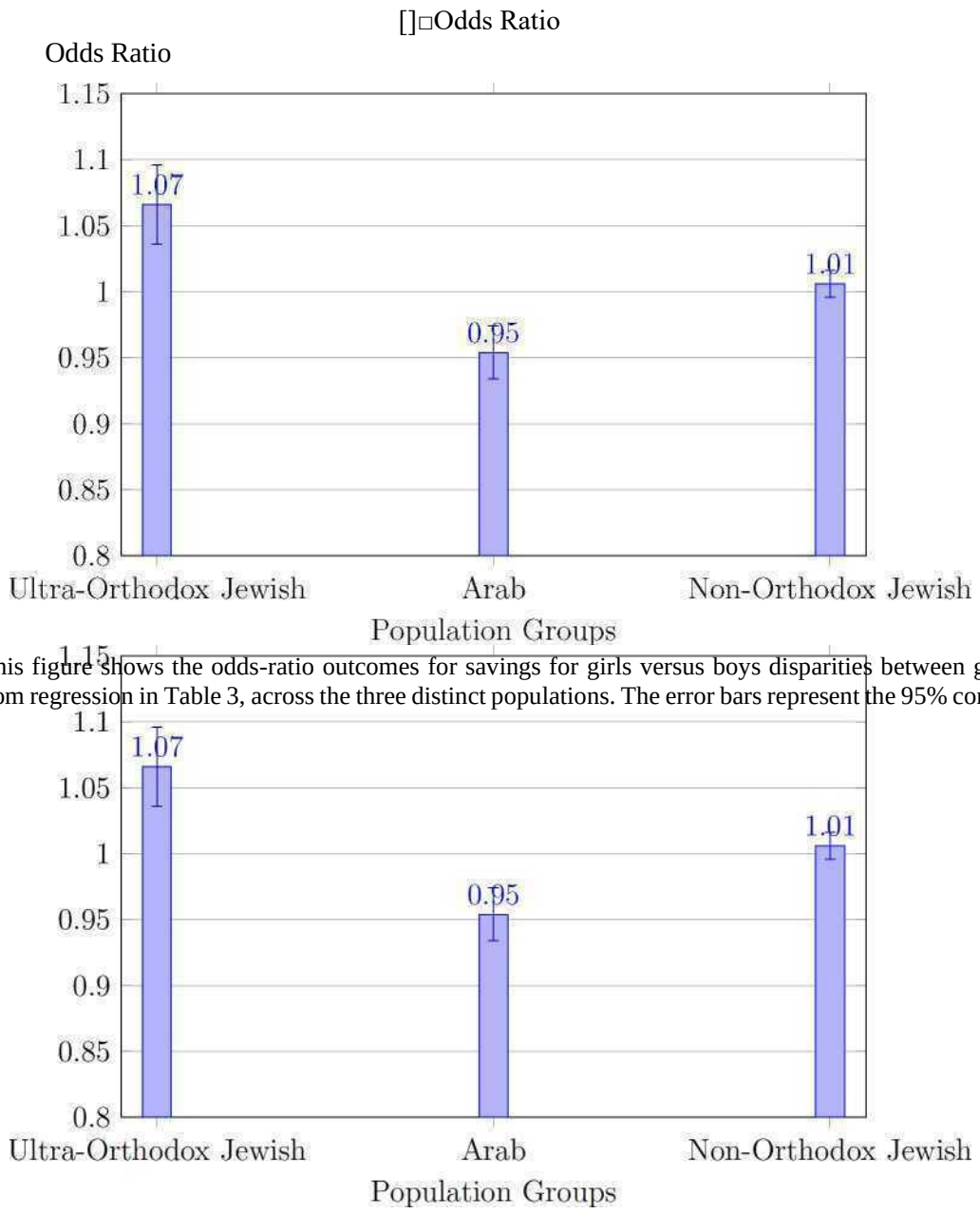
5.1 Family with both boys and girls

Next, we examine differences in savings by child gender within families that have both girls and boys. This approach helps mitigate concerns about selection bias. However, one might expect no gender differences to arise in such families, as this would imply that parents actively choose to allocate resources unequally among their children, despite shared household preferences and potential inertia. Nevertheless, we find that parental favoritism persists. Table 4 shows that among these families, Ultra-Orthodox Jewish parents save more for girls, whereas Arab parents save more for boys. The magnitude of the gender effect among Arab families is attenuated relative to the gap observed for firstborns.

