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Marital Instability and the Distribution of Wealth (Preliminary)

Nezih Guner and John Knowles*

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Abstract

The levels of wealth differ significantly among the old both by current marital status as well as by marital histories. We develop an equilibrium model of marriage and divorce and household savings, where the interplay between endogenous formation and dissolution of families and savings decisions plays a key role. We show that a calibrated version of the model can reproduce observed patterns of wealth inequality by marital status and marital history.

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1 Introduction

It is well known that marital status and household wealth are strongly intertwined; on the one hand married people are wealthier and save more, and on the other hand, household wealth is associated with both a lower risk of divorce among married households and a higher risk of marriage among unmarried ones. As stated by Waite and Gallagher (2000), a common view is that "when it comes to building wealth or avoiding poverty, a stable marriage may be your most important asset" (page 123). The question is why. A clear understanding of these patterns may be important for policy issues, such as the design of social security, but it is also interesting to ask whether economic theory can explain these patterns as the outcome of optimal decisions regarding both marital status and savings. Until now, however almost all theoretical analysis of these patterns has taken marital status as given and focused on the optimal determination of wealth and savings. In this paper we propose an equilibrium model of wealth inequality and marital status, and show that the model can indeed replicate the patterns discussed above.

The connection between marital status and wealth has been the subject of a rapidly growing empirical literature. Recent studies of the Health and Retirement Study (HRS) by Lupton and Smith (2002) and Levine, Mitchell, and Moore (2000) find that married households in which the spouses are approaching retirement age have much more wealth per person than single or divorced households. These patterns hold both for standard measures of household wealth and a more comprehensive measure that includes pensions and social security. Using Panel Study of Income Dynamics (PSID) data, Lupton and Smith (2002) also find that married households accumulate wealth much more rapidly than unmarried households, and that wealth is strongly correlated with the risk of transitions in marital status: married couples who separate within five years have much less initial wealth than those who remain together, and divorced people who re-marry are wealthier than those who remain unmarried.

The risk of divorce for the average couple is substantial, and the consequences for wealth often severe. Data on bankruptcy show that divorce is one of the principal causes listed for bankruptcy filings under Chapter 7. Marital status is strongly persistent over time; using data from the HRS and the PSID, we find that marital status at age 30 affects personal wealth 20-30 years later largely because it is a significant predictor of marital status. Even when we expand our wealth measure to include pensions and social security, the link between wealth and marital status when young remains significant. Understanding wealth inequality across households therefore would seem to require a theoretical analysis of the process of marital matching and dissolution.

Our paper asks whether the standard neoclassical view of savings as motivated by lifecycle and precautionary motives is sufficient to explain these phenomena. Our analysis builds on the view that marriage entails economies of scale in consumption; as a result the marginal utility of consumption is much lower than for single households with the same income per capita. Even in a world where marital status was permanent, this would be sufficient to generate higher savings among married couples. However the effect is intensified by the risk of marital transitions; the prospect of marriage would depress the savings rates of singles, and the risk of divorce would further increase that of married people.

If marriage decisions were independent of income and wealth, then the economic insights above could be addressed in a Markovian model of marital status. Recent papers that follow this approach include Cubeddu and Ríos-Rull (1997) and Gokhale, Kotlikoff, Sefton, and Weal (1999). However it is clear from empirical work (e.g. Weiss and Willis (1997) and Klaauw (1996)) that marital decisions are strongly influenced by the financial circumstances of the agents, and also by the distribution of income across potential mates.[1]

The main contribution of this paper is to incorporate the accumulation of wealth into a dynamic-equilibrium theory of household formation and dissolution. As in Aiyagari, Greenwood, and Guner (2000), agents in our model meet randomly and decide to marry if the value of life with their match exceeds that of continuing life as a single. Similarly, married couples choose divorce if the value of single life is higher than that of remaining married. Unlike previous papers, however, wealth of the household and anticipated savings decisions play a major role in both decisions.

Consider four ways in which family structure interacts with the wealth distribution: the effects of wealth on household structure, the effect of household structure on savings, the effect of static decisions, such as labor supply, on accumulation, and finally, the division of the population into households. The first category of interactions includes the possibility that people take into account the wealth of their current match as well as that of other potential

[1] See Fernandez, Guner, and Knowles (2001) for a cross-country analysis of the relationship between wage inequality and marriage.

future matches when deciding whether to marry. In the second category, the insurance and income sharing implicit in marriage also affect incentives for wealth accumulation. In the third category, current labor supply depends on family structure and affects income and hence savings. Finally, consider a world consisting only of married households. Wealth inequality across households would increase when some households were split by divorce into two one-spouse households. All of these channels are present in our model, but only the second and third are included in models which take marital processes to be exogenous.

Our results show that when calibrated to marital histories from HRS data, the model is able to generate a distribution of wealth by marital status as observed in HRS. Hence, our answer to whether the standard neoclassical view of savings as motivated by lifecycle and precautionary motives is sufficient to explain the relation between marriage and wealth accumulation is a cautious yes. To evaluate the importance of modelling marriage, we also compare the results to an economy in which the marriage process is exogenous, i.e. whether a match will result in a marriage or if a marriage will break are determined by exogenous probabilities. The results show that when marriage decisions are endogenous, people save more, since this improves their marriage prospects.

This result is consistent with a growing evidence that expectations regarding divorce and retirement influence marital and labor decisions, respectively, as reported by Johnson and Skinner (1986), Landes (1978), Eckstein and Wolpin (1989), and Honig (1998).

In the next section, we develop some preliminary measures of the dependence of wealth in old age on marital status and history. We then present a formal model of household and marital decisions. In the following section, we explore the quantitative implications of the model.

2 Empirical Analysis

In this section, we examine two issues: 1) the dependence of economic status at retirement on marital history, and 2) the joint evolution by age of marital status and economic status. The first part of the analysis is a cross-sectional snapshot based on the HRS 1992 wave, which has excellent wealth data for a large sample of people currently entering retirement, while the second part consists of trajectories through time based on the PSID, which has more limited wealth data and a much smaller sample of the HRS cohort, but also a wider range of birth cohorts, and observations that follow given individuals from 1967 to 1999.[2]

The standard measure of wealth in the empirical literature (e.g. Wolff (1987) and Diaz-Gimenez, Quadrini, and Rios-Rull (1997)) includes financial assets, home equity and tangibles such as vehicles and other real estate, but excludes the annuitized value of social security and pension benefits. This is because the main survey instruments for studying wealth, the Panel Study of Income Dynamics and the Survey of Consumer Finances, have no measures of these variables. However the Earnings-Benefits file of the Health and Retirement Survey has both employer-reported and self-reported measures of

[2] The 2001 release of the PSID became available recently; we have not used it here. Nor have we used the waves of the HRS after 1995, which were also released in the last year.

both these forms of wealth. On the basis of this data, Lupton and Smith (2002), recently concluded that these forms of wealth are as large on average as the standard wealth measures; hence the standard measures underestimate wealth by about 50%. Gustman, Mitchell, Samwick, and Steinmeier (1997) show that while social security has an equalizing effect, constituting a larger fraction of the wealth of low-wealth households, pension wealth is disequalising, constituting a larger share of the wealth of high-wealth households.

The data used here is comprised of the first 3 waves of the public-release version of the HRS, starting in 1992, combined with two confidential addenda; the Pension Provider file and the Social Security Earnings Benefit Files (SSEB). The HRS contains income, wealth and demographic variables, as well as self-reported pension information for a stratified sample of the population aged between 50 and 60 in 1992, and their spouses. When weighted using household weights supplied with the survey, the sample can be treated as a representative cross-section of U.S. households of that birth cohort.

Our analysis is based on the sub-sample of this data for which there were no marital changes across the three waves, i.e. from 1992 to 1995, and for which data on marital history, income and wealth are available. We divide our sample into two, according to whether the wealth data include pensions and social security entitlements. The size of the pooled sample is 12,363 householders, of which 5745 are men, and 6618 are women.

Table 1 gives a basic statistical description of this sample. Average age in 1992 is 55 years for singles, but 57 for married men, compared to 53 for married women. Of men who were married in 1992, 12% had experienced a divorce by age 30, compared to 15% of married women; the numbers are similar for singles in 1992. Perhaps the biggest sex difference in marital status at age 30 is that men were much more likely to be single: 11% of currently married, and 29% of currently single, compared to 13% and 5%, respectively, for women. High school completion rates are similar across sexes, but men are more likely to have a college degree.

We begin by arguing that marital status at a comparatively young age (27-33) is quite persistent over time. In Table 2, we show the cross-tabulation of marital status in a person's early 30's with marital status in 1992, a gap of some 20-30 years. Men who were single when young have only a 33% chance of being married in 1992, roughly half of the rate for those who were married when young. Men who were divorced when young on the other hand have an 85% chance of being married, so divorce is clearly a transitory state; remarriage must play a key role in the prospects of divorced men. The divorced state is also persistent: 18% of young divorced men were divorced in 1992, compared to 11% of young married men.

For women, single status is even more persistent than for men; only 26% of young singles are married in 1992, compared to 2/3 of young married women. Women who were divorced by age 33 were 50% more likely than those who were married by age 33 to be divorced in 1992. 65% of those women who were divorced while young were married in 1992, so remarriage must also play an important, though somewhat weaker, role in the prospects of divorced women.

A number of recent papers have been concerned with establishing the fact that wealth per spouse is much lower for unmarried women than for men or married women. Table 3 lists average wealth per person by marital status among the HRS 1992 wave. The table shows that mean wealth levels are around $130,000 for married, and significantly less for divorced or single women. At the medians, the differentials are stronger for both sexes; married men tend to have almost twice as much wealth per capita as divorced men, and nearly three times as much as divorced women.

It is clear that divorced women are substantially worse off, particularly when one considers the fact that the life expectancy of women is longer. Actually, even this understates the true inequality, because the income of the other categories is a lot higher; if all were to save at the same rate and retire at the same time, then the high-earnings households will have added more to their wealth at retirement than the divorced women. Table 3 also shows that household income for divorced women was about $24,978 in 1992, compared to $56,000 for married women, and $33,000 for divorced men. These gaps in earnings are roughly equal if we consider medians rather than means.

The combination of lower earnings, lower wealth and longer life-expectancy means that projected annual income in retirement will be much lower for divorced women–see Levine, Mitchell, and Moore (2000). The picture is very similar for unmarried women and, to a lesser extent for widowed women. It is clear from Gustman, Mitchell, Samwick, and Steinmeier (1997) that taking into account pensions and social security does not blur these inequalities; they find that while social security has an equalizing effect, this is offset by the fact that pension wealth is concentrated among those households which had the highest earnings over time, which happen to be the households that hold the most wealth.

