Income Pooling as Investment and Adaptive Strategy Among Young Adults

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Introduction

Married young adults are more likely than those that are cohabiting to completely pool their income with their romantic partner1

Structural commitment2

Economic necessity3

Income pooling

• 0 = <100% combined income
• 1 = 100% combined income

Aim

Assess the contribution of commitment, financial insecurity, and economic stressors to differences in income pooling behavior between married and cohabiting couples

Data

Toledo Adolescent Relationships Study (TARS)
• Longitudinal survey, 5 waves (2001-2012)
• Stratified random sample
• N = 1,321 adolescents living in Lucas County, Ohio in 2000
• Rich, detailed measures of relationship dynamics, financial insecurity, and economic stressors

Analytics Sample

• Young adult (ages 22-29) men and women who were married or cohabiting in 2011/2012
• N = 471

Dependent variable

Income pooling

• 0 = <100% combined income
• 1 = 100% combined income

Independent variables

Commitment (α = 0.86)

Financial insecurity (α = 0.62)

Economic stressors

• Financial stress
• Work stress
• Debt stress

(1) Not at all stressed

(5) Extremely stressed

Controls

Demographic, economic, and relationship characteristics (detailed measures available on handout)

Method

1) Pooled logistic regression

• Estimates the probability of income pooling for married and cohabiting young adults

2) Separate models by union status

• Estimates the associations between income pooling and focal IVs: commitment, financial insecurity, and economic stressors

3) Fairlie decomposition in Stata4

• Explains components of married-cohabiting difference in average income pooling behavior

Logistic regression results

Pooled predicted probabilities

Married odds ratios

Cohabiting odds ratios

Conclusion

• Both commitment and financial/economic factors were associated with income pooling

• Commitment
• Financial insecurity
• Work/employment stress
• Debt stress

• Married-cohabiting gap persists net of rich set of covariates

• Compositional factors accounted for 7% of the 33% married-cohabiting difference

Citations