As a robustness check, we include the proportion of girls among all children in the family in the regression. The results remain consistent and are available upon request.\footnote{The "Percent of girls" variable is calculated based on all children aged 0.5–15. Regression results indicate that both the "Girl" dummy and the "Percent of girls" variable load in the same direction—positive for Ultra-Orthodox Jewish families and negative for Arab families. Each variable becomes less significant when included together, suggesting the effect is shared between them. This reduces concern that the observed pattern is driven by "only-girl" or "only-boy" effects in large families.} We further estimate an OLS regression where the dependent

variable is the deviation between the saving rate for the focal child and the average saving rate across all other children in the same family. This allows us to control for the overall tendency of the family to save and isolate within-family differences. Because only a limited proportion of households display variation in saving rates across children, we restrict this analysis to Ultra-Orthodox families, where such within-family variation is more common and thus enables more precise estimation. The use of OLS is appropriate here given the continuous nature of the outcome variable. We do not estimate a logit model with family fixed effects due to the incidental parameters problem, which arises in nonlinear models with many group-specific effects and leads to inconsistent estimates when group sizes are small (e.g. \cite{wooldridge2010econometric}). Within this subsample, the pattern persists: Ultra-Orthodox parents are statistically significantly more likely to save for a girl than for her brothers within the same family, with a coefficient of 0.28 percentage points (results available upon request).

Figure 1: Odds-ratio for regression in Table 3



Note: This figure shows the odds-ratio outcomes for savings for girls versus boys disparities between girls and boys, from regression in Table 3, across the three distinct populations. The error bars represent the 95% confidence interval.

Table 4: Depositing additional funds for child in SECP by populations, only for families that have both girls and boys

	Logit Coefficients		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.02***	-0.01**	0.00
	(0.00)	(0.00)	(0.00)
Controls	YES	YES	YES
Observations	313,770	332,345	797,332
Pseudo R^2	0.09	0.13	0.13

Notes: Data only on families with both girls and boys using family cluster robust standard errors to account for the interdependence of observations within the same household. Coefficients are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variable is an indicator if the child is female. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. *$p < 0.1$**$p < 0.05$***$p < 0.01$

6 Mechanisms

6.1 Parent's expectations and additional considerations

So far, we have obtained evidence indicating that Ultra-Orthodox Jewish parents allocate higher savings for girls, while Arab parents exhibit a preference for boys. This initial evidence suggests that economic incentives can override preferences and may be influenced by parental expectations regarding future economic prospects. We claim that this distinction arises from differential monetary expectations concerning daughters and sons within the respective populations and the need to invest in education.

Yet, as discussed in the literature mentioned earlier and upon exploring the attributes of the populations, there may be additional motivations affecting parents' willingness to invest in their children. Specifically, the marriage market could be influencing outcomes directly (and not only through human capital), along with factors such as the proximity of children to parents and expectations of support in old age. Other factors, such as mothers' economic bargaining power, may also influence outcomes, and we address this question through additional data investigations.

To address alternative explanations, we present evidence from additional survey data collected at the inception of the SECP program, as well as further investigations using administrative data. In our further analyses, we examine parents' choices across all their children to assess the effect over a lifetime and across all family types, incorporating cluster robust standard errors to isolate these influences.

