OXFORD

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

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Abstract

This study examines the accumulation of personal wealth of husbands and wives and investigates the development of within-couple wealth inequalities over time in marriage. Going beyond previous research that mostly studied the marriage wealth premium using household-level wealth data and that conceptualized marriage as an instantaneous transition with uniform consequences over time, we argue that entry into marriage is a gendered life-course event that dynamically shapes husbands' and wives' wealth accumulation. Using high-quality data from the German Socio-Economic Panel Study (2002, 2007, 2012, and 2017), we apply fixed-effects regression models to describe wealth accumulation within marriage. We find evidence that wealth premiums are lower during early years of marriage, but increase steadily thereafter. The premium is mostly concentrated in housing wealth. Results from supplementary analyses with limited data, however, suggest that the premium may not be causal for men. Regarding within-couple wealth inequalities, we find a pronounced within-couple wealth gap prior to marriage during pre-marital cohabitation. This gap remains stable over time in marriage. In contrast to findings regarding income, our study indicates that the institution of marriage may not amplify within-couple wealth inequalities further.

Introduction

The impact of marriage on men's and women's economic well-being has long been a topic of debate for sociologists, economists, and policymakers alike (Waite, 1995). A relevant and increasingly studied dimension of economic well-being is wealth (Killewald, Pfeffer and Schachner, 2017). Ample literature illustrates that continually married men and women have substantially more household wealth than never-married individuals

and individuals with disrupted marital histories (e.g., Wilmoth and Koso, 2002). Thereby, the institution of marriage may contribute to rising between-household wealth inequalities.

Previous research is limited in two important ways that hamper our understanding of how marriage stratifies wealth. First, previous research often conceptualizes marriage as a life-course transition with instantaneous and uniform consequences over time. Studies either

implicitly assume that marriage has an immediate and time-constant effect on wealth (e.g., Addo and Lichter, 2013; Lersch, 2017)—which Cheng (2016) calls the static approach—or studies assume that wealth grows linearly with time in marriage (e.g., Zagorsky, 2005; Grabka, Marcus and Sierminska, 2015; Frech, Painter and Vespa, 2017). We argue that previous literature does not sufficiently consider the dynamic nature of marriage as a 'long-term life course experience' (Cheng, 2016: p. 30) because the transition into marriage only marks the beginning of a process which continues to shape both spouses' life courses in multiple and potentially non-linear ways.[1] Thus, considering how marriage unfolds as a process over the life course allows a more thorough understanding of how marriage may affect the accumulation of personal wealth.

Second, previous research mostly focuses on household-level wealth and thereby regards the family as an economic unit (Becker, 1993). Although family life provides a range of economic benefits to household members (e.g., lower per capita living expenses), economic resources are not fully pooled and shared within households (Joseph and Rowlingson, 2012; Bennett, 2013). Sufficient individual-level wealth (i.e., all individual assets less debts), therefore, provides a range of benefits such as autonomy and full financial security beyond potentially precarious access to household-level wealth. A growing literature, therefore, argues that individuals' economic well-being may be reflected more accurately by individual-level economic measures rather than household-level measures (e.g., Bennett, 2013). Recent evidence suggests that wealth premiums at the household level extend to, on average, equal personal-level premiums for women and men (Lersch, 2017). However, the specific conditions for the within-couple gap have not been thoroughly examined. In addition, we do not know how within-couple inequality in wealth identified in previous research (Grabka *et al.*, 2015) emerges and develops over time in marriage. Narrowing or widening within-couple inequalities over time in marriage may, however, affect the level of cooperation and conflict between spouses, individual financial security and autonomy, and subjective well-being (e.g., Deere and Doss, 2006; Grabka *et al.*, 2015).

We aim to fill these gaps in our current knowledge about the consequences of marriage for between- and within-household inequality by addressing two research questions: (i) How does personal wealth of both spouses develop over time in marriage? (ii) How does inequality in personal wealth between spouses develop over time? To answer these questions, we draw on longitudinal data from the German Socio-Economic Panel Study (SOEP; 2002, 2007, 2012, and 2017) which internationally is one of the few household surveys providing individual-level wealth data. We use fixed-effects regression models to examine how marriage wealth premiums change as individuals spend more time in marriage and how the within-couple wealth gap evolves during marriages. In our study, we are informed by recent research on the marriage wage premium, which questions a causal relationship (e.g., Killewald and Lundberg, 2017; Ludwig and Brüderl, 2018), and provide supplementary analyses on the causal link between marriage and wealth within the limitations of currently available data on wealth.