What we don't see in Table 3 is the extent to which the effect of marital status on economic variables is driven by the effects of marital history. In Table 4, we see household wealth and income by both current and age-33 marital status. It is clear that men who were divorced by age 33 have much less wealth today, regardless of their current marital status, but if they were single, then their mean wealth is actually greater (but a look at the medians shows that this latter effect is the result of some extremely wealth minority of men; the median wealth is only a half of the median married household's wealth for those who remained single, and only 2/3 for those who married late).

For women, Table 4 shows that both current and past divorced status are associated with lower wealth. At the means, the effect of divorce is roughly the same as being unmarried, but for the median, the effect of divorce reduces wealth much more than does being single. What we learn from looking at marital history, even in this cursory way, is that the wealth inequality differences we observe in cross-section have their roots in much earlier events, and that these past marital events weigh at least as heavily as current on the wealth of households.[3]

It is possible that the effect of past marital status on wealth is largely through income per person. Income per capita is much lower for divorced people than for married couples, and so is likely to have been much lower over the previous years for divorced people. If savings rates are independent across marital states, this income differential may explain lower wealth

[3] Table 3 and 4 are based on Tables A1, A2, and A3 in the Appendix., which provide detailed data on wealth and income.

accumulation.

To examine this hypothesis, we turn to the Panel Study of Income Dynamics. We follow a sample of agents of roughly the same cohort as the HRS, from the first PSID wave in 1967 , through the 1998 wave. We report average labor hours, wages and income for three age intervals: 25-45, 46-65, and 66-75. The sample consists of people aged 45-65 in 1992; there are 9494 men and 8288 women, although observations for the ages above 65 or before age 45 are much fewer. [4] To show that the sample here is similar to the HRS sample, we report the wealth by marital status in Table A4 in the Appendix.

Table 5 shows wages, hours and earnings by age, sex and marital status at age 30. Wages in the first age interval of about $17 for men who were divorced by age 30, compared to $21 for those who were still married, and $24 for those who were single. The effect of divorce is much weaker at the medians however. For women, there is no apparent effect of divorce on wages, except via those who remarry, who have significant lower wages both at the mean and the median. This lack of divorce effect may be related to faster accumulation of human capital due to the higher average hours worked by divorced women, 1786 annual hours compared to 1316 for married women.

Table 6, which shows wages hours and earnings by marital category, shows that early marital history has an impact on wages. Men who were married in 1992 had, on average, a wage of $22 if they were also married when young,

[4]The earlier observations are missing for people who joined the PSID after 1967, usually by marrying into a sample family. Since the observation period runs from 1967, everyone is in principle represented in the age interval 25-45, but only the oldest sample members are also observed during the 65-75 interval. Judging by previous experience, this latter issue will be resolved by the time it is submitted.

$14 if divorced when young. Men who were divorced on the other hand, had higher wages if they had also been divorced when young, a fact which holds also at the median. Women who marry late have much higher wages than women who marry early or stay single. However except for the lower wages of those who marry late and then remarried, there seems to be no systematic relationship between divorce lower wages for women. The effects of marital history are therefore mainly on the state variables at the end of the working career, suggesting the main reason married people have more wealth is that they save their income at a higher rate than do divorced people.

We take these facts as consistent with the view that marital status, past current and future, influence savings behavior. However it is difficult to assess the importance of marital events on savings on this basis for two basic reasons: 1) There may be counter-acting effects of marriage on savings, and 2) Marital status may reflect rather than cause the related wealth inequalities. In addition, there is an equilibrium issue: since marriage prospects depend on the decisions of potential spouses, it is possible that the importance of marital prospects for wealth accumulation are much greater than what may be inferred from the differences across marital status in a given equilibrium. For instance aggregate savings themselves may depend on marital equilibrium, not just the savings differentials. For these reasons, we now turn to an equilibrium analysis of marriage and savings.

3 The Model

Consider an economy populated by overlapping generations who live for three periods: first as young adults, then as old adults, and then non-working elderly. We label young adult period as 1, the old-age period as 2, and the elderly period as 3. There is a continuum of agents in each age group. Within each of the first two periods, half of the agents are male, the rest female. Both sexes face mortality risk at the beginning of the retirement age, but males face a higher risk of death, so in the last age group there are more females living than males.

Each young adult is characterized by a productivity level. In the beginning of the first period each young agent meets a potential spouse from the same generation. At this meeting, the productivity of each potential partner is common knowledge, as is the quality of their match. If both parties agree, a marriage ensues; otherwise both remain single.

At the start of the second period the married people learn their next-period productivity levels and match quality; then, both partners either agree to stay together or divorce ensues. At this time, the second-period marriage market opens, and agents who remained unmarried while young and those who are divorced, meet new potential partners and can choose to marry. As with first-period matching, the productivity of each potential partner is common knowledge, as is the quality of their match. The second period productivity level of an agent depends on his/her first period productivity level. At the end of second period, agents face a risk of death. The productivity levels and marital status does not change from the second to the third period. Those who survive do not work.

Both married couples and single agents decide how to allocate their time between work and leisure. They also decide how to allocate their income between consumption and savings. The oldest old (3th period agents) spend all their time in leisure and all of their income on consumption, and hence make no decisions.

All agents make marriage and divorce decisions so as to maximize their discounted lifetime utility in each period. However, while single agents allocate time and income to maximize their own utility, the married couple's household decisions in the first and second periods maximize a weighted sum of husband's and wife's lifetime utilities.

3.1 Preferences

The arguments of the utility functions are consumption, leisure and match quality. In the first period the only source of income is labor income. In the second period in addition to their labor income agents may also have asset income, while in the last period they have no labor income and consume their assets. Consumption is a public good among coresident family members, but subject to congestion. Adult females have the following utility function:

$$F(c, \ell, \gamma) = \nu^c(c) + \nu^\ell(\ell) - \gamma,$$

where c is consumption, ℓ is leisure, and γ is the quality of match in a marriage. Females allocate l units of their time for market work. Thus leisure is given by $\ell = 1 - l$. The marriage-quality term is set to zero for singles.

Similarly, the utility function for males is given by:

$$M(c,\ell,\gamma) = u^c(c) + u^\ell(\ell) - \gamma.$$

Males allocate n units of their time to market work, and hence $\ell = 1 - n$.

For the oldest old, the utility is the sum of utility from one's own leisure and consumption

$$\begin{aligned} M(c) &= u^c(c) + u^\ell(1) \\ F(c) &= \nu^c(c) + \nu^\ell(1) \end{aligned}$$

Let the match quality γ take a finite number of values, $\gamma \in \mathcal{G} \equiv \{\gamma_1, \gamma_2, ..., \gamma_K\}$. A newly-matched couple draw their match quality from the following distribution

$$\Pr[\gamma = \gamma_i] = \Gamma(\gamma_i).$$

For a married young couple, the match quality when they become old depends on their initial draw and its distribution is given by

$$\Pr[\gamma' = \gamma_j \mid \gamma = \gamma_i] = \Lambda(\gamma_j \mid \gamma_i).$$

3.2 Productivity and Labor Income

Labor income per unit of time is determined by the realization of the productivity shocks $x \in \mathcal{X} \equiv \{x_1....x_N\}$ in the case of women, and $z \in \mathcal{Z} \equiv \{z_1....z_N\}$ in the case of men. Then labor income for a woman is xl and that for a man is zn.

The productivity in old age depends on the initial productivity draw and evolves stochastically according to:

$$\Pr[x' = x_j \mid x = x_i] = \Delta^x(x_i, x_j),$$
$$\Pr[z' = z_j \mid z = z_i] = \Delta^z(z_i, z_j).$$

3.3 Savings and Asset Income

Adults can save for the future by storing some of their output; there is no asset market. The storage technology has a rate of return $r > 1$, which we call the interest rate; this is assumed to be fixed, and independent of the level of savings. This would be consistent with a small open economy, in which the interest rate is determined by a world market independently of the savings of the population with which we are concerned. Upon divorce the husband receives a fraction α of wealth and the wife receives the remaining fraction $(1 - \alpha)$.

3.4 Consumption

Consumption is a public good within the household, but subject to congestion, which is denoted by the function $\phi(n)$, where n is the number of adults in a household.

For a young married couple household consumption is given by:

$$c = \phi(2)[(xl + zn) - a],$$

where a is the savings. For one-person households, $\phi = 1$, while for married households, ϕ is smaller. For an old married couple with an asset level w, consumption is given by:

$$c = \phi(2)\left[(xl + zn) + w\right].$$

Similarly, consumption for a single young female is given by:

$$c = \phi(1)\left[xl - a\right],$$

while that for an old single female with an asset level w, consumption is given by:

$$c = xl + w - a.$$

Finally for a single young male and for a single old male with assets w, consumption is given by

$$c = zn + w - a.$$

3.5 Household Decisions

Note that the elderly does not make decisions in the final period of life; however the earlier decisions of married couples, both young adults in the first period and the old in the second, are assumed to be given by maximizing a weighted sum of utilities. This assumption ensures that marital decisions are Pareto optimal.

Consider the problem of a matched couple. If we let the state of the matched pair be denoted by s, and the decision vector by δ, then we can denote the wife's and husband's utility from marriage as $W(s,\delta)$, and $H(s,\delta)$, respectively. They are determined by

$$\max_{\delta}\left[(1-\rho)W(s,\delta) + \rho H(s,\delta)\right],$$

where δ is a decision vector and s is couple's current state. The parameter ρ is the weight on the husband. It is given exogenously and is the same for all marriages.

4 The Steady-State Equilibrium

The equilibria of this model must satisfy two conditions: optimality of the agent's decision rules given the household states and the probability distribution over future states, and consistency of the probability distributions with individual decision rules. In this section, we first characterize the decision problems, taking as given the probability distributions, and then we state the laws of motion for the probability distributions of each age-gender group. We then give formal definitions of the equilibrium of the economy, and of the economy's steady state. Finally, we describe some properties of the steady-state equilibrium.

4.1 Household Decisions

There are two kinds of decision problems in this economy: matching decisions and the allocation of the household's resources over competing uses, such as consumption and saving. Since the decisions that young people make must be optimal, taking into account the consequences for the future, the solutions of the elderly agent's problems must be known in order to solve those of the young. Hence it is natural to proceed by backwards induction from the last period of life.