6.1.1 Survey data

Between July and December of 2017, following the initial implementation of the SECP, NII conducted a telephone survey targeting a random sample of parents with children eligible for the SECP. The survey sample was used based on a stratified random sampling approach and aimed to over-sample minority groups, ensuring adequate representation of Arab and Ultra-Orthodox populations for focused investigations. Out of approximately 10,000 families invited to participate, 4,838 parents completed the

survey, representing 11,215 children and yielding a response rate of nearly 50%. As parents were asked about expectations for all their children, and given that parents may have both boys and girls, examining expectations for both genders across all families yields noisy averages. Therefore, we present parents' expectations for boys and girls only within families that have either all girls or all boys. It is important to note that the non-Ultra-Orthodox Jewish population has higher income and fewer liquidity constraints, meaning they might more easily afford investments without a specific aim. In contrast, for the other populations, liquidity constraints might drive a more specific need for their investments. Additionally, our analysis focused solely on parents who made an active decision to deposit additional savings into the SECP, aiming to draw evidence from those more conscious of their choices. This approach helps us better understand the motivations of parents whose decision to save could be directly linked to the outcomes discussed above. Table 5 presents statistics on parents' expectations regarding how children will use funds in the future, categorized by affiliation to specific population group and the gender of the child.

Table 5: Parental Expectations Regarding the Use of Child Savings Account Funds by Population and Gender

Population	Gender	N	Academic attain-ment (%)	Wedding (%)	What the child wants/I not know (%)	Other or refuse)o (%)
Ultra-Orthodox Jewish	Girl	30	43.3	16.7	26.7	13.3
	Boy	36	11.1	44.4	25	19.5
Arab	Girl	62	74.2	3.2	21	1.6
	Boy	82	89	0	7.3	3.7
Non-Ultra-Orthodox Jewish	Girl	706	54.1	1.8	34.1	9.9
	Boy	792	51.7	1.3	36.9	10.2

Notes: Source data is the National Insurance Institute Savings for Every Child Survey from 2017. Parents that have either only boys or only girls and actively opted in to deposit additional funds for at least one child.

The results in Table 5 highlight that the primary expectation among most parents regarding how children will use the SECP funds is for academic attainment and vocational training (most responses emphasize academic attainment, and the percentage of respondents indicating vocational training is negligible). Within the Ultra-Orthodox Jewish population, expectations are more diversified, with a significant emphasis on both weddings[22] and education. Yet, the survey clearly indicates that Ultra-Orthodox Jewish parents expect savings for girls will be allocated towards academic attainment (43.3% for girls compared to only 11.1% for boys), while savings for boys are expected to be allocated for

[22]The answers to the survey regarding marriage were too general, making it difficult to distinguish between marriage and real estate concerns as they are combined for the Ultra-Orthodox Jewish community. Additionally, a substantial number of parents indicated real estate in the "other" category where there was an option to add a category. The high rate of responses in the "other" category among the Ultra-Orthodox Jewish population is another indicator of the importance of real estate and marriage market expectations. It is also important to note that the "other" category is 5 percentage points higher for boys than girls in the Ultra-Orthodox Jewish population.

wedding-related expenses (44.4% of parents anticipate savings for boys to be used for wedding expenditures versus only 16.7% for girls). In the Arab population, parents' expectations for both girls and boys lean towards academic attainment and at a very high rate. This could be due to social desirability and trying to please the surveyor by the minority population;[23] however, they are still more inclined to anticipate savings for boys being used for educational purposes (89% of parents with boys expect children to utilize funds for education compared to 74.2% for parents of girls). The marriage market appears to have less influence within this population. For the non-Ultra-Orthodox Jewish population, academic attainment remains significant, but differences between girls and boys are less pronounced, with parents tending to indicate that the funds will be used for whatever the child wishes to do with them. This is in line with this population having fewer liquidity constraints.