Background

Wealth accumulation occurs through three pathways. First, excess income that is not consumed may be accumulated. Second, wealth may be obtained through financial transfers such as inter vivos, inheritances, or lottery winnings. In Germany, it has been estimated that intergenerational transfers contribute about 30–50 per cent to the stock of private wealth (Corneo, Bönke and Westermeier, 2016; Alvaredo, Garbinti and Piketty, 2017). Finally, wealth itself generates exponentially more wealth through capital appreciation and compounded interest effects.

Previous Research

Previous research shows that never-married (single and cohabiting) individuals have less household wealth than the married. The dissolution of marriage either due to the death of a partner or through separation and divorce is found to be negatively associated with household wealth (e.g., Zick and Holden, 2000; Wilmoth and Koso, 2002; Zagorsky, 2005). This marriage wealth premium varies between wealth components with a larger premium for housing assets than for non-housing assets (Addo and Lichter, 2013).

There is only limited research on over-time variation in the marriage wealth premium. A study by Schmidt and Sevak (2006) suggests that the marriage wealth premium may only emerge at a later stage of the marriage, but this finding may be driven by cohort differences. Several other studies find a positive association between household wealth and time spent married suggesting that the marriage wealth premium may increase over time (Zagorsky, 2005; Frech *et al.*, 2017). However, these studies mostly assume a linear growth of household wealth over the course of the marriage.[2]

Based on individual-level wealth data, Lersch (2017) finds substantial marriage wealth premiums for German women and men compared with singles and cohabitors. It is, however, unclear how these premiums develop over time and whether husbands and wives within the same couples benefit equally. Sierminska, Frick and Grabka (2010) illustrate that married men hold on average EUR 47,000 more wealth than married women (not within the same couple) in Germany. Grabka *et al.* (2015) additionally find wealth inequalities within couples but do not find a significant linear association of marriage duration with the within-couple wealth gap.

Over-Time Accumulation of Personal Wealth in Marriage

Previous studies univocally lead us to expect positive marriage wealth premiums, but these studies mostly analyse a constant impact of transitions in and out of marriage on wealth or assume linear effects of marriage duration. However, previous literature on the marriage wage premium shows that the premium changes non-linearly and peaks about 5 years after marriage for men (Dougherty, 2006; Cheng, 2016). Similarly, we might expect that the marriage wealth premium varies dynamically over the course of the marriage.

Entering marriage may be associated with an immediate increase in wealth, because of institutional benefits that increase available income for the married compared with cohabitors and singles. As part of the conservative welfare state in Germany, married couples can immediately benefit from tax advantages (*Ehegattensplitting*), whereby couples with a within-couple earnings gap benefit from lower tax rates (Vollmer, 2007). Additional institutional wealth advantages for the married are, for example, joint insurances and pensions (Härtel, 2001) and salary increases for German civil servants. Furthermore, instant increases in wealth may be due to intergenerational wealth transfers, which are particularly likely in the years following marriage (Leopold and Schneider, 2011).

However, marriage may also initially lower spouses' financial resources as expenses for a wedding and costs associated with forming and upgrading a household potentially drain savings of both partners (Schneider, 2011). While a large proportion of German couples already cohabit prior to marriage (Heuveline and Timberlake, 2004), entering a marriage increases the likelihood of becoming a homeowner in the same year in Germany (Mulder, 2013). In the first years, buying a home is associated with front-loaded costs that are often higher than costs of renting (Mulder and Wagner,

1998). Such expenses may reduce a couple's wealth in the first years of marriage. Overall, we therefore expect that *the marriage wealth premium is positive but small during early years of marriage (Low Initial Premium Hypothesis).*

