The associations between income pooling, commitment, financial insecurity, and financial stress in young adult romantic relationships

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Abstract

Research on commitment in romantic relationships has identified numerous structural investments, many of which are signaled through sharing financial resources (i.e., a shared mortgage or lease). Shared finances, however, may also be related to financial insecurity among young adults coupling after The Great Recession. Using a nationally representative survey of young adults from Toledo, Ohio (Toledo Adolescent Relationships Study), we explore the associations between income pooling and multiple indices of commitment, financial insecurity, and financial stress. Preliminary results indicate that income pooling is significantly associated with all three qualities in young adult relationships: commitment, financial insecurity, and financial stress. This paper will be extended with the use of decomposition techniques to assess the contribution of each factor to explaining differences in young adult income pooling behavior.

The signals of romantic commitment have been well documented (Goodfriend & Agnew, 2008; Rusbult, Agnew, & Arriaga, 2012; Stanley, Rhoades, & Whitton, 2010). Couples may express their commitment to maintain their relationship through structural investments such as shared children, mortgages, or leases (Goodfriend & Agnew, 2008). However, the signals of commitment related to sharing a financial burden (i.e., joint bank accounts or leases) may also be responses to economic insecurity and material hardship. In the shadow of The Great Recession, the financial assets of young adults declined and student loan debt increased (Fry, 2013). Those unable to make ends meet may rely on their romantic partnerships for sharing expenses by pooling their individual incomes. It may be that sharing finances (income pooling) is associated with both positive (commitment) and negative (economic instability) aspects of young adult relationships. To date, there is little information on whether income pooling is associated with commitment in young adult romantic relationships, and no research assessing whether income pooling is associated with economic insecurity and material hardship in romantic relationships.

This study aims to disentangle how income pooling is associated with commitment and economic necessity in young adult romantic relationships. Understanding structural commitments in these contexts may lead to a better understanding of relationship behaviors and stability during young adulthood. Commitment is associated with relationship stability and relationship quality (Rusbult et. al., 2012; Stanley et al., 2010). Young adults who experience committed romantic relationships experience higher subjective wellbeing compared to those who do not (Kamp-Dush & Amato, 2005; Soons, Liefbroer, & Kalmijn, 2009). Further, there is considerable continuity in relationship experiences across the life course (Raley, Crissey, & Mueller), suggesting that romantic relationships in young adulthood are the cornerstone of future intimate unions and family life: as these relationship

experiences accumulate, they may manifest in future relationships (Young, Furman, and Laursen 2011).

On the other hand, if income pooling is associated with economic hardship and uncertainty, this study may provide us with a more accurate depiction of how young adults are managing this precarity within their romantic relationships. The consequences of this association are bidirectional. Income pooling, as it allows young adults to make ends meet, may reduce the stress and conflict related to material hardship in romantic relationships (Hardie & Lucas, 2010; Williams, Cheadle, & Goosby, 2015). With room to breathe, these relationships may remain stable. However, the constraint of combined finances may keep couples together that would otherwise separate (Stanley et al., 2010; Vennum et al., 2015).

In this paper, we examine the associations between income pooling behaviors in young adult coresidential relationships and three theoretically salient predictors: commitment, financial insecurity, and financial stress. We use data from the Toledo Adolescent Relationships Study (TARS), which is uniquely suited to examine income pooling behaviors in young adult relationships following The Great Recession, as well as multiple dimensions of commitment and financial hardship and stress. We hypothesize that income pooling will be positively related to commitment: as commitment increases, so will the likelihood of being in a pooling relationship. Similarly, we expect that the odds of being in a pooling relationship will increase with financial insecurity and financial stress. Continuing to highlight the behaviors associated with relationship instability among young adults is important because income pooling as a signal of commitment and income pooling out of economic necessity may be associated with disparate outcomes.

Data and Method

The sample is drawn from the Toledo Adolescent Relationships Study (TARS), which is a longitudinal survey based on a stratified random sample of 1,321 adolescents in Lucas

County, Ohio in 2000. The sample came from school enrollment records in the year 2000 of 7th, 9th, and 11th graders, however school attendance was not required to be included in the study. Initial interviews were conducted in 2001, and follow-up interviews were conducted in 2002/2003, 2004/2005, 2006/2007, and 2011/2012. At the fifth follow-up interview, respondents were 22-29 years old. The fifth round of surveys included 77% of the initial respondents (n = 1,021). These analyses rely on data from the fifth interview. The TARS sampling frame includes an oversampling of Black and Hispanic adolescents. The sociodemographic and economic characteristics of the sample closely resemble the distribution of the United States based on Census data. TARS is an appropriate data source for this study due to its in-depth exploration of relationship dynamics and financial wellbeing otherwise unavailable in other surveys that provide information on married and cohabiting young adult couples. These interviews allow us to explore the subjective relationship and financial experiences of young adults.