In addition, the survey helps to show that other mechanism do not seem to be driving outcomes. Specifically, all populations show a limited emphasis on expectations regarding the need to finance parental support, providing further evidence that this factor is not a driving force behind the observed effects. In the survey sample, among parents with only boys or only girls, no respondent indicated that they expect the funds to be used to finance parental support. Another potential factor influencing parental savings for children could be a reluctance to provide funds to children whom parents seek to control more tightly, in order to curb independence, potentially maintaining a more conservative environment. For example, Ultra-Orthodox Jewish parents may refrain from saving for boys as they could potentially use these funds to depart from the closed community, and similarly, Arab parents may be hesitant to save for girls. Survey results suggest that this explanation is less likely to influence outcomes. Among Ultra-Orthodox Jewish parents, a relatively high share either expect boys to use the funds at their own discretion or are uncertain about how the funds will be used—both responses suggesting greater flexibility and independence in fund usage. The share is similar for girls: 25% for boys versus 26.7% for girls. In the Arab population, parents are actually less likely to indicate that funds could be used at the child's discretion for boys, and the percentage of parents who provide this response for girls is also relatively high (4.9% for boys and 17.7% for girls), suggesting that this explanation is unlikely to be the primary driver of parental favoritism in investments. These observations further support the interpretation that SECP investments are primarily motivated by a desire to enhance the human capital and educational prospects of children perceived as future breadwinners.

6.2 Parent's academic attainment

To provide additional evidence that education attainment is the driving factor, we investigate whether parents' level of education influences the propensity to save more for girls. It is conceivable that educated mothers, being more aware of the benefits, are more inclined to save for girls It's important to acknowledge that the parent's education level may not directly correlate with their expectations of how their child's education will benefit them due to changes in economic and cultural conditions.

[23] In (Haran Rosen and Sade, 2022a) they also find and discuss how the Arab population has a tendency to answer surveys in a socially desirable manner, but note that these responses still appear to influence outcomes.

This subsection, as well as those that follow—Religious Scholars Investigation – Marriage Market Considerations and Bargaining Power—are estimated using an OLS specification rather than a logit model. This choice is motivated by the inclusion of interaction terms, which are difficult to estimate and interpret in nonlinear models such as logit. Importantly, the main effects from the primary specification above, as well as those examined in the subgroup analyses below, remain consistent across both OLS and logit specifications. This provides confidence in the linear probability framework. OLS further enables clearer interpretation of interaction effects across subgroups, including those defined by parental education, religious roles, and intra-household dynamics.

Building on this framework, we next explore one such subgroup dimension: the educational attainment of the parents. In the regression analysis presented in Table 6, we first observe that the overall effect of child gender persists across all populations both in significance and magnitude. Ultra-Orthodox Jewish parents are more inclined to save for girls, whereas Arab parents tend to save more for boys. We also find that Ultra-Orthodox Jewish mothers with academic achievements of their own are more likely to save for girls. In contrast, among Arab and non-Ultra-Orthodox Jewish parents, the effect of the parents' academic attainment on saving preferences is not statistically significant. This may be because, in these populations, girls may be focused on different subjects that are not as directly linked to future earning potential. This aligns with the theory that the need for education is a leading effect in the Ultra-Orthodox Jewish population and that economic incentives are leading outcomes.

Table 6: Depositing additional funds for child in SECP by populations and parent's academic attainment

	OLS Coefficients		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.01***	-0.01***	0.00
	(0.01)	(0.00)	(0.00)
MotherAcadAttainment * Girl	0.01*	-0.00	-0.00
	(0.00)	(0.00)	(0.00)
FatherAcadAttainment * Girl	-0.00	0.01	0.00
	(0.01)	(0.00)	(0.00)
MotherAcadAttainment	0.17***	0.26***	0.33***
	(0.01)	(0.01)	(0.00)
FatherAcadAttainment	0.24***	0.33***	0.34***
	(0.01)	(0.01)	(0.00)
Controls	YES	YES	YES
Observations	384,904	536,658	1,420,715
Pseudo R^2	0.06	0.09	0.09

