Submission Information

Title: Financial Individualization among Married Couples in the United States, 1992-2016

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Abstract: *Our research documents the individualization of financial arrangements among U.S. married couples. Separate finances offer a degree of financial autonomy for each spouse, and in some cases reflect a generational shift in preferences and economic gender roles. However, some scholars have expressed concerns that separate financial arrangements could reproduce traditional gendered inequalities in partnerships and ultimately mean less redistribution within households. Using pooled cross-sectional data from the Survey of Consumer Finances, spanning from 1992 to 2016, we find that a larger portion of married couples have kept all or some of their money separate. This increase cannot be explained alone by compositional changes over time in couples' earnings, employment, levels of educational attainment, race, childbearing behaviors, marital duration, marital history, or age at the time of marriage. Both men and women were more likely to keep liquid assets in individually-owned accounts over time. However, the uptrend was steeper for men than women, especially among key groups (e.g. couples with children in which females were not fully-employed). Our findings contribute empirical evidence to the ongoing debate over the implications of financial individualization for the wellbeing of individual family members and whether public policies should focus at the level of the household or the individual.*

Background: Researchers consistently find that joint financial arrangements in intimate partnerships are associated with longer-term relationships, specialized marital roles, and children (a form of joint investment) (Hamplova and Le Bourdais, 2009; Treas, 1993). Historically, pooled money has been considered "socially appropriate" in marriage and tied to the "male breadwinner norm" (Zelizer 1994) - a norm that varies across regional and ethnic subcultures (Kenney, 2006). While joint financial arrangements remain prevalent in marriage (Hamplova and Le Bourdais, 2009; Heimdal and Houseknecht, 2003; Kenney, 2006), following dramatic changes to family structure and greater financial independence for women over recent decades, some evidence suggests more couples are choosing to keep some or all money separate. Growing prevalence of separate financial arrangements has been attributed to more individualistic, rather than collectivist, orientations toward marriage and a decline in the male breadwinner model (Lauer & Yodanis, 2011).

Past studies find that women, in particular, are more likely to keep some earnings separate (Singh & Morley, 2010) – in order to avoid traditional gender roles and maintain more direct control over money (Vogler et al. 2006). However, changing norms about money in marriage and the strengthened belief that individuals are solely entitled to their personal income could mean that more men have also kept their earnings separate over time. Pahl (2005) argues that financial individualization could be cause for concern, especially if female earnings drop following the birth of children, and couples do not sufficiently adjust their financial arrangements or share access to household money.

Existing evidence of changing financial arrangements in marriage has thus far, largely been assembled from distinct studies of couples in European nations - using a variety of data, methods of collection, and conceptual categories of financial management. A relatively smaller number of studies examine the financial management practices of American couples (Kenney, 2006, 2004; Treas, 1993, Klawitter & Fletschner, 2011, Addo & Sassler 2010; Eickmeyer et al. 2018), and none use a consistent series of nationally representative survey data to detect trends in financial arrangements. Using pooled cross-sectional data from the Survey of Consumer Finances (SCF), spanning from 1992 to 2016, we test whether the proportion of U.S. married couples who have separate financial arrangements has increased. We investigate trends in men's and women's ownership of liquid assets between 1992 and 2016, paying special attention to key subgroups for which financial individualization may produce disparities – such as couples with children in which women do not work full-time.

Data and Methods: The source of data for this analysis is the Survey of Consumer Finances (SCF). We pool nine waves of the SCF - a cross-sectional data source administered every three years - which contains detailed financial information about U.S. households and permits the assignment of married couples into financial management categories not only on the basis of accounts ownership, but also on the basis of liquid asset holdings within accounts. We calculate the proportion of each couples' total liquid assets which are held in joint or individually owned accounts. We further distinguish between the proportion held separately in male-owned and female-owned accounts. The SCF also contains rich data on each spouses' earnings, employment, levels of educational attainment, age at the time of marriage, childbearing behaviors, past marriages, as well as current marital duration and the survey respondent's race. Due to our interest in the gendered dimensions of household financial arrangements, the sample we draw is restricted to only different-sex married couples, between the ages of 22 and 55 years old. The final analytic sample includes 12,363 married couples from nine waves of the SCF (1992-2016).