Analytic sample

Our initial analytic sample included all young adults who reported living with a romantic partner (either married or cohabiting) at the fifth interview (N = 529). Next, we restricted the sample to those who had valid responses to our dependent variable, income pooling, resulting in the removal of 28 (N = 501). We then removed those with missing responses to our independent variables commitment, financial insecurity, and financial stress (N = 498). Finally, we removed respondents from our analytic sample who were missing valid responses to their age, gender, race/ethnicity, education, employment, partner's employment, household income, presence of own children, or union duration. Our final analytic sample was 408.

Dependent variables

Respondents were asked about their *income pooling* behavior at the time of the interview via the question "How do the two of you organize the income that one or both of you receive?" Responses included "I manage all the money and give him[her] his[her] share," "He[She] manages all the money and gives me my share," "We pool all the money and each take out what we need," "We pool some of the money and keep the rest separate," and "We each keep our own money separate." Responses that assumed complete pooling were coded as *all together*; otherwise, the respondents were coded as *some together/ all separate.* This strategy falls in line with previous research on income pooling in romantic relationships (see Eickmeyer, Manning, and Brown, 2018; Hamplova and Le Bourdais, 2009; Heimdal and Housenecht, 2003; Pahl, 1983; Vogler et al., 2006).

Independent variables

Our primary independent variables were *commitment, financial insecurity,* and *financial stress.* To measure *commitment,* we relied on a modified mean scale of commitment identified in Davis' (1996) Relationship Rating Form. This three-item index asked individuals how strongly they agreed with the following statements: "I feel uncertain about our prospects to make this relationship work for a lifetime," "I may not want to be with him [her] a few years from now," and "How often have you seriously considered ending your relationship with [name]?" (*alpha* = 0.86).

Financial insecurity was a five-item mean scale based on responses to a series of questions about difficulties individuals faced meeting their basic needs over the past two years. Questions included "In the past 24 months, or 2 years, was there a time when you or your household didn't pay the full amount of rent or mortgage because you didn't have enough money?" "In the past 24 months, or two years, was there a time when you (or your household) went hungry because there wasn't enough money to buy food?" "In the past 24

months, or two years, was there a time when you (or someone in your household) needed to see a doctor or go to the hospital but didn't because you didn't have enough money?" "In the past 24 months, or two years, was there a time when you (or your household) was unable to pay the full gas, electric, or other utility bill because there wasn't enough money?" and "In the past 24 months, or two years, was there a time when you were unable to make the minimum payment on your credit card because there wasn't enough money?" Responses included yes or no answers (*alpha* = 0.66).

Financial stress was a two-item mean index measuring subjective financial insecurity based on the questions "How stressed have you been in the past two years (or 24 months) due to work/employment?" and "How stressed have you been in the past two years (or 24 months) due to money/finances?" (*alpha* = 0.72) Responses ranged from 1 (*not at all stressed*) to 5 (*extremely stressed*).

Controls

Our models included demographic, economic, and relationship characteristics. The respondent's *age* was measured continuously in years at the time of the survey, and ranged from 22 to 29. *Gender*, or whether the individual identified as male or female, was drawn from the initial interview in 2001.The reference category was male. Their *race and ethnicity* was self-reported, and included categories of non-Hispanic White, non-Hispanic Black, Hispanic, or some Other race. Non-Hispanic Whites served as the reference category. *Education* was measured at the time of the fifth interview and was coded as less than a high school degree, a high school diploma, some college education, or a Bachelor's degree or higher. Those with a high school diploma were there reference group.

The respondent's *employment* was measured at the time of the fifth interview. First, if the respondent reported currently working for pay for at least ten hours per week, they were coded as employed. If they were employed, then they reported whether they were working

part-time (less than 40 hours per week) or full time (40 hours or more per week). Otherwise, the respondent was coded as being unemployed. Individuals were also asked about their *partner's employment* in the same way. Our analytic sample did not include any individuals with unemployed partners, so categories included part-time and full-time. The reference category for both respondent's employment and their partner's employment was full-time. *Household income* was a self-reported continuous measure of the combined weekly income that the respondent and their partner earned. This measure was converted into yearly income (52 weeks of income) and logged to account for outliers.