Over time, marriage may be associated with increasing wealth premiums. Although cohabiting and married couples benefit similarly from economies of scale, pooling of income and sharing of resources within the household is more likely among married couples (Vogler, Lyonette and Wiggins, 2008). While marriage is legally binding from day one, pooling of resources has been shown to increase over time as commitment and expectations of permanency increase (Hiekel, Liefbroer and Poortman, 2014). Social norms around marriage further encourage joint investments and savings (Knoll, Tamborini and Whitman, 2012). Spouses may hence increasingly integrate their resources, which make investments more efficient. In addition, the compounded interest effect and wealth appreciation may exponentially increase wealth premiums over time as a form of cumulative advantage (DiPrete and Eirich, 2006). Although parenthood, which is commonly linked to marriage, is associated with substantial child-related costs, Germany's family-centred policies including parental leave allowances, childcare subsidies, child allowances (*Kindergeld*), and child-related tax benefits (*Kinderfreibetrag*) may limit wealth-draining effects. In addition, parenthood has been associated with a higher likelihood to receive financial transfers (Leopold and Schneider, 2011) and positively affects savings incentives and portfolio choices (Ravazzini and Kuhn, 2018). Child-related expenses may, therefore, not fully eliminate marriage wealth advantages in Germany as recent research from Ravazzini and Kuhn (2018) indicate.[3] We, therefore, expect that *the marriage wealth premium increases over time for both men and women (Growing Premium Hypothesis).*

Within-Couple Differences

Theoretically, the marriage wealth premium may differ between spouses over time as men and women vary in their wealth accumulation potential. Although savings from income and financial transfers are both relevant for the accumulation of wealth within marriage, we argue that within-couple wealth differences are predominantly linked to disparities in income. Gender disparities in financial transfers are likely to be small as German law prohibits the discrimination of heirs based on their gender. In addition, previous studies found only

negligible gender differences in the likelihood to receive financial transfers (Szydlik, 2004).

Although gender discrimination in the labour market is equally prohibited in Germany, occupational segregation and undervaluing of jobs within female-dominated industries and occupations carry a significant penalty for women's earnings (Busch, 2013; Hausmann, Kleinert and Leuze, 2015). In addition, men's and women's earnings are differently associated with marriage. Research from the United States and Germany found marriage to be associated with 5–20 per cent higher wages for men, even though this is unlikely to be causal as we will discuss shortly (Barg and Beblo, 2007; Killewald and Gough, 2013; Cheng, 2016; Killewald and Lundberg, 2017). For women, wage premiums are more temporary and may develop into wage penalties over time (Killewald and Gough, 2013). In addition, German tax splitting penalizes income of the lower-earning spouse—commonly the wife. Hence, German wives have substantially lower personal labour market income than their husbands. This is likely to contribute to within-couple inequality in personal wealth (Sierminska *et al.*, 2010) because earnings are not fully shared between spouses (Eickmeyer, Manning and Brown, 2019).

Earning gaps between married spouses may be further widened through parenthood. The allocation of primary care responsibilities to women leads to lower-earning capacities of mothers while fathers have even been found to experience income premiums (Budig and England, 2001; Killewald, 2013). In addition, mothers are more likely to spend their resources for children's needs (Pahl, 2005). Although parents are more likely to pool resources, these child-related costs may drain surplus income of mothers and lead to their lower wealth accumulation potentials (Pahl, 2005; Lersch, Jacob and Hank, 2017; Eickmeyer *et al.*, 2019). Overall, we therefore hypothesize that *the marriage wealth premium in personal wealth increases more for men than for women which leads to a widening of the within-couple wealth gap over time (Widening Gap Hypothesis)*.

In addition to the growing gap, we expect that *the within-couple wealth gap to the disadvantage of women is already present at the beginning of a marriage (Initial Gap Hypothesis)*. While spouses positively sort on traits that influence a person's wealth accumulation potential such as education and income, hypergamous marriages have been the norm for much of the 20th century (Schwartz, 2013). At least in the United States, economically more successful men (but not women) are more likely to get married (Xie *et al.*, 2003). Furthermore, women tend to enter marriage and parenthood at an earlier age compared with men. Hence, men may have had more time in the labour market compared with their female partners and may have accumulated more wealth prior to marriage (Sierminska *et al.*, 2010).

Is the Marriage Wealth Premium Causal?