Let the probability distributions over singles of each generation be taken as fixed; later we will work out the stationary distributions implied by the decision rules. In particular, let $\Phi_1(x)$ be the distribution of young single females of type-x and $\Omega_1(z)$ be the distribution of young single males of type-z in the marriage market. When they are old (period 2), agents also differ in their asset holdings. Let $\Phi_2(x, w_f)$ be the distribution of single old females of type-x with an asset level w_f, and $\Omega_2(z, w_m)$ be the distribution of single males of type-z with asset level w_m in the second period marriage market.

4.1.1 The Oldest Old (Period 3)

The problems of the oldest agents are straight-forward. For those who are single, or whose spouses die in this period, the value equals the utility from consumption and leisure. The probability that an agent survives to the third period, conditional on living through the previous period, is given by $\eta_f(x)$ for women and $\eta_m(z)$ for men. The state of the oldest agent is $s_f = (x, w_f)$ for single women, $s_m = (z, w_m)$ for single men, $s = (x, z, w_f, w_m)$ for couples. The expected values for the third period are given by:

$$\begin{aligned} G_3(s_f) &= \eta_f(x)\left[v^c(w_f) + v^\ell(1)\right] \qquad \text{(P3)} \\ B_3(s_m) &= \eta_m(z)\left[u^c(w_m) + u^\ell(1)\right] \\ W_3(s_f, s_m) &= \eta_f(x)\left[v^c(\phi(2)(w_m + w_f)) + v^\ell(1)\right] \\ H_3(s_f, s_m) &= \eta_m(z)\left[u^c(\phi(2)(w_m + w_f)) + u^\ell(1)\right] \end{aligned}$$

4.1.2 The Old (Period 2)

For a newly matched married old couple, the state is given by $s = (s_f, s_m, \gamma)$ where $s_f = (x, w_f)$ and $s_m = (z, w_m)$. Each old person is characterized by a productivity and an asset level, while an old couple is characterized by productivity and asset levels of each party as well as the quality of their match. For a newly matched old couple, the individual asset levels, w_f and w_m, are determined by their saving decisions when they were young and single, or by joint saving decisions when they were young and married (with someone else). The couple has to decide how much each partner should work, and how much they should save. Their decision vector $\{l, n, a\}$ solves:

$$\max_{\{l,n,a\}} \left\{(1-\rho)\left[v^c(c) + v^\ell(1-l) - \gamma + \beta W_3(s'_f, s'_m)\right] \right. \qquad \text{(P2mn)}$$
$$\left. \times\ \rho\left[u^c(c) + u^\ell(1-n) - \gamma + \beta H_3(s'_f, s'_m)\right]\right\}$$

subject to

$$\begin{aligned} c &= \phi(2)\, y(l, n, a; s), \\ y(l, n, a; s) &= \left[(xl + zn + w_f + w_m) - a\right], \end{aligned}$$

where

$$\begin{aligned} s'_f &= (x, ra), \\ s'_m &= (z, ra). \end{aligned}$$

Let the newly married couple's decisions be represented by $L_2^{m,n}(s)$, $N_2^{m,n}(s)$, and $A_2^{m,n}(s)$. The value of being a married old person is then given by:

$$W_2^n(s) = v^c\left[c(s)\right] + v^\ell\left[1 - L_2^{m,n}(s)\right] - \gamma + \beta W_3(s'_f, s'_m),$$

for the wife, and by

$$H_2^n(s) = v^c\left[c(s)\right] + v^\ell\left[1 - N_2^{m,n}(s)\right] - \gamma + \beta H_3(s_f', s_m'),$$

for the husband, where

$$c\left(s\right) = \phi\left(2\right) y\left(L_2^{m,n}(s), N_2^{m,n}(s), A_2^{m,n}(s); s\right),$$

and $s_f' = (x, rA_2^{m,n}(s))$ and $s_m' = (z, rA_2^{m,n}(s))$.

Now consider the value of being a single old female of type-x with an asset level w_f; this value is given by

$$G_2(s_f) = \max_{\{a,l\}}\left[v^c(xl + w_f - a) + v^\ell(1-l) + \beta G_3(s_f')\right], \tag{P2sf}$$

where $s_f' = (x, ra)$. Finally, the value of being an old single male of type-z with an asset level of w_m is given by

$$B_2(s_m) = \max_{\{a,n\}}\left[u^c(zn + w_m - a) + u^\ell(1-n) + \beta B_3(s_m')\right], \tag{P2sm}$$

where $s_m' = (z, ra)$. Let the old single decisions be represented by $L_2^s(s_f)$, $N_2^s(s_m)$, $A_2^{s,f}(s_f)$ and $A_2^{s,m}(s_m)$. The indicator functions for these new marriages are then given by:

$$I_2^n(s) = \begin{cases} 1, \text{ if } W_2^n(s) \geq G_2(s_f) \text{ and } H_2^n(s) \geq B_2(s_m) \\ 0, \text{ otherwise.} \end{cases}. \tag{I2mn}$$

Now consider the decisions of an old couple contemplating divorce. If they divorce, each can have a new draw in the marriage market. The state vector is given by $s = (s_m, s_f, \gamma)$, where $s_m = (z, \alpha w)$, $s_f = (x, (1-\alpha)w)$, and where w is the total assets of the household. Then the value of getting a divorce for a female is given by

$$\begin{aligned} & W_2^d(s_f) \\ = \; & \max\{\sum_{s_j}\sum_{\gamma}\left[W_2^n([s_f,s_j],\gamma)I_2^n([s_f,s_j],\gamma), G_2(s_f)\right]\Omega_2(s_j)\Gamma(\gamma)\}, \end{aligned}$$

and for a male by

$$\begin{aligned} & H_2^d(s_m) \\ = \; & \max\{\sum_{s_j}\sum_{\gamma}\left[H_2^n([s_j,s_m],\gamma)I_2^n([s_j,s_m],\gamma), B_2(s_m)\right]\Phi_2(s_j)\Gamma(\gamma)\}. \end{aligned}$$

Hence, a divorced agents will have a new draw from the market, and if the other party agrees he/she can remarry. Otherwise, the agent will remain single next period. A married couple will remain together if

$$I_2^o(s) = \begin{cases} 1, \text{ if } W_2^o(s) \geq W_2^d(s_f) \text{ and } H_2^o(s) \geq H_2^d(s_m) \\ 0, \text{ otherwise,} \end{cases} . \qquad \text{(I2mo)}$$

where $W_2^o(s)$ and $H_2^o(s)$ are the utility levels for old agents who were married last period and who are contemplating divorce. Let the associated decisions for an intact old married couple be $L_2^{m,o}(s)$, $N_2^{m,o}(s)$, and $A_2^{m,o}(s)$.

4.1.3 Young Single Females

The state variable of the young unmarried female is x, which transits to (x', w_f') next period with a probability distribution that depends on her current productivity level and saving decisions this period. She will marry next period, if her value of marrying her match exceeds that of remaining single, and if her new match in the marriage market agrees. While young, the unmarried female also decides how much labor to supply, and how much of her labor income to save. Thus the value of being in state $s_f = (x)$ is given by the solution of the following Bellman equation:

$$G_1(s_f) = \max_{\{a,l\}} \left\{ [v^c(c) + v^\ell(1-l)] + \beta G_1^c(a; s_f) \right\}, \qquad \text{(P1sf)}$$

where

$$\begin{aligned} G_1^c(a; s_f) &= \sum_{s_m^0, s_f^0, \gamma} \left[\max\left\{ I_2^n([s'_m, s'_f], \gamma) W_2^n([s'_m, s'_f], \gamma), G_2\left(s'_f\right) \right\} \right. \\ &\quad \left. \times \Pr\left(s'_m, s'_f, \gamma | a; s_f\right) \right], \end{aligned}$$

and subject to

$$c = \phi(1)[xl - a] \ ,$$

where $s'_f = (x', w'_f)$ is her state next period. The transition function $\Pr\left(s'_m, s'_f, \gamma | a; s_f\right)$ tells us the probability that a type-x single female will transit next period to state s'_f, meet a male with state s'_m, and have a match quality of γ. This is constructed in the following way:

$$\Pr\left(s'_m, s'_f, \gamma | a, l; s_f\right) = \Pr(s'_m) \Pr\left(s'_f | a; s_f\right) \Gamma(\gamma),$$

where

$$\Pr(s'_m) = \Omega_2(z, w'_m),$$

and

$$\Pr\left(s'_f | a; s_f\right) = \Delta^x(x'|x)\, \Theta\left(w'_f | a\right),$$

where $\Theta\left(w'_f | a\right)$ indicates the next period asset level given a current saving decision a. Let the decisions for a young single female be denoted then by $L_1^s(s_f)$,and $A_1^{s,f}(s_f)$.

4.1.4 Young Single Men

The problem of young men who remain single after the first match is similar and given by

$$
\begin{aligned}
B_1(s_m) = \; & \max_{\{a,n\}}\{[u^c(c) + u^\ell(1-n)] + \\
& \beta \sum_{s^{\theta}_m, s^{\theta}_f, \gamma} \max\left\{ I_2^n\left([s'_m, s'_f], \gamma\right) H_2^n\left([s'_m, s'_f], \gamma\right), B_2(s'_m)\right\} \\
& \Pr\left(s'_f\right) \Pr(s'_m | a; s_m)\, \Gamma(\gamma)
\end{aligned}
\qquad \text{(P1sm)}
$$

subject to

$$
c = \phi(1)\,[zn - a]\,,
$$

with optimal decisions denoted by $N_1^s(s_m)$ and $A_1^{s,m}(s_m)$.

4.1.5 The Young Married Couple

The couple's state variable this period is $s = (s_f, s_m, \gamma) = (x, z, \gamma)$. This transits to s' next period with a probability distribution that depends on the current state as well as their saving decision. Their only source of income is from labor, and they decide the market time of each spouse as well the level of savings.