A key explanatory variable is whether couples have children. A relatively small body of past research on couples' financial arrangements distinguishes between biological and step-children. Existing evidence from the U.S. context is mixed: Kenney (2004) and Eickmeyer et al (2018) find stepfamilies are less likely to pool money, while Addo & Sassler (2010) find no association. We distinguish between two types of children: (i) children born before the couple married, and (ii) children born after marriage. Because couples are not asked whether children are biological or from a previous relationship, these two categories help to distinguish between likely biological children (those born after marriage) and children more likely to be from a previous partnership (those born before marriage).

Our analysis proceeds in two steps. We first present trends in U.S. married couple's financial arrangements from the SCF, paying special attention to key subgroups of married couples – such as couples with children in which men but not women are fully-employed. In almost half of all married couples with children in our data set, men but not women are fully-employed. Second, we utilize logistic regression analyses to assess whether changes in demographic, socioeconomic, and relationship-specific characteristics can account for changes in financial arrangements over time. We use three principal dichotomous outcomes in our regression analyses: (i) whether spouses keep *all* liquid assets separate (1 = *all* liquid assets are individually-owned), (ii) whether women keep *any* liquid assets separate (1 = *any* individually-owned female liquid assets), and (iii) whether male spouses keep *any* money separate (1 = *any* individually-owned male liquid assets). Our models are largely descriptive in nature, detailing group differences in financial arrangements and testing for time trends.

Preliminary Results: We find that over time, both men and women were more likely to keep some liquid assets in individually-owned accounts (**Figure 1**). However, **Figure 2** shows that the increase in the proportion of total household assets owned individually was greater for men than women, and that the uptrend in separate financial arrangements is likely due to cohort replacement (i.e. changing preferences among more recent marriage cohorts).

Our regression models indicate that increased prevalence of separate financial arrangement among U.S. married couples over time cannot be explained alone by compositional changes in demographic, socioeconomic, and relationship-specific characteristics of couples – such as couples' earnings, employment, levels of educational attainment, race, childbearing behaviors, marital duration, marital history, or age at the time of marriage. Furthermore, we find that trends in women's, but not men's financial arrangements depend on the presence of children.

We test the sensitivity of our results to alternative model specifications, and examine trends in male and female liquid assets among additional subgroups of U.S. married couples.