Recent empirical scrutiny of the *marriage wage premium* casts considerable doubt on whether the entry into marriage causes men's wages to increase (e.g., Killewald and Lundberg, 2017; Ludwig and Brüderl, 2018). These studies show that men's hourly wages increase already prior to marriage and that marriage does not additionally impact men's rising wages. There is also no evidence for anticipatory effects of marriage (Killewald and Lundberg, 2017). In other words, the current state of research suggests that marriage coincides with upwardly trending wages in men's early adulthood without marriage affecting wages positively.

Even if the marriage wage premium is not causal, we may still expect a causal *marriage wealth premium*. For instance, inter vivos, tax benefits, and shared insurances related to marriage increase the available income for savings for the married on top of already upwardly trending wage or wealth trajectories. We apply some of the strategies from recent research on the marriage wage premium in supplementary analysis to further probe the marriage wealth premium.[4]

Materials and Methods

In our empirical analysis, we rely on fixed-effect regressions to examine our hypotheses on developments in personal wealth and the within-couple wealth gap. This approach focuses solely on within-individual variation and, thereby, time-invariant unobserved heterogeneity is differenced out. Fixed-effects regression is the standard approach to investigate marriage premiums in the literature (e.g., Cheng, 2016; Killewald and Lundberg, 2017), but, among other factors, time-varying effects of unobserved heterogeneity may still bias estimates.

The fixed-effects approach requires the observation of respondents before and after an event (e.g., marriage) to assess wealth changes. As information on personal wealth is available between 2002 and 2017 in our data, we are able to follow individuals only up to 15 years in marriage. In addition, individuals have to be observed in at least two waves. As this considerably limits our sample size, we additionally run random-effects regressions as a robustness check. Random-effects regressions use a combination of between- and within-individual variation for more efficient estimation. While this allows us

to examine a longer time in marriage (up to 30 years) using a larger sample, this analysis relies on more restrictive assumptions about unobserved heterogeneity than the fixed-effects regression and result should, therefore, only been seen as supplementary to the fixed-effects results (Allison, 2009).

Data

We use panel data from the SOEP (version 34; doi: 10.5684/soep.v34). The SOEP is a large and nationally representative study that has tracked individuals living in eligible households annually since 1984 (extension samples were added over time). Due to its household structure, the SOEP data allow for analyses of a wide range of respondents' outcomes considering characteristics of the household and other household members. In addition, the SOEP contains retrospective data on topics such as marital histories, enabling us to verify if respondents are never-married or previously divorced (Goebel *et al.*, 2018).

In 2002, 2007, 2012, and 2017, the SOEP measured individual-level wealth. In addition to information on individually owned assets, respondents had to provide their personal share of jointly owned wealth components. The SOEP data are, therefore, internationally unique in offering comprehensive personal wealth information over four waves. Nevertheless, two limitations of the dataset are relevant for this study. First, while respondents are required to provide their share of jointly owned wealth, it may be questioned to what degree perceived ownership over shared assets overlaps with legal ownership. If respondents perceive jointly held assets to be more equally shared than they legally are, we may underestimate within-couple wealth inequalities. Second, due to the institutional context of the German pension system, public retirement entitlements are not fully captured in the SOEP data. As these entitlements cannot be liquidized, transferred, or used as collateral, Sierminska et al. (2010) raise concerns about the use of an augmented measure of net wealth for Germany. Theoretically, the inclusion of public pension entitlements should, however, leads to a larger within-couple wealth gap due to substantial disparities in pension income to the disadvantage of women (Fasang, Aisenbrey and Schömann, 2013).

In our analyses, we use wealth data that were edited and imputed by the SOEP survey team. In addition, we apply multiple imputation using Stata's mi procedure (version 15) to impute other relevant variables. A detailed description of both imputation procedures is provided in the Supplementary Appendix. Estimation results from five imputed data sets are combined using Rubin's rule (Rubin, 1987).

Analytical Sample

For the analytical sample, we select individuals living in private households if they are never-married and single, if they are never-married and cohabiting with a partner, and if they are married for the first time and got married between 2002 and 2017 (Sobel, 2012). In multi-person households, we only include household heads and their partners. Furthermore, observations are only included if they are aged 18 and over. While we use all survey waves to create our main explanatory variable and other covariates, we restrict our analytical sample to survey years 2002, 2007, 2012, and 2017 in which wealth data are available. As this sample is used for the fixed-effects analysis of personal wealth over time in marriage, individuals have to be observed in at least two out of the four waves. In total, this sample includes 2,334 women with 5,799 individual-year observations and 1,886 men with 4,821 individual-year observations. We observe 680 entries into a first marriage for women and 604 entries for men.