Let their future value from being married this period be denoted by

$$
H_1^c(a; s) = \sum_{s^{\theta}} \max\left(I_2^o(s')\, H_2^o(s')\,, B_2^d(s'_m)\right) \Pr(s'|a; s)\,,
$$

and

$$
W_1^c(a; s) = \sum_{s^{\theta}} \max\left(I_2^o(s')\, W_2^o(s'), G_2^d\left(s'_f\right)\right) \Pr(s'|a; s)\,,
$$

where $s' = (s'_f, s'_m, \gamma') = (x', z', \alpha w', (1-\alpha) w', \gamma')$ and the transition function is given by

$$\Pr(s'|a,l,n;s) = \Delta^x(x'|x)\,\Delta^z(z'|z)\,\Lambda(\gamma'|\gamma)\,\Theta(w'|a).$$

A young couple's decisions are determined by

$$\max_{\{l,n,a\}}\{(1-\rho)\left[(v^c(c)+v^\ell(1-l)-\gamma)+\beta W_1^c(a;s)\right] \\ \rho\left[(u^c(c)+u^\ell(1-n)-\gamma)+\beta H_1^c(a;s)\right]\} \tag{P1m}$$

subject to

$$c = \phi(2)\left[(xl+zn)-a\right].$$

Let the values of this solution be denoted by $H_1(s)$ and $W_1(s)$ for the husband and wife, respectively and let the indicator functions be given by

$$I_1(s) = \begin{cases} 1, \text{ if } W_1(s) \geq G_1(s_f) \text{ and } H_1(s) \geq B_1(s_m) \\ 0, \text{ otherwise} \end{cases}. \tag{I1}$$

Finally, let the decisions for a married young couple be $L_1^m(s)$, $N_1^m(s)$, and $A_1^m(s)$.

4.2 The Aggregate Economy

Now that the decision rules of a given household have been defined, we can define the probabilities of transitions across states, which depend also on both the marital and the household decisions of all other agents in the economy.

4.2.1 Matching Probabilities

Given the distribution of young single males, $\Omega_1(z)$, and young single females, $\Phi_1(x)$, the number of single agents who are in the marriage market next period will consist of people who remained single in the first period and who have a divorce. Let $\Phi_{21}(x_i, w_f)$ be the number of old single females who were single last period, and $\Phi_{22}(x_i, w_f)$ be the number of old single females who had a divorce. Then,

$$\Phi_{21}(x_i, w_f) = \sum_x \Theta(w_f|A_1^{s,f}(x))\Delta^x(x_i, x)\Phi_1(x)\,[1-\sum_z \sum_\gamma \Omega_1(z)\Gamma(\gamma)I_1(x, z, \gamma)],$$

and

$$\begin{aligned}\Phi_{22}(x_i, w_f) \; = \; & \sum_x (\sum_z \sum_\gamma \Phi_1(x)\,\Omega_1(z)\Gamma(\gamma)I_1(x, z, \gamma))((\sum_{z^\theta} \sum_{\gamma^\theta} \sum_w (1 - I_2^o(x_i, z', w_f, w_m, \gamma') \\ & \Delta^x(x_i, x, L_1^m(x, z, \gamma))\Delta^z(z', z)\Lambda(\gamma'|\gamma)\Theta(w|A_1^m(x, z, \gamma))\end{aligned}$$

with $w_f = \alpha w$ and $w_m = (1-\alpha)w$. Then $\Phi_2(x_i, w_f)$ will be

$$\Phi_2(x_i, w_f) = \frac{\Phi_{21}(x_i, w_f) + \Phi_{22}(x_i, w_f)}{\sum_{x_i}(\Phi_{21}(x_i, w_f) + \Phi_{22}(x_i, w_f))}. \tag{C2}$$

The probability of meeting an old male of type-z_i with w_m units of assets in the second period marriage market can be determined similarly. Note that in order to be able to solve for the matching probabilities we need to know agents decisions. These decisions, however, depend on the matching probabilities. Therefore, in equilibrium matching probabilities and decisions must be consistent.

4.3 Steady State Equilibrium

Given $\Omega_1(z)$ and $\Phi_1(x)$, a steady state equilibrium for this economy consists of a set of value functions, $W_3(s_f, s_m)$, $H(s_f, s_m)$, $G_3(s_f)$, $H_3(s_f)$, $W_2^n(s)$,

$H_2^n(s)$, $G_2^s(s_f)$, $B_2^s(s_f)$, $W_2^o(s)$, $H_2^o(s)$, $W_1(s)$, $H_1(s)$, $G_1(s_f)$, and $B_1(s_m)$; a set of decision rules $L_2^{m,n}(s)$, $N_2^{m,n}(s)$, $A_2^{m,n}(s)$, $L_2^{m,o}(s)$, $N_2^{m,o}(s)$, $A_2^{m,o}(s)$, $L_2^s(s_f)$, $N_2^s(s_m)$, $A_2^{s,f}(s_f)$ $A_2^{s,m}(s_m)$, $L_1^s(s_f)$, $A_1^{s,f}(s_f)$, $N_1^s(s_m)$, $A_1^{s,m}(s_m)$ $L_1^m(s)$, $N_1^m(s)$, and $A_1^m(s)$; and a set of distribution functions $\Phi_2(x, w_f)$ and $\Omega_2(z, w_m)$ such that:

- Given $\Phi_2(x, w_f)$ and $\Omega_2(z, w_m)$, the value functions and decisions rules solve problems P3, P2mn, P2sf, P2sm, P1sf, P1sm, and P1 with associated indicator functions given by I2mn, I2mo, and I1.
- The indicator functions, I2mn, I2mo, and I1, and the distributions $\Phi_2(x, w_f)$ and $\Omega_2(z, w_m)$, satisfy C2 (as well as a similar conditions for males).

5 Benchmark Economy

In this section we describe our benchmark economy obtained by choosing functional forms and parameterization so as to match US demographic and economic features. Our basic strategy is to fix the parameters that can be mapped directly to published estimates, and then choose the remaining free parameters so that the steady-state of the model matches an equal number of statistics from the U.S. data.

5.1 Parameterization

A model period is assumed to be 20 years, and three model periods correspond to ages 25-44, 45-64, and 65-84, respectively. In mapping our model's statistics to the data we use results from our empirical analysis of HRS and PSID data sets. As explained in the empirical section HRS sample was between 51 and 61 years old, and the corresponding PSID sample was between 50 and 60 years old in 1992. Hence, people in our sample were in their 40s during 1980s, in their 30s during 1970s and in their 20s in 1960s.

The first step in the simulations is to create a grid of productivity and asset levels. In the simulations we set

$$x \in \mathcal{X} \equiv \{x_1....x_{15}\} \text{ and } z \in \mathcal{Z} \equiv \{z_1....z_{15}\},$$

and choose these gird points as a finite approximation to a log-normal wage distribution. The mean and the standard deviation of wages are chosen to match those for 25-45 years old in our PSID sample as shown in Table 5. We assume current labor supply decisions do not affect future wages and hence abstract from the human capital accumulation decision. On average the second period productivity level of an agent is assumed to be the same as his/her first period productivity, but is subject to uncertainty. Transition functions $\Delta^x(x_i, x_j)$ and $\Delta^z(z_i, z_j)$ are discreet approximations obtained by Tauchen's procedure. We pick the 20 linearly spaced asset levels between 0 and the maximum feasible asset level, which is the maximum asset level that can be attained by the household with highest income.

There are three functional forms we have to specify: utility function, household equivalence scales, and stochastic structure for match qualities. We assume that congestion in household consumption takes the following form

$$\phi(n) = \frac{1}{n^\theta}.$$

The momentary utility functions are assumed to take the following form

$$F(c,\ell) = M(c,\ell) = \frac{c^{1-\sigma}}{1-\sigma} + \delta\frac{(1-\ell)^{1-\sigma}}{1-\sigma} - \gamma,$$

for young and

$$M(c) = F(c) = u^c(c) + u^\ell(1) = \frac{c^{1-\sigma}}{1-\sigma} + \delta\frac{(1)^{1-\sigma}}{1-\sigma},$$

for old. Finally, we assume the match quality takes two values and have the following stochastic structure:

$$\begin{aligned} \gamma &\in \mathcal{G} \equiv \{\gamma_1, \gamma_2\} \\ \text{with } \Pr[\gamma = \gamma_1] &= \pi, \text{ and} \\ \Pr[\gamma' = \gamma_1 \mid \gamma = \gamma_1] &= \Pr[\gamma' = \gamma_2 \mid \gamma = \gamma_2] = \pi_d \end{aligned}$$

These choices leaves us with eleven parameters to be determined: $\{\theta$, σ, δ, γ_1, γ_2, π, π_d, ρ, α, r, $\beta\}$.

Few parameters can be determined on the basis of a priori information. We set $\theta = 0.5$, which implies that in a household with two adults each adult enjoys about 0.7 of total resources. This is a value that Cutler and Katz (1992) call an intermediate estimate. Each spouse has an equal weight in the household joint maximization problem, i.e. $\rho = 0.5$, and that the financial wealth of married couples is split evenly between the two spouses upon divorce, i.e. $\alpha = 0.5$. We do not have any available estimates for these parameters and choose these two values as reasonable starting points. In the current version, we also assumed away mortality risk; everybody survives to the maximum age. Finally, we set $r = 2.1911$, which corresponds to a 4% annual interest rate with a model period of 20 years.

As a standard calibration strategy, we choose the remaining seven parameters to match exactly seven statistics from our model economy with those from the data. Table 7 shows our calibrated parameters and statistics that are targeted. There are obviously several ways that these seven parameters can be chosen, and some justification of our choices are in order. Our strategy is to choose four parameters that determine the level and the stochastic structure of the match quality so that the model generates marital histories that are consistent with the data. Since our ultimate aim is to investigate model's implications for the distribution of wealth by marital status and marital histories, these targets are quite natural.

The four parameters of match quality were chosen to get the marital histories of the model to match those of the US population. In particular we want to match the following statistics: fraction of agents who are single in the first period, fraction of agents who are in an intact marriage in the second period, fraction of agents who are remarried in the second period and fraction of agents who are never married in the second period. Obviously, we could try other targets as well. These four targets, however, determine both first and second period fraction of married agents and well as the turnover in the marriage market. According to CPS data the fraction of 24 to 44 years old females who are married in the data was about 83% in 1970s. As documented in Table 2, in the HRS about 56% of males and about 62% of females were in an intact marriage, and about 17% of males and 14% of females had a divorce and remarried, while 4% of males and 3% of females never married. The four parameters that determine the match quality and stochastic structure of marriages were chosen so as to match these four statistics. Marital status of the population in benchmark economy is shown in Table 8.