Union status accounted for whether the respondent was cohabiting with or married to their romantic partner. The *presence of respondent's children* was drawn from the survey's household roster. Respondents were asked "Just to be sure, who lives in your home?" If they responded that they lived with their children, they were coded as living with their children. The reference category included those who did not live with their own children. The survey does not include information about whether the respondent and their partner live with their partner's children. *Union duration* was a continuous measure of the number of years the respondent reported being in a relationship with their partner.

Analytic Plan

We begin by presenting the descriptive statistics of our analytic sample in Table 1. Table 2 contains our nested logistic regression models predicting income pooling behavior. Model 1 includes the commitment scale alone to test the association between income pooling and commitment. Model 2 builds on Model 1 to include financial insecurity and financial stress. To assess whether our separate sets of control variables attenuate the associations between our focal independent variables and our outcome of income pooling, we include them in a piecewise fashion. Model 3 includes demographics, Model 4 builds on Model 3 to

include economic characteristics, and our full model in Model 5 includes relationship characteristics.

Preliminary Results

Table 1 contains the descriptive statistics of our sample of young adults living with a romantic partner. Commitment, on average, was relatively high, but those who were pooling ("all together") reported higher average commitment (4.20) than those who were not ("some together/all separate") (3.84). Financial insecurity presented similarly, with those who were pooling reporting higher levels of financial insecurity on average than those who were not. However, those who were pooling reported lower financial stress (2.58) than those who were not pooling (2.81). There was no difference in age across income pooling categories: on average, respondents were 26 years old at the time of the interview. Slightly fewer of those who reported pooling were men, compared to women, while equal shares of those who reported not pooling their income with their current partner were men and women. A majority of respondents identified as non-Hispanic White, followed by Black, Hispanic, and some Other race. The modal category of education for all, regardless of pooling behavior, was a Bachelor's degree or higher. A larger proportion of those who reported pooling, however, had a Bachelor's degree or higher (47%) compared to those who did not (40%). While a majority of respondents were employed full-time at the time of the interview, a larger share of those who pooled their income reported being unemployed (27%) compared to those who did not pool their income (16%). A similar association presented for partner's employment, with a majority of all respondents reporting that a partner was employed full-time, but with a slightly larger share among those who were not pooling (80% compared to 74%). INCOME. A larger share of respondents on average were cohabiting at the time of the interview, but this varied by pooling behavior. Among those currently pooling their incomes, more than half (59%) were married compared to only one-quarter (25%) of those who were

not pooling their income. 56% of those who reported pooling lived with their own children, compared to 30% of those who were not pooling. Finally, those who were pooling were together 1.41 years longer, on average, than those who were not.

Turning to our multivariate results in Table 2, we find that Model 1 illustrates a positive association between commitment and income pooling. As commitment increases, the odds of being in an income pooling relationship increase by 44%. Model 2 includes our indicators of financial insecurity and financial stress. The association between commitment and income pooling remains, but financial insecurity and financial stress are also significant predictors of income pooling. Increasing financial insecurity is associated with increased odds of income pooling (OR = 11.40) while financial stress reduces the odds of income pooling.

Model 3 controls for demographic characteristics age, gender, race/ethnicity, and education. The associations in Model 2 are not fully attenuated by these factors, although the inclusion of education reduces the odds ratio of financial insecurity from 11.40 to 9.92. As age increases, the odds of income pooling increase by 7%. Blacks, those who identify as some Other race, and those with a Bachelor's degree are significantly less likely to pool their income than non-Hispanic Whites and those with a high school diploma, while those with less than a Bachelor's degree are more likely to pool their income than those with a high school diploma.

Model 4 includes economic characteristics that may be related to both commitment and income pooling behavior. The associations from Model 3 are mirrored in Model 4. We find that reporting personal unemployment is associated with 2.14 the odds of income pooling compared to reporting being employed full-time, and that any part-time employment (either the respondent's or their partner's) is associated with increased odds of income pooling relative to full-time employment (OR = 1.63 and 1.66, respectively).

Model 5 is the final model and assesses whether relationship characteristics attenuate the associations found in the previous models. While the association between commitment and income pooling is robust, the inclusion of every relationship variable separately and together results in a larger odds ratio for financial insecurity in Model 5 (OR = 13.05). Union status accounts for the association between age and income pooling, while including union status and the presence of residential children result in a significant negative association between being female and reporting being in an income pooling relationship (OR = 0.85). With the inclusion of union status, being Hispanic is associated with significantly higher odds of income pooling than being non-Hispanic White (OR = 1.49). The associations between education and employment remain. Compared to cohabiting individuals, those that are married are more likely to be in an income pooling relationship, and the presence of own children is associated with 2.06 times the odds of income pooling compared to those who do not live with their own children. Finally, the odds of income pooling increase with increasing union duration (OR = 1.06).