For the robustness check using a random-effects regression, we extend the initial sample by additionally including first time married household heads and their partners that entered marriage before 2002 but have been married no longer than 30 years. In addition, the random-effects approach allows for inclusion of respondents that were only observed in one of the four relevant survey years. We decided to limit this sample to 30 years in marriage to reduce the influence of compositional differences in marriage cohorts. This sample includes 12,670 women with 20,797 individual-year observations and 11,801 men with 19,287 individual-year observations.

To examine the development of within-couple wealth inequalities, we restrict our initial fixed-effects sample to never-married cohabiting respondents that either stayed in cohabitation for at least two waves or married for the first time between 2002 and 2017. As the within-couple wealth gap is measured at the household level, we randomly select one partner out of each union. This subsample includes 1,290 partnered individuals with 3,427 individual-year observations.

Measurement

Outcome variables

We measure *personal net wealth* as the sum of all personally owned assets including the personal share of

jointly owned assets (see Supplementary Appendix for further detail on wealth measures). Furthermore, we subtract personal loans and debts from the amount of personally owned assets. Respondents may hence hold negative personal wealth. We adjust our outcome variable for inflation using the consumer price index and winsorize the extreme 0.1 per cent of reported wealth values at both ends of the distribution. As wealth data are right-skewed, we deploy an inverse hyperbolic sine (IHS) transformation to the personal net wealth variable to adjust for the skewness while retaining negative and zero values (Friedline, Masa and Chowa, 2015).

Based on our personal net wealth measure, we create an additional wealth variable to capture wealth inequalities between spouses: *within-couple wealth gap*. This household-level measure is created by subtracting male partner's personal wealth from the corresponding female partner's personal wealth. A negative gap, therefore, indicates a within-couple wealth gap to the disadvantage of the wife. This measure is also adjusted for inflation, top- and bottom-coded, and IHS-transformed.

Previous research showed that housing wealth (homeownership) is more likely to be shared equally than other wealth components (Joseph and Rowlingson, 2012). In addition, the marriage wealth premium is more pronounced for housing wealth (Addo and Lichter, 2013) particularly for women, while marriage also increases men's financial wealth (Lersch, 2017). Therefore, we also report results disaggregated by housing wealth and financial wealth.

Explanatory variables

Our main explanatory variables are categorical indicators of *time in marriage* of the current (first) marriage at time of interview. For our main models, we only consider marriages that were formed between 2002 and 2017 and measure their union length in steps of 3–5 years (1–3, 4–6, 7–10, and 11 15 years after marriage).[5]

For a robustness check (random-effects estimation), we additionally consider first-time marriages that commenced prior to 2002. We create a categorical variable counting time in marriage in steps of 3–5 years until 30 years of marriage (1–3, 4–6, 7–10, 11–15, 16–20, 21–25, and 26–30 years after marriage). For both variables, the reference category is never-married cohabitation.[6]

Control variables

As we use fixed-effects models, we include only few time-variant control variables. We add a categorical measure for respondents' age (18–27 years of age [reference], 28–37, 38–47, 48–57, 58–67, 68–77, and aged 78 or older) to capture maturation effects and a dummy for the years 2002 and 2007 to account for potential under-reporting of personal wealth in the first wealth waves (see Fisher, 2019 for evidence on under-reporting of income measures). We add a dummy variable to indicate the receipt of inheritances at the household level within the last 5 years to capture windfall gains. [7] Finally, we flag imputed wealth data using a dummy variable. For the analysis of personal wealth but not the wealth gap, we add a dummy indicator for single, never-married (1 = yes, 0 = no) to account for lower economies of scale of un-partnered respondents. We decide against adding other family or employment-related variables, because we assume that the effect of marriage on wealth partly works through fertility and employment behaviour.[8]

For our robustness check of personal wealth accumulation in marriage using a random-effects regression, we additionally include a range of time-constant covariates: respondents' highest educational level (low = no formal education or Levels 1 and 2 in the International Standard Classification of Education [ISCED; reference], intermediate = ISCED Levels 3 and 4, and high = ISCED Levels 5 and 6); migration background (1 = yes, 0 = no) to indicate whether respondents or their parents had immigrated to Germany; an indicator of whether respondents' lived in East Germany in 1989 (1 = yes, 0 = no);[9] a continuous measure of respondents' number of siblings; highest education of both parents when respondents were aged 15 (coded as above); respondents' birth cohort (born before 1945 [reference], 1946–1955, 1956–1961, 1962–1975, born after 1975); and a set dummy variables to control for the extension subsamples of the SOEP.