Notes: Logit regressions with cluster robust standard errors to account for the interdependence of observations within the same household. Coefficients are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP and mother's income divided by father's income. The primary explanatory variable is an indicator if the child is female. The regressions include additional interaction effects between the girl indicator and indicators if mother and father have academic attainment. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. *$p < 0.1$ **$p < 0.05$***$p < 0.01$

6.3 Religious scholars investigation - marriage market considerations

As previously mentioned in the setting and following the survey outcomes, the marriage market appears to be a significant concern, particularly in the Ultra-Orthodox Jewish population, where there seem to be more frictions leading to higher dowries or down payments for apartments Zupnik, 2022; Gordon, 2022; Regev and Gordon, 2022. To further explore the impact of the marriage market, we examine a subgroup within the Ultra-Orthodox Jewish population based on the administrative data and empirical investigation mentioned earlier. This additional analysis provides further evidence that the marriage market is not the primary driver of the observed outcomes.

The marriage market for men completely devoted to religious studies, known as ”Avrechim,” (or ”Avrech”) places greater emphasis on dowry and the wife's ability to support the husband (Zupnik 2022; Gordon 2022). These men receive a governmental allowance to practice religious studies, typically around USD 220 or NIS 800, and are less likely to earn external income. If they do receive external income, it tends to be relatively low (Zupnik 2022; Gordon 2022). Additionally, around 50% of ”Averechim” are from the Lithuanian religious segment, where the marriage market is known to be tight for women. Hence, we would expect that marriage market considerations should be more pronounced in households where the father is a religious scholar. Given that these religious scholars receive an allowance from the government, information on this status is available in the NII administrative data. Hence, for the Ultra-Orthodox Jewish population we can explore whether fathers who are religious scholars show additional investment in girls due to a tight marriage market. We utilize the specified main empirical investigation on all children and incorporate a variable indicating whether the father is a religious scholar, along with an interaction term between the father's scholar status and the child being a girl.[24] As shown in Table 7, there is no additional effect for the interaction term, and the original overall tendency to save for girls remains, providing further evidence that the marriage market is not directly driving the outcome of higher investment in girls.

This finding suggests that the incentives to save more for girls are broadly shared across Ultra-Orthodox households, rather than being limited to families where the marriage market is particularly tight. In other words, the increased investment in daughters appears to be driven by widely held expectations regarding the relative returns to education and labor market participation among Ultra-Orthodox women. These incentives apply across the community, implying that the economic rationale for saving is not confined to marriage dynamics but is rooted in the broader economic roles Ultra-Orthodox girls are expected to play.

Table 7: Depositing additional funds for child in SECP if father is a religious scholar, Ultra-Orthodox Jewish population

[24] In the specification bellow father's income and academic attainment are controlled for. Similar outcomes in size and significance are observed even when controls for father's income and academic attainment are not incorporated in the regression.

OLS Coefficients	
	Ultra-Orthodox Jewish
Girl	0.03***
	(0.00)
Father religious scholar * Girl	0.00
	(0.00)
Father religious scholar	-0.03***
	(0.01)
Controls	YES
Observations	384,904
Pseudo R^2	0.08

Notes: OLS regression with family cluster robust standard errors to account for the interdependence of observations within the same household. Data on Ultra-Orthodox Jewish population. Coefficients are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variables is an indicator if the child is female, an indicator if father is a religious scholar "Avrech" and an interaction term between these two variables. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. $^{*}p < 0.1$ $^{**}p < 0.05$ $^{***}p < 0.01$

6.4 Bargaining power

The literature provides evidence that households where mothers have stronger economic bargaining power in family decision-making due to higher income, tend to allocate more resources to girls (e.g Dizon-Ross and Jayachandran 2022; Duflo 2003; Qian 2008). This observation is linked to the notion that mothers exhibit greater altruism towards their daughters compared to fathers. In order to investigate this mechanism, we conducted our prior regressions from the main specification on all children, augmenting them with an interaction term to investigate maternal economic bargaining power and gender preferences. Initially, we introduced a variable of mother's percent of wage out of household wage (derived from dividing the mother's income from work by the sum of the father's and mother's income from work), which should directly measure the mother's economic influence in the household. The outcomes, as outlined in Table 8, indicate that overall, increased maternal economic bargaining power, as measured by the interaction term between the mother's economic bargaining power variable and the child being a girl, has no additional impact on savings for girls in all populations. Additionally, the baseline effect of the girl dummy variable on it's own remains consistent across all groups. This indicates that the outcomes presented earlier in the main specification are not stemming from maternal economic bargaining power.