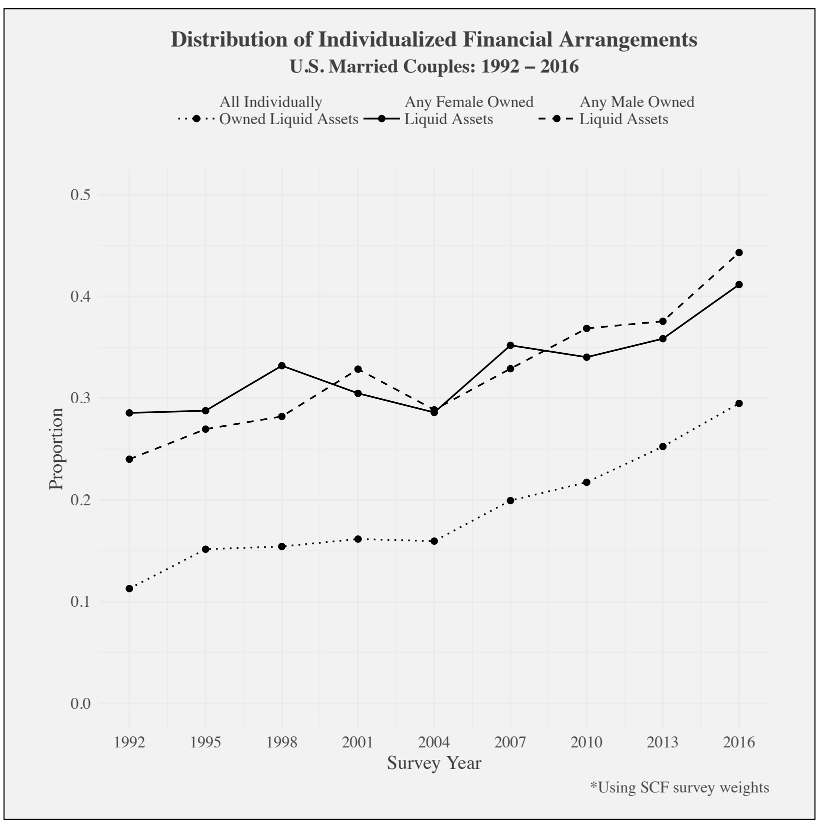

Figure 1 Evidence from the Survey of Consumer Finances (SCF) of increasing financial individualization among U.S. married couples from 1992-2016. The sample is restricted to married couples aged 22 to 55 years old at the time interview. N = 12,363 married couples.

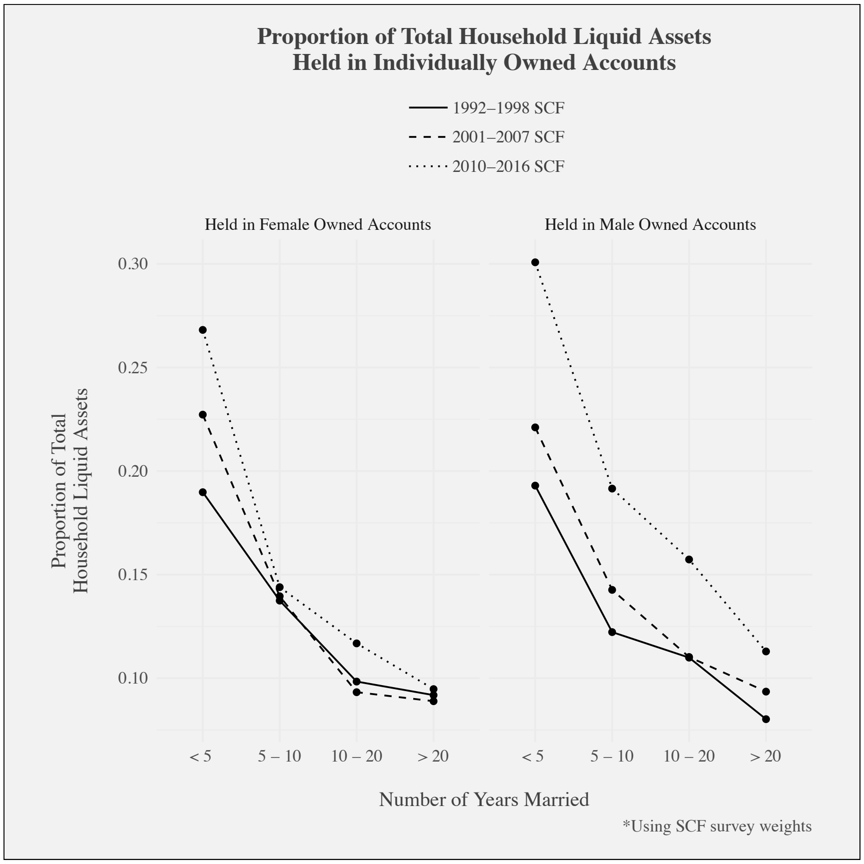

Figure 2 (A) Proportion of total household liquid assets (y-axis) held in female owned accounts versus marital duration (x-axis), grouped by survey year. (B) Proportion of total household liquid assets (y-axis) held in male owned accounts versus marital duration (x-axis), grouped by survey year. Data are from the Survey of Consumer Finances (SCF). The sample is restricted to married couples aged 22 to 55 years old at the time interview. N = 12,363 married couples.