Analytical Strategy

Our analysis proceeds in four main stages. First, we describe the personal wealth accumulation of women and men and the within-couple gap in wealth as a function of the time in marriage using smoothed means. In a second step, we extend these descriptive results and use a fixed-effects regression to test whether the marriage wealth premium for personal wealth is initially low (*Low Initial Premium Hypothesis*) and grows over time (*Growing Premium Hypothesis*). We additionally examine the robustness of our fixed-effects results using a random-effect regression in which we consider a larger sample of respondents that may have entered marriage prior to 2002. As a third step, we move to an investigation of the emergence and development of the within-

Figure 1. Weighted descriptive results for personal wealth (IHS-transformed and raw) and within-couple wealth differences during pre-marital cohabitation and over time in marriage

Notes: Only first set of imputed values used. Shaded areas show 95% confidence intervals. Data are from the Socio-Economic Panel Survey v34 (2002, 2007, 2012, and 2017).

couple wealth gap again using a fixed-effects regression (*Initial Gap Hypothesis* and *Widening Gap Hypothesis*). We run all regression models for total net wealth and separately for housing and financial wealth. In addition, we correct standard errors for clustering of observations within individuals. In the final stage of our analysis, we further probe the causal effect of marriage on wealth as we discussed in Multivariate results section. More specifically, we examine heterogeneity in the marriage premium by age and we run individual-slope fixed-effects regression models.

Results

Bivariate Results

Figure 1 shows weighted, descriptive evidence on the relationship between time in marriage and personal wealth (both IHS-transformed and in raw values) for partnered men and women. Due to smaller sample sizes in later marital years, we combine years 11–15 into a single category. We also plot personal wealth for the 5 years prior to marriage. In addition, the graph depicts the development of the within-couple wealth gap over time in marriage and during pre-marital cohabitation. We plot the development of wealth using smoothed means to illustrate general trends and add 95% confidence intervals.

Both partnered men and women experience only small personal wealth increases in the years prior to marriage and during the first years of marriage. However, women's personal wealth levels are persistently below those of men. After around 5 years in marriage men's wealth growth accelerates markedly particularly when considering the raw wealth measure. For women, wealth only continues to grow moderately low which results in a rising wealth gap between married men and women. This development is more moderate when considering IHS-transformed wealth measures.[10]

Developments in personal wealth of men and women are reflected in the within-couple wealth gap.[11] This gap stays stable until about 5 years in marriage. In line with our expectations, it then widens substantially to the disadvantage of women. These descriptive results, however, are not adjusted for other factors such as age and cohort, which can be expected to co-vary with time in marriage.
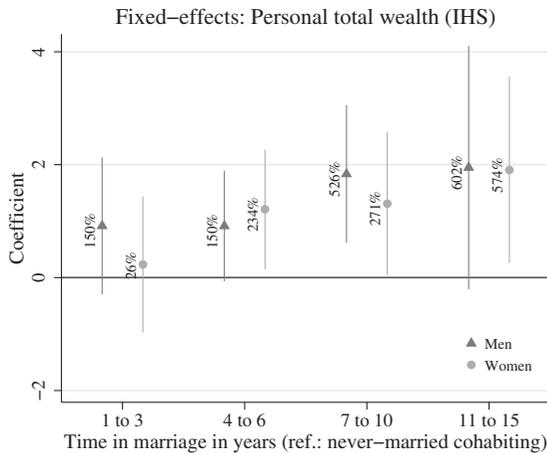
Figure 2. Fixed-effects regression for personal wealth (IHS-transformed)

Notes: Whiskers indicate 95% confidence intervals. Percentages indicate retransformed coefficients (= 100 × [exp(b) − 1]). Data are from the Socio-Economic Panel Survey v34 (2002, 2007, 2012, and 2017; unweighted; multiply imputed). Full model results in Supplementary Table SA.3.

