

For Love and Money: The Impact of Marriage and Economic Well-Being

Summary

Married people tend to earn more money and have greater household savings. They are also less likely to default on debt or live in poverty.

- **Earnings.** Married men tend to have greater earnings than men in cohabiting relationships. In this sample, married men earned \$8,000 more, on average, than cohabiting men, and married households had \$12,500 more in household income, on average, than cohabiting couples.¹
- **Home Ownership.** Married individuals are more likely to own homes and stocks than peers who are single or divorced. Married individuals were seven times more likely to own a home than single individuals and nearly twice (80 percent) more likely to own stocks. Divorced individuals were a third (32 percent) less likely to own a home compared to single individuals. Individuals with children were 28 percent more likely to own a home but 20 percent less likely to own stocks, compared to individuals without children.²
- **Affluence.** Marriage is associated with greater likelihood of attaining affluence. Among individuals between the ages of 45 and 65, marriage was associated with greater likelihood of attaining affluence, defined as the family's income being ten times the poverty threshold for a given year, over a number of years. Some 53 percent of older married individuals have experienced affluence for five or more years compared to 38 percent of their peers who were not married.³
- **Household Wealth.** Among individuals nearing retirement age, being married is associated with maintaining household wealth. Being married has a large effect on household wealth. In this study, the currently unmarried group experienced a 63 percent reduction in total wealth relative to those who were married. Being separated, never married, divorced, cohabiting, or widowed resulted in a 77 percent, 75 percent, 73 percent, 58 percent, and 45 percent reduction in wealth, respectively. Never married, cohabiting, and divorced individuals fell in the middle of this continuum. All of these groups had a significantly lower level of wealth than those who were married.⁴
- **Mortgages.** Among individuals who rent, married individuals are more likely to apply for mortgages than peers who are single. Among individuals who rented in 1991, those who were already married or married between 1991 and 1996 were 31 percent more likely to apply for a mortgage than single individuals. In a related finding, households that had an additional child between 1991 and 1996 were 12 percent more likely to apply for a mortgage than households that did not have more children during this period. Finally, individuals that divorced between 1991 and 1996 were 28 percent less likely to apply for a mortgage than individuals who remained single.⁵
- **Savings.** Married-couple households are more likely to hold savings, checking, or money accounts than households headed by peers who are single. Some 95 percent of married-couple

households held “transaction accounts” (savings, checking, money market, or call accounts) compared to 89 percent of households headed by single males, and 85 percent of households headed by single females. When other variables were held constant, single-female households were 21 percent more likely to hold transaction accounts than married-couple households.⁶

- **Savings. Among low-income households, married households are more likely to accumulate savings than non-married households.** Compared with unmarried low-income households, married low-income households, had, on average, (1) higher savings goals (13 percent higher in the amount they hoped to save), (2) higher monthly deposit values (41 percent higher), (3) more deposits (6 percent more), and (4) higher incomes (33 percent higher). However, controlling for race and income, these differences were no longer present.⁷
- **Poverty. Among children of divorced parents, those whose mothers remarried are the least likely to experience poverty.** Children whose divorced mothers remarried tended to be better off economically compared to children whose divorced mothers remained single or entered into a cohabiting relationship. There was a 66 percent reduction in poverty among children whose divorced single mothers remarried and a 40 percent reduction in poverty among children whose mothers cohabited following a divorce. The poverty rate of children whose divorced mothers remarried was 9.4 percent, while the poverty rate of children whose divorced mothers cohabited was 28.8 percent. The poverty rate of children whose divorced mothers remained single was 42.4 percent.⁸
- **Debt. Married individuals are less likely to default on debt than peers who are divorced.** Divorced men and women were 2 to 3 percent more likely to have defaulted on debt than married-couple households.⁹

- **Economic Well-Being for Women. Marriage appears to offset the negative effects of a disadvantaged family background on economic well-being for women.** Women who were married at the time of the survey were two-third less likely to be in poverty than women who were not married. The likelihood of being in poverty was the same for married women from disadvantaged families of origin and women who did not come from a disadvantaged background. The authors note, “The deleterious effect associated with a disadvantaged family background is completely offset by marrying and staying married.”¹⁰

Endnotes

- 1 Sarah Avellar and Pamela J. Smock, “The Economic Consequences of the Dissolution of Cohabiting Unions,” *Journal of Marriage and Family* 67, No. 2 (May 2005): 315–327.
- 2 Lisa A. Keister, “Race, Family Structure, and Wealth: The Effect of Childhood Family on Adult Asset Ownership,” *Sociological Perspectives* 47, No. 2 (Summer 2004): 161–187.
- 3 Thomas A. Hirschl, Joyce Altobelli, and Mark R. Rank, “Does Marriage Increase the Odds of Affluence? Exploring the Life Course Probabilities,” *Journal of Marriage and Family* 65, No. 4 (November 2003): 927–938.
- 4 Janet Wilmoth and Gregor Koso, “Does Marital History Matter? Marital Status and Wealth Outcomes Among Preretirement Adults,” *Journal of Marriage and Family* 64, No. 1 (February 2002): 254–268.
- 5 Kerwin K. Charles and Erik Hurst, “The Transition to Home Ownership and the Black-White Wealth Gap,” *Review of Economics and Statistics* 84, No. 2 (May 2002): 281–297.
- 6 Jeanne M. Hogarth, Christoslav E. Anguelov, and Jinhook Lee, “Who Has a Bank Account? Exploring Changes Over Time, 1989–2001,” *Journal of Family and Economic Issues* 26, No. 1 (2005): 7–29.
- 7 Michal Grinstein-Weiss, Min Zhan, and Michael Sherraden, “Saving Performance in Individual Development Accounts: Does Marital Status Matter?” *Journal of Marriage and Family* 68, No. 1 (February 2006): 192–204.
- 8 Donna Ruane Morrison and Amy Ritualo, “Routes to Children’s Economic Recovery After Divorce: Are Cohabitation and Remarriage Equivalent?” *American Sociological Review* 65, No. 4 (August 2000): 560–580.
- 9 Angela C. Lyons and Jonathan Fisher, “Gender Differences in Debt Repayment Problems After Divorce,” *Journal of Consumer Affairs* 40, No. 2 (Winter 2006): 324–346.
- 10 Daniel T. Lichter, Deborah Roempke, and Brian J. Brown, “Is Marriage a Panacea? Union Formation Among Economically Disadvantaged Unwed Mothers,” *Social Problems* 50, No. 1 (February 2003): 60–86.



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