Discussion & Future Directions

Our preliminary results indicate that both commitment and financial insecurity contribute to differences in income pooling behavior. As commitment increases, the likelihood of a cohabiting or married individual being in a fully pooling relationship significantly increases. The same relationship presents for financial insecurity: with increasing financial insecurity, the likelihood of pooling significantly increases. Interestingly, increasing financial stress is associated with a lower likelihood of being in a pooling relationship, and our findings in Table 1 confirm that individuals who are in non-pooling relationships report higher average financial stress than those who are in non-pooling relationships.

Future analyses will assess the differences in income pooling using formal regression-based decomposition for non-linear probability models (Fairlie, 1999). This method evaluates the contribution of commitment and financial insecurity components to differences in income pooling behavior. Using this method, we can assess how much of the difference in income pooling behavior is explained by only the component of commitment or only the component of financial insecurity.

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Table 1. Descriptive Statistics (N = 408)

		Income pooling	
	Total	All together	Some together/ All separate
	%/ M	%/M	&/M
Commitment scale (1-5)	4.02	4.20	3.84
Financial insecurity scale (0-1)	0.11	0.14	0.08
Financial stress scale (1-5)	2.69	2.58	2.81
Demographics			
Age	25.61	25.63	25.58
Gender			
Male	47.54	45.41	49.72
Female	52.46	54.59	50.28
Race/ethnicity			
Non-Hispanic White	74.18	76.15	72.18
Black	16.50	18.52	14.51
Hispanic	6.80	5.33	8.24
Other	2.53	3.97	1.11
Education (ref. = High school diploma)			
Less than high school	7.21	9.42	4.95
Some college	17.29	17.68	16.89
Bachelor's degree +	43.46	46.66	40.20
Economic characteristics	32.04	26.23	37.96
Respondent employment			
Unemployed	21.53	27.18	15.76
Employed full-time	12.74	13.60	11.87
Employed part-time	65.73	59.23	72.36
Partner employment			
Employed part-time	23.41	26.41	20.34
Employed full-time	76.59	73.59	79.66
Household income (logged)			
Relationship characteristics			
Union status			
Married	42.28	59.46	24.77

Cohabiting	57.72	40.54	75.23
Presence of respondent's children	43.28	56.40	29.89
Union duration (years)	4.70	5.41	4.00
N	408	213	195

Source: Toledo Adolescent Relationships Study (TARS)
Notes: All values weighted

Table 2. Odds Ratios from Logistic Regression Models Predicting Income Pooling (N = 408)

	Model 1		Model 2		Model 3		Model 4		Model 5	
	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE
Commitment scale (1-5)	1.44***	0.04	1.55***	0.05	1.61***	0.05	1.65***	0.05	1.64***	0.06
Financial insecurity scale (1-5)			11.40***	1.80	9.92***	1.73	9.28***	1.64	13.05 ***	2.47
Financial stress scale (0-1)			0.77***	0.02	0.79***	0.02	0.77***	0.02	0.80***	0.03
Demographics										
Age					1.07***	0.02	1.12***	0.02	0.96	0.02
Female (ref. = Male)					1.08	0.06	1.12	0.07	0.85*	0.06
Race/ethnicity (ref. = Non-Hispanic White										
Black					0.55***	0.05	0.45***	0.04	0.60***	0.06
Hispanic					1.10	0.13	1.12	0.13	1.49**	0.19
Other					0.17***	0.04	0.17***	0.04	0.29***	0.07
Education (ref. = High school diploma)										
Less than high school					2.10***	0.28	1.76***	0.24	2.22***	0.32
Some college					1.17*	0.10	1.23*	0.10	1.48***	0.14
Bachelor's degree +					0.54***	0.05	0.62***	0.06	0.78*	0.09
Economic characteristics										
Respondent employment (ref. = Employed full-time)										
Unemployed							2.14***	0.31	2.22***	0.34
Employed part-time							1.63***	0.14	1.71***	0.17

Partner employment (ref. = Employed full-time)				
Employed part-time	1.66***	0.12	1.67***	0.13
Household income (logged)	0.99	0.03	1.01	0.03
Relationship characteristics				
Married (ref. = Cohabiting)			4.78***	0.37
Presence of respondent's children			2.06***	0.15
Union duration (years)			1.06***	0.03

Source: Toledo Adolescent Relationships Study (TARS)
Notes: * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$