There are still 3 parameters to be determined: $\{\sigma, \delta, \beta\}$. Our strategy is to choose these three parameters so that three factors that determine wealth distribution among old are consistent with the data: labor supply, income distribution among young adults, and savings behavior. To this end we set $\sigma = 1.5$. This value is chosen so that first period income of a single female is about 35% of the income of a married couple, which is consistent with our results from the PSID sample (as reported in Table 5). This is a measure of income inequality that we are particularly interested, since wealth levels in the old age differs more among females by marital status than they do among males. We then choose $\delta = 1.1$ so that an average person in the model spends about 33% of his/her total available time in the market (as documented by Juster and Stafford (1991)). Finally, we set the discount factor β to 0.73. This value, which is a free parameter in the current setup, was chosen to match the wealth accumulation of married couples in the HRS. In particular, in the benchmark economy second period wealth of a married men is about 61% of their first period incomes. This number is what Levine, Mitchell, and Phillips (1999) found when they compare the net wealth levels of married couple in the HRS with their calculations of their lifetime potential earnings.

Given these functional forms and parameter choices, we are able to simulate our model economy and investigate its implications for wealth and marriage.

5.2 Results

In this section we examine how well the benchmark model matches other dimensions of the data, particularly labor supply by age and marital status and wealth accumulation. Tables 9 and 10 show the labor supply and savings decisions by age and marital status (the data on labor supply is based on Table 6). On average men work more than females since they enjoy a higher productivity. Old married females work much less than others, a result of second period wealth effect. The model was calibrated so that on average people work about 33% of their available time. A comparison between our results and labor supply numbers from PSID sample indicates that people in these age groups (25-44 and 45-64) work more in the data than in the model. This suggests that we might try to improve the model's match with data using a more suitable target for labor supply.

On average, savings rates of young single agents in the model are lower than those of married couples of the same age. While a young married couple save about 36% of their current income, the same number for a young single male is 27% and for a young single female it is only 18%.

Young singles save less for two reasons: First, more productive males and females get married. Hence, married couples enjoy a higher income and save more. Second, prospects of marriage in the second period imply a rising future income for single, making them save even less. The fact that single agents save less than the married ones is consistent with evidence documented by Lupton and Smith (2002), who report savings rate by marital status using PSID. Marital instability also affects the savings decisions of the married. In particular, the possibility of divorce increases the savings rate of married people since it implies a declining income profile.

Table 11 shows the median wealth levels by marital status. Single females median wealth levels are about 34% of married ones, while the same figures for males is about 52%. These numbers are very close to ones we observe in HRS (see Table 3), where median wealth of single females is about 40% of married ones (about $24,000-$25,000 vs. $61,000) and median wealth of single males is about 50% of married ones (about 32,000-$34,000 vs. $61,000). Hence, model does a good job delivering the wealth distribution by marital status.

As Tables 4 shows wealth levels not only differ by marital status but also by marital histories. For women who are married in 1992, the median wealth level was $65,500 for those who were also married at age 33, while it is only $43,025 for those who were unmarried at age 33, and only $48,250 for those who experience a divorce in between. Hence, women who were unmarried in their younger ages and then got married enjoy about 66%, and those how experience a divorce but got remarried enjoy about 74% of wealth levels of those who have been married in both periods. In the model economy, the corresponding numbers are 50% and 80%. Although these are not as good matches as ones for the relation between marital status and wealth, they are not very far either. We take this as a positive results indicating our model's potential as a model of marriage, divorce and wealth accumulation.

Next we analyze the role that endogenous marriage formation and dissolution play in the model.

5.2.1 Markovian Marriages

What role does endogenous formation and dissolution of marriages play in our results? In order to understand this we next compare our results with an environment where people still meet randomly, but whether a marriage takes place or not is determined exogenously.

In the benchmark economy the marriage market equilibrium is characterized by indicator functions. We have three sets of indicators for each sex: $I1$, $J1$, $I2o$, $J2o$, $I2n$, $J2n$. These indicator functions report whether each possible match is desirable for the parties involved. When marriage/divorce decisions re exogenous, we do not use any indicator functions. There is also no match quality variable. We use three parameters to characterize the marriages: p_{m1} (the probability that a first period match results in a marriage), p_d (the probability that a first period marriage ends in divorce), and p_{m2} (the probability that a second period match results in a marriage).

The matching is still random. Hence, given Φ_1 and Ω_1, and p_{m1} we know the distribution of first period marriages and single agents. Given p_d, we know the distribution of those who have a divorce. Hence, p_{m1} and p_d determines Φ_2 and Ω_2.Given Φ_2 and Ω_2 , and p_{m2} determine the marriages in the second period. Hence, given p_{m2} we can determine the value of getting a divorce, as well as the value of any type-asset combination from the perspective of a young agent.

In order to highlight the role of the marriage market in our results, we look at a model economy where we set p_{m1}, p_d, and p_{m2} to generate exactly the same first and second period marriage rates and divorce rate as in our benchmark economy, and keep all other parameters the same. Table 12 shows the savings decisions of young adults when marriages are determined exogenously. People now save less. When marriages are determined endogenously, there are certain marriages that will definitely do not take place. Now every marriage is possible with a certain probability, hence marriage prospects look better, reducing the need for savings. Also when marriage decisions are endogenous people save to improve their marriage prospects in the second period. With exogenous marriages, such a motive is absent reducing savings as well. While married people save about 2% point less, the effect on single are more dramatic: single males save about 4% point less and single females save about 14% points less. Hence, ignoring endogenous marriages can have important effects on aggregate savings (aggregate savings decline by about 4% points), but more importantly these effects are not of similar magnitude for different demographic groups that we are interested.

6 Conclusion

Since wealth accumulation is potentially a life-long process, and since the association between household wealth and marital status is very strong, it is natural to ask how events when young, such as marriage and divorce, influence economic status when old. Our empirical analysis suggests that early marital outcomes affect wealth by influencing later marital status and by influencing income in middle ages. This paper therefore presents a simple model that relates the economic status of the elderly to their earlier decisions regarding work, saving, marriage and divorce. Rather than ignoring these dimensions or take them as exogenous, we model these as the outcomes of rational decisions. Furthermore, we model the interaction of agents across households via the effects of these decisions on equilibrium distributions of income and wealth for each age group. These distributions in turn affect, via the marriage market, the optimal decisions of the agents, so the model provides an appropriate framework for understanding the lifecycle and demographic interactions.

We illustrate with a numerical example the ability of this model to generate wealth inequality across marital status that we observed in the empirical analysis. We believe this model can be useful to future researchers interested in exploring different hypotheses of the change in marital patterns in the US, or for simulating the effects of policies such as social security on long-run wealth inequality. We also discuss why it is important to model marriage decisions explicitly in order to understand the connection between marital decisions and wealth accumulation.

7 Appendix

This appendix presents some tables that were referred in our empirical analysis. Tables A1, A2 and A3 provide detailed wealth, income, labor supply data by marital status and by marital history for HRS sample. Table A4 provides detailed wealth data from PSID.

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TABLE 1: HRS Descriptive Statistics by Sample and Sex

Sex	Marital Status in 1992	Statistic	Single at Age 30	Divorced at age 30	High School	Bachelor's Degreee	Master's Degree	Age
Men	Single	mean	0.29	0.1	0.69	0.17	0.09	55.42
		std.	0.45	0.3	0.46	0.38	0.28	3.24
		nobs	707	707	707	707	707	707
	Married	mean	0.11	0.12	0.71	0.2	0.09	57.1
		std.	0.31	0.32	0.45	0.4	0.29	5.36
		nobs	5038	5038	5038	5038	5038	5038
Women	Single	mean	0.13	0.15	0.65	0.14	0.07	55.69
		std.	0.34	0.35	0.48	0.35	0.25	3.28
		nobs	1579	1579	1579	1579	1579	1579
	Married	mean	0.05	0.15	0.76	0.14	0.05	52.99
		std.	0.23	0.36	0.43	0.35	0.22	5.79
		nobs	5039	5039	5039	5039	5039	5039

Table 2: Marital Status and History

Sex	Marital History	Marital Status	PERCENT
Male	Single	Single	4.419
		Married	2.220
	Married	Married	62.267
		Divorced	7.958
		Widowed	1.700
	Divorced	Married	17.172
		Divorced	3.966
		Widowed	0.239
	Widowed	Married	0.059
Female	Single	Single	3.347
		Married	1.179
	Married	Married	55.736
		Divorced	11.275
		Widowed	7.410
	Divorced	Married	13.917
		Divorced	4.434
		Widowed	2.314
	Widowed	Married	0.339
		Divorced	0.026
		Widowed	0.024

Table 3: Wealth and Income by Marital Status

		Marital Status in 1992				
		Married	Divorced Men	Divorced Women	Single Men	Single Women
Net Worth Per Person	mean	$134,673	$129,239	$84,005	$190,055	$65,425
	medi	$61,500	$30,311	$23,500	$34,430	$24,150
Income Per Person	mean	$56,362	$33,251	$24,894	$30,993	$25,682
	medi	$46,651	$24,180	$20,000	$21,200	$20,040

Table 4: Wealth and Income by Marital History

		Marital Status at age 33		Marital Status in 1992		
				Married	Unmarried	Divorced
Net Worth Per Person	Male	Married	mean	$138,167		$133,248
			median	$65,000		$31,500
		Unmarried	mean	$139,417	$190,055	$137,332
			median	$51,500	$3,443	$28,462
		Divorced	mean	$107,257		$102,858
			median	$47,000		$29,656
	Female	Married	mean	$139,807		$80,244
			median	$65,500		$24,450
		Unmarried	mean	$116,803	$65,425	$81,818
			median	$43,025	$24,150	$33,400
		Divorced	mean	$114,578		$102,511
			median	$48,250		$14,500
Income Per Person	Male	Married	mean	$57,513		$32,750
			median	$47,400		$24,000
		Unmarried	mean	$54,206	$30,999	$30,210
			median	$43,612	$21,200	$22,250
		Divorced	mean	$50,590		$37,652
			median	$43,700		$26,250
	Female	Married	mean	$56,794		$25,679
			median	$47,000		$20,458
		Unmarried	mean	$56,844	$25,682	$33,718
			median	$45,116	$20,040	$31,600
		Divorced	mean	$54,085		$20,894
			median	$45,500		$13,834

