

Title: The Accumulation of Wealth in Marriage - Over-Time Change and Intra-Couple Inequalities

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Abstract:

The assumption that marriage is equally beneficial for all family members has long been criticised. However, how marriage is associated with personal wealth rather than household-level wealth is largely under-researched. Recent studies have illustrated that wealth premiums at the household-level seem to extend to personal-level premiums for married men and women compared to never-married individuals. These studies have also revealed substantial gender disparities in wealth between spouses disadvantaging wives. Nevertheless, these studies have largely disregarded over-time variations and hence overlooked that entry into marriage is a major life course event that uniquely shapes husband's and wife's wealth trajectories in all subsequent years. Going beyond previous research, we use a longitudinal approach to examine the accumulation of personal wealth within married couples over time and investigate the development of intra-couple wealth inequalities. Using high-quality data from the German Socio-Economic Panel Study (2002, 2007, and 2012), we apply random-effects and fixed-effects regression models to describe wealth patterns of first-time married couples. We find a delayed marriage wealth premium about 5 years after entering marriage compared to never-married respondents. Further, our results suggest that spouses particularly increase their personal housing wealth, while marriage seems less beneficial for the accumulation of financial wealth over time. Considering intra-couple wealth inequalities, our results show a pronounced wealth gap at the start of the marriage whereby husbands hold 40 percent (approx. €45,000) more personal wealth than their wives. The gap stays fairly constant throughout marriage. While the intra-couple wealth gap during early years of marriage is mainly defined by differences in personal housing wealth, differences in personal financial wealth constitute the gap during later years. Overall, our results point out that although husbands and wives benefit from a growing marriage premium, a stable within-couple gap may place wives at persistent disadvantage.