It should be noted that for the Ultra-Orthodox Jewish population, the mother's economic bargaining power variable has a statistically significant negative effect on the tendency to deposit additional funds into the child's account. This suggests that the variable might be capturing some unique features of the Ultra-Orthodox Jewish population and might not accurately reflect the mother's bargaining power in this context. Given that women are often the main breadwinners, the mother's percentage of overall household income could indicate either that mothers have higher income or that fathers are more devoted to religious studies, which might actually lower the mother's bargaining power and affect household liquidity. When replacing the original interaction term with two separate interactions—between the gender of the child and an indicator that the mother is in the top 20% of female income, or that the father is in the top 20% of male income—the interaction terms remain statistically insignificant. This suggests that expectations regarding girls' future returns or investment value are consistent across Ultra-Orthodox households,

aligning with the findings from the marriage market analysis above and providing further support for the rational return-to-investment explanation**.**

Interestingly, across all populations studied, the mother's bargaining power does not appear to affect differential savings by child gender. In the non-Ultra-Orthodox Jewish and Arab populations, this variable is more likely to reflect actual bargaining power, yet we still find no gender-based effect. However, we do find that maternal bargaining power has a positive effect on the overall propensity to save for children in both the Arab and non-Ultra-Orthodox Jewish populations. This may indicate that these households have greater overall income and liquidity, or that increased maternal influence results in a broader emphasis on saving for all children, rather than selectively. When attempting to explain these outcomes with the literature, it is possible that maternal economic bargaining power in developed countries functions differently than in developing countries, where resources and opportunities are more limited.

These findings indicate that the fundamental impact of depositing more or fewer funds for girls is not rooted in maternal bargaining power for any of the populations investigated..

Table 8: Depositing additional funds for child in SECP by populations and mother's economic bargaining power in household

	OLS Coefficients		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.013*	[illegible]***	0.00
	(0.01)	(0.01)	(0.00)
Mother's Bargaining power * Girl	0.02	-0.01	-0.01
	(0.01)	(0.00)	(0.01)
Mother's Bargaining power	-0.27***	[illegible]**	[illegible]***
	(0.05)	(0.04)	(0.02)
Controls	YES	YES	YES
Observations	384,904	536,658	1,420,715
Pseudo R^2	0.08	0.12	0.11

Notes: OLS regressions with cluster robust standard errors to account for the interdependence of observations within the same household. Coefficients are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP and mother's income divided by father's income. The primary explanatory variable is an indicator if the child is female, a variable on mother's economic bargaining power, derived from dividing the mother's income from work by the sum of the father's and mother's income from work, and an interaction term between these two variables. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. *$p < 0.1$ **$p < 0.05$***p < 0.01

7 Conclusions

This paper provides evidence about the savings behaviors of parents towards children in government initiated savings programs. The unique settings, the detailed administrative data and the focus on the gender of the child, offer insights into the root causes of gender favoritism in contemporary economies. We zoom in on parents from religious/ethnic minorities, the Ultra-Orthodox Jewish and Arab populations, who share similar patriarchal gender preferences but have different economic motivations regarding their daughters and sons' future earning potential (Table 1 presents summary of underlying forces and motivations).

Our findings show that economic factors take precedence. Ultra-Orthodox Jewish parents tend to invest more in their daughters' accounts, based in economic incentives, while Arab parents put extra money into their sons' accounts, reflecting their preferences and economic incentives towards boys. These patterns persist even in families with both boys and girls, indicating that parents are intentionally saving more for some children based on their gender.