Table 5: Wages and Hours by Age and Marital Status at Age 30*

SEX	Marital Status at Age 30	Statistic	Age 25-45			Age 46-65			Age 66-75		
			Wage	Hours	Earnings	Wage	Hours	Earnings	Wage	Hours	Earnings
Men	Never Married	mean	$23.95	2271.83	$53,605	$24.56	2109.45	$49,358	$24.06	1448.48	$34,469
		std.	(14.610)	(611.040)	(36532.610)	(19.890)	(606.620)	(37423.190)	(20.527)	(810.650)	(38268.550)
		median	$17.66	2070	$37,410	$17.66	2010	$36,727	$12.69	1482	$15,000
		nobs	734	734	734	2561	2561	2561	236	236	236
	Married	mean	$20.95	2339.74	$47,680	$21.73	2158.75	$46,051	$22.36	1426.21	$29,794
		std.	(12.760)	(605.800)	(28877.470)	(17.100)	(704.880)	(37312.210)	(25.896)	(847.610)	(37467.080)
		median	$16.67	2205	$37,484	$16.24	2060.5	$33,874	$12.12	1393.2	$14,053
		nobs	1950	1950	1950	6128	6128	6128	473	473	473
	Remarried	mean	$16.11	2265.44	$36,533	$13.11	2076.36	$27,100	.	.	.
		std.	(2.070)	(135.700)	(5313.840)	(2.830)	(368.340)	(5809.290)	.	.	.
		median	$18.89	2155	$42,427	$13.55	1960	$28,416	.	.	.
		nobs	11	11	11	49	49	49	.	.	.
	Divorced	mean	$17.02	2478.61	$39,925	$17.91	2196.65	$38,325	$12.86	1488.3	$18,994
		std.	(7.810)	(628.650)	(16452.960)	(8.340)	(629.400)	(19228.830)	(13.448)	(945.350)	(20166.440)
		median	$15.21	2247	$33,697	$16.56	2069	$33,581	$9.11	1542.4	$11,278
		nobs	232	232	232	756	756	756	66	66	66
Women	Never Married	mean	$14.54	1414.33	$21,415	$12.47	1547.29	$19,625	$16.58	1144.65	$16,384
		std.	(8.370)	(666.240)	(16333.770)	(8.180)	(640.740)	(13868.650)	(19.454)	(552.100)	(19832.800)
		median	$7.91	1651	$11,526	$9.04	1785	$14,743	$9.92	1064.5	$10,234
		nobs	326	326	326	1389	1389	1389	124	124	124
	Married	mean	$10.68	1316.9	$13,395	$11.92	1458.7	$17,106	$12.60	1130.29	$13,061
		std.	(8.370)	(730.880)	(9787.060)	(9.910)	(709.020)	(14232.070)	(13.380)	(706.840)	(13706.590)
		median	$8.08	1440	$10,809	$8.67	1600	$12,713	$8.96	1033.5	$8,000
		nobs	1673	1673	1673	5947	5947	5947	424	424	424
	Remarried	mean	$9.28	1541.38	$13,596	$10.08	1443.76	$12,853	.	.	.
		std.	(3.120)	(545.650)	(5819.880)	(11.840)	(528.190)	(6564.050)	.	.	.
		median	$7.93	1825	$13,117	$7.25	1613	$11,269	.	.	.
		nobs	39	39	39	91	91	91	.	.	.
	Divorced	mean	$10.72	1786.14	$19,298	$11.06	1663.91	$18,553	$12.48	1205.07	$13,054
		std.	(4.790)	(777.220)	(12324.180)	(6.920)	(562.000)	(11013.310)	(14.620)	(607.880)	(10843.680)
		median	$8.07	1906.5	$13,448	$8.47	1821	$14,058	$7.37	1275	$10,148
		nobs	422	422	422	1401	1401	1401	150	150	150

*Based on PSID sample aged between 50 and 60 in 1992

Table 6a: Men's Wages and Hours by Age and Marital Status at Ages 30 and 50*

Marital Status at Age 30	Marital Status at Age 50	Statistic	Age 25-45			Age 46-65			Age 66-75		
			Wage	Hours	Earnings	Wage	Hours	Earnings	Wage	Hours	Earnings
Never Married	Never Married	mean	$21.54	2022	$39,823	$16.23	1970	$30,450	$16.18	764	$9,702
		std.	(13.400)	(335.060)	(18792.040)	(8.080)	(593.660)	(17770.910)	(6.067)	(458.660)	(5578.180)
		median	$9	2,025	$18,192	$14	2,000	$19,804	$9	1,539	$11,535
		nobs	32	32	32	133	133	133	14	14	14
	Married	mean	$25.29	2217	$55,182	$25.33	2132	$51,707	$23.57	1480	$33,887
		std.	(15.780)	(584.280)	(38770.860)	(20.850)	(596.270)	(40781.360)	(20.728)	(872.660)	(39494.270)
		median	$19	2,056	$39,925	$18	2,012	$38,425	$13	1,564	$15,382
		nobs	506	506	506	1839	1839	1839	170	170	170
	Remarried	mean	$22.60	2590	$55,434	$28.51	2087	$53,592	$51.04	1337	$65,747
		std.	(12.730)	(768.240)	(32179.690)	(21.340)	(683.800)	(32542.730)	(22.148)	(398.830)	(27660.930)
		median	$18	2,151	$36,270	$17	2,040	$35,487	$25	1,202	$40,130
		nobs	55	55	55	213	213	213	16	16	16
	Divorced	mean	$19.86	2372	$48,790	$21.22	2051	$41,185	$16.67	1459	$29,357
		std.	(10.030)	(637.310)	(32053.180)	(15.830)	(608.410)	(22384.950)	(14.147)	(708.210)	(38127.460)
		median	$13	2,100	$29,315	$17	2,000	$32,736	$10	1,540	$12,611
		nobs	141	141	141	376	376	376	36	36	36
Married	Married	mean	$21.73	2369	$49,908	$22.58	2186	$48,540	$22.58	1441	$29,401
		std.	(13.720)	(598.910)	(30954.870)	(17.560)	(703.840)	(39351.380)	(25.835)	(874.890)	(34481.120)
		median	$17	2,250	$38,885	$17	2,080	$36,467	$13	1,388	$15,557
		nobs	1505	1505	1505	4785	4785	4785	363	363	363
	Remarried	mean	$20.11	2314	$44,826	$20.23	2050	$39,407	$25.98	1471	$43,271
		std.	(8.460)	(635.250)	(18670.110)	(17.350)	(686.780)	(29646.710)	(29.954)	(656.710)	(62826.660)
		median	$19	2,130	$39,410	$15	2,024	$30,417	$14	1,596	$13,945
		nobs	225	225	225	679	679	679	50	50	50
	Divorced	mean	$14.75	2097	$30,517	$15.50	2026	$30,391	$16.12	1254	$15,992
		std.	(6.980)	(580.060)	(14466.340)	(11.420)	(709.050)	(22309.590)	(21.862)	(814.750)	(17587.100)
		median	$12	2,049	$24,812	$11	1,992	$22,470	$9	1,068	$8,592
		nobs	220	220	220	664	664	664	60	60	60
Remarried	Remarried	mean	$16.11	2265	$36,533	$13.11	2076	$27,100	.	.	.
		std.	2.07	(135.700)	5313.84	2.83	(368.340)	5809.29	.	.	.
		median	$19	2,155	$42,427	$14	1,960	$28,416	.	.	.
		nobs	11	11	11	49	49	49	.	.	.
Divorced	Remarried	mean	$13.60	2174	$28,439	$16.44	2019	$32,110	$18.74	914	$12,172
		std.	4.1	(658.790)	8999.57	5.18	(504.010)	9915.59	23.483	(540.690)	7938.02
		median	$14	2,088	$30,236	$17	1,987	$34,079	$12	930	$14,284
		nobs	43	43	43	182	182	182	11	11	11
	Divorced	mean	$18.14	2577	$43,656	$18.44	2260	$40,544	$11.73	1599	$20,292
		std.	(8.180)	(595.530)	(16317.790)	(9.070)	(654.940)	(20986.200)	(10.390)	(973.850)	(21623.290)
		median	$16	2,276	$35,540	$16	2,088	$33,354	$8	1,664	$11,057
		nobs	189	189	189	574	574	574	55	55	55

*Based on PSID sample aged between 50 and 60 in 1992.

Table 6b: Women's Wages and Hours by Age and Marital Status at Ages 30 and 50

Marital Status at Age 30	Marital Status at Age 50	Statistic	Age 25-45			Age 46-65			Age 66-75		
			Wage	Hours	Earnings	Wage	Hours	Earnings	Wage	Hours	Earnings
Never Married	Never Married	mean	$15.92	1853	$30,247	$14.24	1912	$27,412	$15.97	1500	$20,372
		std.	(9.180)	(388.280)	(18356.520)	(8.010)	(431.800)	(16207.560)	(7.958)	(514.460)	(5879.590)
		median	$7	1,920	$11,463	$8	1,920	$15,265	$12	1,252	$17,842
		nobs	108	108	108	311	311	311	26	26	26
	Married	mean	$14.34	1144	$15,695	$11.64	1406	$17,256	$19.63	973	$19,299
		std.	(9.030)	(765.390)	(13622.140)	(7.120)	(720.530)	(14009.140)	(33.018)	(618.310)	(35993.660)
		median	$12	1,120	$12,655	$9	1,578	$12,959	$8	960	$9,475
		nobs	79	79	79	426	426	426	34	34	34
	Remarried	mean	$19.63	1792	$35,596	$13.96	1419	$18,127	$8.69	1304	$11,018
		std.	(9.450)	(490.710)	(18775.650)	(18.390)	(824.980)	(16807.470)	(6.323)	(494.460)	(8055.120)
		median	(20.790)	1,760	(38268.100)	(9.540)	1,606	(11592.650)	(16.667)	1,592	(17000.000)
		nobs	14	14	14	72	72	72	7	7	7
	Divorced	mean	$11.84	1151	$14,652	$11.81	1487	$17,379	$14.66	1065	$10,956
		std.	(6.350)	(621.640)	(10508.700)	(6.670)	(580.370)	(10221.490)	(12.000)	(473.600)	(6862.280)
		median	$7	1,485	$9,890	$9	1,800	$15,313	$10	1,080	$8,000
		nobs	125	125	125	580	580	580	57	57	57
Married	Married	mean	$10.52	1239	$12,319	$12.18	1395	$16,998	$13.38	1108	$12,825
		std.	(7.610)	(737.220)	(9363.660)	(10.780)	(708.770)	(16042.280)	(14.494)	(693.710)	(12468.830)
			$8	1,250	$10,578	$9	1,568	$12,434	$9	1,070	$8,548
		nobs	853	853	853	3319	3319	3319	238	238	238
	Remarried	mean	$12.95	1560	$17,652	$13.07	1576	$18,138	$13.06	1431	$19,502
		std.	(14.010)	(769.040)	(12048.440)	(10.600)	(701.300)	(11275.500)	(8.271)	(857.060)	(22061.340)
		median	$8	1,720	$13,234	$9	1,729	$14,116	$11	1,520	$13,018
		nobs	171	171	171	434	434	434	32	32	32
	Divorced	mean	$10.19	1381	$13,966	$11.15	1557	$17,088	$11.02	1091	$11,771
		std.	(7.160)	(691.420)	(9295.060)	(8.200)	(697.940)	(11596.760)	(12.330)	(678.590)	(12943.910)
		median	$8	1,500	$9,990	$8	1,623	$12,637	$8	876	$6,024
		nobs	649	649	649	2194	2194	2194	154	154	154
Remarried	Remarried	mean	$9.28	1541	$13,596	$10.08	1444	$12,853	$19.10	597	$11,408
		std.	3.12	(545.650)	5819.88	11.84	(528.190)	6564.05	.	.	.
		median	$8	1,825	$13,117	$7	1,613	$11,269	$19	597	$11,408
		nobs	39	39	39	91	91	91	1	1	1
Divorced	Remarried	mean	$10.74	1786	$19,320	$11.18	1668	$18,787	$12.70	1200	$13,263
		std.	(4.830)	(784.510)	(12437.630)	(6.970)	(563.240)	(11060.950)	(14.651)	(610.830)	(10835.770)
		median	$8	1,913	$13,669	$9	1,815	$14,107	$7	1,270	$10,414
		nobs	414	414	414	1365	1365	1365	148	148	148
	Divorced	mean	$11.33	1603	$18,641	$12.35	1742	$21,151	$14.22	1657	$21,543
		std.	(7.680)	(788.960)	(15494.310)	(9.040)	(674.640)	(15004.590)	(18.090)	(696.930)	(16662.130)
		median	$8	1,600	$11,326	$9	1,840	$14,773	$9	1,813	$15,227
		nobs	605	605	605	841	841	841	778	778	778

*Based on PSID sample aged between 50 and 60 in 1992.

Table 7: Calibration

Statistics	Parameter	Benchmark	Data
First Period Per Capita Income of Single Females as a Fraction of Married Couples	$\sigma = -0.5$	0.34	0.35
Per Person Hours of Work	$\delta = 1.1$	0.34	0.33
Fraction Married in First Period	$\gamma_1 = 0$	0.83	0.83
Fraction Never Married in Second Period	$\gamma_1 = -0.8$	0.055 -0.07	0.03-0.04
Fraction of Intact Marriages in Second Period	$\pi_d = 0.75$	0.62	0.56-0.63
Fraction Remarried in Second Peirod	$\pi = 0.5$	0.15 - 0.17	0.14-0.17
Second Period Wealth/First Period Income	$\beta = 0.73$	0.62	0.61

Table 8: Marital Status (%)

		young	old	oldest old
married		83.1	88.9	88.9
	intact		62.2	
	newly married (remarried + first marriages)	83.1	26.7	
remarried				
	men		15.3	
	women		16.9	
singles				
	men	16.9	11.0	11.0
	women	16.9	11.0	11.0
never married				
	men	16.9	5.5	
	women	16.9	7.0	
divorced				
	men		5.5	
	women		4.0	

Table 9 --- Labor Supply

		Males				Females		
		Model		Data		Model	Data	
		young	old	young	old	young	old	young	old
married									
	intact		0.26		0.44		0.11		0.28
	newly married	0.42	0.30	0.47	0.43	0.27	0.11	0.26	0.28
single									
	divorced		0.22		0.41		0.23		0.31
	never married	0.37	0.19	0.45	0.39	0.34	0.36	0.28	0.38

Table 10--- Saving

		young	old
married			
	intact		0.38
	newly married	0.36	0.38
single			
male			
	divorced		0.38
	never married	0.27	0.38
female			
	divorced		0.38
	never married	0.18	0.38

Table 11 --- Second Period Per Capita Wealth

	Median	
	Model	Data
Males		
Married	1.00	1.00
Single	0.52	0.50
Females		
Married	1.00	1.00
Single	0.32	0.40

Table 12 --- Markovian Marriages

		Young	
		Benchmark	Exogenous Marriages
married			
	intact		
	newly married	0.36	0.34
single			
male			
	divorced		
	never married	0.27	0.23
female			
	divorced		
	never married	0.18	0.04

Table A1: Wealth by Marital Status in 1992

Gender	Marital Status in 1992	Statistic	Wealth in 1992				Income in 1992						
			Home Equity	Financial Assets	Tangible Assets	Net Worth	Total Household Income	Earnings of Head and Spouse	Household Capital Income	Wife's Wage in 1992	Husband's Wage in 1992	Wife's Hours in 1992	Husband's Hours in 1992
Male	Single	mean	$34,180	$59,295	$83,615	$190,055	$30,999	$16,845	$8,152	.	$13	.	2094
		std.	(84713)	(210902)	(457945)	(706650)	(48680)	(18302)	(45005)	.	(6)	.	(644)
		medi	$0	$3,250	$3,000	$34,430	$21,200	$12,700	$0	.	$12	.	2206
		nobs	168	168	168	168	168	168	168	0	81	0	85
	Married	mean	$34,753	$33,450	$57,659	$134,673	$56,362	$40,548	$6,586	$11	$26	1890	2315
		std.	(47324)	(93929)	(207534)	(270600)	(49508)	(41588)	(24813)	(13)	(487)	(686)	(653)
		medi	$25,500	$7,500	$7,500	$61,500	$46,651	$34,000	$26	$9	$13	2120	2280
		nobs	4721	4721	4721	4721	4721	4721	4721	2414	2476	2461	2616
	Divorced	mean	$27,341	$34,471	$59,628	$129,239	$33,251	$23,994	$2,922	.	$14	.	2231
		std.	(54482)	(100956)	(302895)	(366307)	(45891)	(41017)	(12852)	.	(8)	.	(644)
		medi	$0	$1,000	$5,000	$30,311	$24,180	$16,000	$0	.	$13	.	2240
		nobs	463	463	463	463	463	463	463	0	242	0	247
	Widowed	mean	$36,700	$32,596	$39,180	$116,638	$25,954	$15,763	$3,195	.	$11	.	2156
		std.	(92515)	(72458)	(188258)	(267141)	(25228)	(19805)	(10167)	.	(7)	.	(722)
		medi	$12,250	$5,000	$5,900	$43,000	$17,179	$8,000	$0	.	$8	.	2217
		nobs	76	76	76	76	76	76	76	0	37	0	37
Female	Single	mean	$25,309	$24,652	$13,355	$65,425	$25,682	$17,033	$1,679	$12	.	2120	.
		std.	(41418)	(78433)	(37544)	(127456)	(23746)	(19798)	(7248)	(8)	.	(596)	.
		medi	$0	$400	$2,000	$24,150	$20,040	$12,000	$0	$10	.	2207	.
		nobs	194	194	194	194	194	194	194	112	0	114	0
	Married	mean	$34,753	$33,450	$57,659	$134,673	$56,362	$40,548	$6,586	$11	$26	1890	2315
		std.	(47324)	(93929)	(207534)	(270600)	(49508)	(41588)	(24813)	(13)	(487)	(686)	(653)
		medi	$25,500	$7,500	$7,500	$61,500	$46,651	$34,000	$26	$9	$13	2120	2280
		nobs	4721	4721	4721	4721	4721	4721	4721	2414	2476	2461	2616
	Divorced	mean	$31,728	$18,434	$26,988	$84,005	$24,978	$15,288	$1,416	$12	.	2075	1560
		std.	(64540)	(109365)	(145061)	(213192)	(22736)	(15603)	(11569)	(34)	.	(615)	.
		medi	$1,000	$100	$2,000	$23,500	$20,000	$12,000	$0	$9	.	2189	1560
		nobs	857	857	857	857	857	857	857	512	0	525	1
	Widowed	mean	$41,261	$30,408	$28,335	$104,890	$24,096	$11,161	$2,047	$11	.	1917	.
		std.	(60818)	(85583)	(93356)	(184298)	(19493)	(12954)	(6385)	(16)	.	(652)	.
		medi	$24,150	$120	$3,000	$46,000	$19,823	$6,260	$0	$8	.	2154	.
		nobs	530	530	530	530	530	530	530	271	0	273	0

Table A2: Men's Per Capita Income and Household Wealth x Marital Status x History

Marital Status in 1992	Marital History Age 27-33	Statistic	Wealth in 1992				Income in 1992						
			Home Equity	Financial Assets	Tangible Assets	Net Worth	Total Household Income	Earnings of Head and Spouse	Household Capital Income	Wife's Wage in 1992	Husband's Wage in 1992	Wife's Hours in 1992	Husband's Hours in 1992
Single	Unmarried at age 35	mean	$34,180	$59,295	$83,615	$190,055	$30,999	$16,845	$8,152	.	$13	.	2094
		std.	(84713)	(210902)	(457945)	(706650)	(48680)	(18302)	(45005)	.	(6)	.	(644)
		medi	$0	$3,250	$3,000	$34,430	$21,200	$12,700	$0	.	$12	.	2206
		nobs	168	168	168	168	168	168	168	0	81	0	85
Married	Unmarried at age 35	mean	$32,800	$30,443	$61,544	$139,417	$54,206	$38,591	$6,695	$11	$14	1855	2269
		std.	(45091)	(93016)	(250469)	(319522)	(45952)	(35536)	(28109)	(6)	(10)	(723)	(652)
		medi	$22,500	$5,000	$5,000	$51,500	$43,612	$30,000	$0	$9	$12	2097	2257
		nobs	517	517	517	517	517	517	517	270	275	273	285
	Married	mean	$36,192	$34,764	$58,839	$138,167	$57,513	$41,230	$6,802	$10	$29	1880	2310
		std.	(38910)	(96422)	(209769)	(274150)	(51396)	(43211)	(25469)	(7)	(551)	(689)	(648)
		medi	$27,500	$9,000	$8,000	$65,000	$47,400	$35,000	$100	$9	$14	2120	2280
		nobs	3651	3651	3651	3651	3651	3651	3651	1861	1935	1898	2042
	Initially Married, Divorced during Interval	mean	$27,125	$27,527	$46,315	$107,257	$50,590	$37,660	$5,066	$12	$14	1985	2388
		std.	(84782)	(76392)	(136349)	(181548)	(38207)	(35097)	(15322)	(32)	(9)	(625)	(684)
		medi	$20,000	$4,000	$7,000	$47,000	$43,700	$32,000	$0	$9	$13	2166	2310
		nobs	551	551	551	551	551	551	551	282	264	289	287
Divorced	Unmarried at age 35	mean	$30,778	$19,884	$81,868	$137,332	$30,210	$22,664	$1,095	.	$12	.	2533
		std.	(55016)	(70562)	(420327)	(468631)	(29627)	(26584)	(4001)	.	(6)	.	(564)
		medi	$6,000	$312	$5,500	$28,462	$22,250	$15,250	$0	.	$11	.	2280
		nobs	36	36	36	36	36	36	36	0	21	0	21
	Married	mean	$26,869	$37,690	$61,369	$133,248	$32,750	$22,902	$3,098	.	$14	.	2215
		std.	(53896)	(109688)	(314711)	(379875)	(41424)	(36316)	(13391)	.	(9)	.	(640)
		medi	$0	$1,000	$5,000	$31,500	$24,000	$15,220	$0	.	$13	.	2240
		nobs	361	361	361	361	361	361	361	0	189	0	192
	Initially Married, Divorced during Interval	mean	$28,045	$24,825	$37,971	$102,898	$37,652	$30,691	$2,955	.	$13	.	2132
		std.	(58070)	(53434)	(87484)	(188153)	(70469)	(64960)	(13048)	.	(5)	.	(679)
		medi	$250	$300	$7,000	$29,656	$26,385	$22,100	$0	.	$13	.	2240
		nobs	66	66	66	66	66	66	66	0	32	0	34
Widowed	Married	mean	$34,650	$36,134	$41,972	$119,099	$26,528	$15,953	$3,436	.	$11	.	2245
		std.	(93122)	(75821)	(198834)	(279119)	(26417)	(20433)	(10698)	.	(7)	.	(636)
		medi	$14,000	$7,000	$5,900	$43,000	$17,179	$8,000	$0	.	$10	.	2269
		nobs	68	68	68	68	68	68	68	0	31	0	31