When we dig into the underlying factors and reasons behind these decisions, more insights emerge that all point to economic incentives leading overall effect. Specifically, it appears that the main reason parents save more for children is due to economic incentives and the need to invest in the future breadwinner's human capital. We do not find evidence that tighter marriage markets or that the need to provide future support for parents affects outcomes. Additionally, our investigation does not find any evidence that a mother's intra-household economic bargaining power results in higher savings for girls or that a reluctance to provide funds to children whom parents seek to control more tightly affects outcomes. Taken together we provide evidence that parent's savings for children is based on rational behavior and response to economic incentives.

Understanding the sources of gender favoritism can help policymakers design interventions to mitigate disparities. Our findings show that parents respond to economic incentives, underscoring the importance of policies that shape workforce and educational opportunities. Expanding opportunities for women not only alters parental expectations but can also shift investment toward girls, reinforcing improvements in their future labor market outcomes. By identifying populations where gender favoritism is most pronounced, policymakers can address underlying perceptions—such as the belief that investing in daughters (or sons) yields lower returns—and design targeted incentives that encourage more equitable investment in all children. These insights can further inform the design of public campaigns and child savings programs, fostering a supportive environment that promotes both equity and long-term economic growth. Our observation that economic incentives and monetary returns in the labor market play a more significant role provides optimism that as communities develop and economic conditions evolve, gender favoritism can be effectively mitigated through a combination of these policy efforts. This research agenda is also aligned with the research agenda of the 2023 Nobel laureate in economics, Claudia Goldin, and her work on the impact of future income expectations on women's participation in the labor market and education (e.g. Goldin and Katz 2015; Goldin 2014; Goldin et al. 2006; Goldin 2006; Goldin and Katz 2002; Goldin 1990).

At this point, it is important to highlight that the findings of this research are consistent with previous studies (e.g., Haran Rosen and Sade 2022a), which show that minority populations—regardless of gender—are generally less likely to deposit additional funds for their children. This persistent gap is a critical consideration for policymakers seeking to design equitable savings incentives and child investment programs. We leave to future research the investigation of how the children ultimately used the savings and whether inequalities are reflected in those outcomes.

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A Appendix 1 - full regression

Table A1: Depositing additional funds for child in SECP by populations

	Logit Coefficients		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.03***	-0.02***	0.03
	(0.01)	(0.00)	(0.00)
Not Married	-0.05	-0.09***	-0.11***
	(0.01)	(0.01)	(0.00)
Age of child	-0.02***	-0.01***	-0.02***
	(0.00)	(0.00)	(0.00)
Father NII allowance	0.15***	0.22***	0.01*
	(0.02)	(0.01)	(0.01)
Mother NII allowance	0.02	0.21***	0.08***
	(0.02)	(0.02)	(0.01)
Parents' average age	-0.00***	0.03***	0.01***
	(0.00)	(0.00)	(0.00)
Mother high wage	0.22***	0.11***	0.18***
	(0.01)	(0.01)	(0.00)
Mother low wage	-0.28***	-0.38***	-0.24***
	(0.01)	(0.01)	(0.00)
Father high wage	0.21***	0.13***	0.15***
	(0.02)	(0.01)	(0.00)
Father low wage	-0.26***	-0.15***	-0.17***
	(0.01)	(0.01)	(0.00)
Mother academic	0.20***	0.25***	0.23***
	(0.01)	(0.01)	(0.00)
Father academic	0.24***	0.24***	0.23***
	(0.01)	(0.01)	(0.00)
Intercept	0.4***	-1.84***	0.23***
	(0.05)	(0.03)	(0.02)
Controls	YES	YES	YES
Observations	110,268	238,974	692,155
Pseudo R^2	0.08	0.12	0.11

Notes: Data on first born child. Coefficients are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variable is an indicator if the child is female. Other variables are controls and include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. *$p < 0.1$**$p < 0.05$***p < 0.01