Table A3:Women's Per Capita Income and Household Wealth x Marital Status x History

Marital Status in 1992	Marital History Age 27-33	Statistic	Wealth in 1992: Home Equity	Financial Assets	Tangible Assets	Net Worth	Income in 1992: Total Household Income	Earnings of Head and Spouse	Household Capital Income	Wife's Wage in 1992	Husband's Wage in 1992	Wife's Hours in 1992	Husband's Hours in 1992
Single	Unmarried at age 35	mean	$25,309	$24,652	$13,355	$65,425	$25,682	$17,033	$1,679	$12	.	2120	.
		std.	(41418)	(78433)	(37544)	(127456)	(23746)	(19798)	(7248)	(8)	.	(596)	.
		medi	$0	$400	$2,000	$24,150	$20,040	$12,000	$0	$10	.	2207	.
		nobs	194	194	194	194	194	194	194	112	0	114	0
Married	Unmarried at age 35	mean	$28,569	$28,918	$52,795	$116,803	$56,844	$43,650	$5,233	$13	$14	1998	2274
		std.	(32960)	(73515)	(173720)	(227486)	(53682)	(50867)	(16974)	(9)	(15)	(667)	(593)
		medi	$20,000	$3,750	$6,000	$43,025	$45,116	$35,000	$0	$10	$13	2166	2240
		nobs	255	255	255	255	255	255	255	137	130	143	135
	Married	mean	$36,655	$35,333	$58,874	$139,807	$56,794	$40,591	$6,684	$10	$27	1865	2307
		std.	(50281)	(99203)	(214215)	(281098)	(50105)	(41914)	(24962)	(7)	(539)	(689)	(648)
		medi	$27,500	$8,500	$7,500	$65,500	$47,000	$34,000	$60	$9	$14	2119	2280
		nobs	3765	3765	3765	3765	3765	3765	3765	1929	1983	1964	2092
	Initially Married, Divorced during Interval	mean	$26,919	$25,161	$53,527	$114,578	$54,085	$39,362	$6,632	$10	$24	1981	2374
		std.	(32012)	(67603)	(182010)	(223638)	(44679)	(35817)	(26558)	(6)	(179)	(666)	(692)
		medi	$21,000	$5,000	$7,500	$48,250	$45,500	$35,000	$0	$9	$13	2189	2320
		nobs	691	691	691	691	691	691	691	343	356	349	382
Divorced	Unmarried at age 35		$59,955	$11,636	$7,864	$81,818	$33,718	$18,600	$1,145	$10	.	2167	.
			(79306)	(27409)	(12268)	(99043)	(25968)	(15213)	(3411)	(7)	.	(945)	.
			$28,000	$3,500	$3,000	$33,000	$31,600	$19,200	$0	$10	.	2189	.
			11	11	11	11	11	11	11	9	0	9	0
	Married		$33,145	$19,696	$21,845	$80,244	$25,679	$15,728	$1,541	$12	.	2079	1560
			(66901)	(111317)	(79999)	(175967)	(23271)	(15883)	(12698)	(36)	.	(601)	.
			$5,000	$200	$2,000	$24,450	$20,458	$13,000	$0	$9	.	2194	1560
			702	702	702	702	702	702	702	428	0	439	1
	Initially Married, Divorced during Interval		$22,660	$12,805	$53,517	$102,511	$20,894	$12,891	$828	$12	.	2039	.
			(48991)	(103717)	(306123)	(345221)	(19168)	(14034)	(3087)	(18)	.	(652)	.
			$0	$0	$2,450	$14,500	$13,834	$9,123	$0	$8	.	2160	.
			144	144	144	144	144	144	144	75	0	77	0
Widowed	Initially Married, Divorced during Interval		$43,301	$33,152	$28,526	$109,451	$24,108	$10,843	$2,105	$11	.	1904	.
			(63848)	(91174)	(95189)	(190528)	(19579)	(12775)	(6361)	(17)	.	(663)	.
			$24,500	$100	$3,000	$47,500	$20,000	$6,000	$0	$9	.	2149	.
			445	445	445	445	445	445	445	225	0	227	0

Table A4: PSID Wealth by Age and Marital Status at Age 50*

SEX	Marital Status at Age 30	Statistic	1984			1989			1994			1999		
			Total Wealth	Residential	Stocks	Total Wealth	Residential	Stocks	Total Wealth	Residential	Stocks	Total Wealth	Residential	Stocks
Men	Never Married	mean	$256,244	$46,238	$5,652	$358,115	$208,148	$10,666	$471,979	$143,951	$36,849	$281,546	$68,605	$40,539
		std.	(167349)	(60138)	(10846)	(243609)	(217368)	(20467)	(496535)	(125586)	(54748)	(191072)	(89261)	(68962)
		median	$1,238	$0	$0	$3,895	$2,597	$0	$12,509	$10,877	$0	$306,482	$67,892	$16,488
		nobs	9	9	9	9	9	9	9	9	9	5	5	5
	Married	mean	$426,377	$101,562	$32,426	$425,349	$130,014	$66,428	$461,081	$120,883	$156,622	$562,958	$137,768	$98,821
		std.	(1461446)	(83995)	(86922)	(937060)	(144638)	(436812)	(1024608)	(117137)	(797297)	(1465145)	(156279)	(257590)
		median	$139,327	$75,701	$0	$171,769	$77,903	$0	$182,757	$78,868	$0	$237,620	$87,289	$0
		nobs	381	381	381	378	378	378	336	336	336	241	241	250
	Remarried	mean	$289,740	$95,936	$39,448	$303,330	$120,244	$28,906	$301,450	$95,300	$39,381	$303,267	$97,852	$13,696
		std.	(529094)	(120228)	(155846)	(421749)	(122138)	(78196)	(341914)	(96502)	(90886)	(424304)	(151164)	(30122)
		median	$113,938	$55,731	$0	$141,759	$77,903	$0	$163,720	$66,902	$0	$137,954	$57,223	$0
		nobs	65	65	65	66	66	66	56	56	56	32	32	32
	Divorced	mean	$182,444	$54,555	$27,366	$228,146	$74,493	$16,252	$202,285	$47,646	$24,828	$330,627	$67,375	$38,397
		std.	(231620)	(49405)	(99752)	(400031)	(111186)	(32251)	(428423)	(56319)	(54076)	(682329)	(99945)	(112304)
		median	$55,886	$23,995	$0	$53,234	$25,968	$0	$50,041	$16,318	$0	$73,711	$39,765	$0
		nobs	105	105	105	103	103	103	89	89	89	45	45	46
Women	Never Married	mean	$61,370	$40,643	$3,624	$83,386	$35,194	$15,863	$74,142	$33,037	$15,958	$56,722	$22,569	$20,716
		std.	(56702)	(42156)	(5509)	(90140)	(34997)	(32638)	(83063)	(33954)	(35560)	(113148)	(42389)	(50855)
		median	$1,084	$0	$0	$1,948	$0	$0	$20,669	$10,878	$0	$9,699	$7,759	$0
		nobs	25	25	25	24	24	24	23	23	23	11	11	11
	Married	mean	$390,955	$100,963	$31,561	$378,702	$123,665	$67,550	$413,871	$111,868	$145,688	$472,243	$128,817	$97,119
		std.	(1399293)	(93177)	(90556)	(735711)	(136302)	(476230)	(955681)	(118776)	(842087)	(1371557)	(154373)	(266629)
		median	$139,404	$74,540	$0	$166,843	$75,306	$0	$174,054	$81,588	$0	$230,346	$87,289	$0
		nobs	362	362	362	357	357	357	327	327	327	242	242	251
	Remarried	mean	$277,976	$95,278	$8,837	$323,707	$124,462	$18,520	$312,366	$99,593	$79,811	########	$100,543	$892,070
		std.	(483556)	(140115)	(27587)	(466505)	(175681)	(42698)	(479514)	(128920)	(265305)	(5598243)	(147830)	(5055916)
		median	$82,048	$46,442	$0	$114,258	$58,427	$0	$89,747	$65,270	$0	$118,325	$75,651	$0
		nobs	55	55	55	53	53	53	50	50	50	31	31	34
	Divorced	mean	$122,281	$48,223	$7,093	$173,498	$50,649	$15,240	$133,530	$49,998	$30,755	$144,201	$55,062	$29,438
		std.	(194657)	(53814)	(26604)	(475657)	(63502)	(56524)	(206037)	(59461)	(85737)	(220286)	(76051)	(88670)
		median	$28,639	$15,434	$0	$27,006	$12,984	$0	$32,635	$16,318	$0	$40,008	$19,398	$0
		nobs	349	349	349	348	348	348	311	311	311	161	161	172