Figure 3. Random-effects regression for personal wealth (IHS-transformed)

Notes: Whiskers indicate 95% confidence intervals. Percentages indicate retransformed coefficients (= 100 × [exp(b) − 1]). Data are from the Socio-Economic Panel Survey v34 (2002, 2007, 2012, and 2017; unweighted; multiply imputed). Full model results in Supplementary Table SA.3.

Multivariate Results

The development of the marriage wealth premium over time in marriage

Next, we turn to a distributed fixed-effects regression model to test our hypotheses that personal wealth growth is small during early years (*Low Initial Premium Hypothesis*), but increases over time in marriage (*Growing Premium Hypothesis*). We show results graphically in Figure 2 (for full model results see Supplementary Table SA.3). For this analysis, we focus on differences in IHS-transformed wealth over time in marriage compared with being never-married cohabiting.

For women, we do not find a substantial increase in wealth 1–3 years within marriage compared with never-married cohabitation. Men's personal wealth, however, is 150 per cent higher during the first years in marriage compared with cohabitation, which is substantial although statistically non-significant. After 4–6 years in marriage, women also show substantially higher wealth levels with an increase of 234 per cent compared with when they were cohabiting, while men's personal wealth is at a similar level as during the first years of marriage. Note that these models include only a few time-variant controls such as age, survey year, the receipt of an inheritance, and a flag for imputed wealth data. Mechanisms that likely drive increases in personal wealth at this stage of the
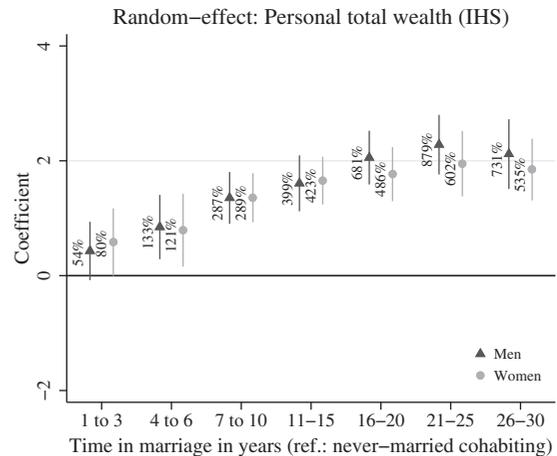
marriage (e.g. residential property acquisitions) are explicitly not included in the model. In substantial terms, the marriage wealth premium continues to increase with time in marriage for both men and women. Comparing between women and men, percentage differences seem substantial particularly after 7–10 years in marriage although they are statistically non-significant at conventional levels.

Due to the small sample size and, therefore, reduced statistical power of our fixed-effects regression analysis, we validate the robustness of our results using random-effects regression models and show results in Figure 3 (for full model results see Supplementary Table SA.3). In line with previous fixed-effects results, the random-effects model shows only marginal wealth increases in women's personal wealth, 80 per cent, in the first 3 years of marriage compared with cohabitation. For men, random-effects results partially contradict previous results. While fixed-effects results indicate substantial wealth increases of 150 per cent within the first 3 years in marriage, this increase is only marginal with 54 per cent according to the random-effects regression. In line with our main results, the random-effects model further illustrates a substantial, growing marital wealth premium until at least 21–25 years in marriage for both men and women. Overall, these results support conclusions from the fixed-effects model about a low initial premium and growing benefits over time that seem to stall at later stages of marriage.

Figure 4. Fixed-effects regression for within-couple difference in personal wealth (IHS-transformed)

Notes: Whiskers indicate 95% confidence intervals. Percentages indicate retransformed coefficients (= 100 × [exp(b) − 1]). Data are from the Socio-Economic Panel Survey v34 (2002, 2007, 2012, and 2017; unweighted; multiply imputed). Full model results in Supplementary Table SA.3.

Emergence and development of the within-couple wealth gap

Using a more selective fixed-effects sample, we further examine whether the within-couple wealth gap is already prevalent at the start of the marriage (*Initial Gap Hypothesis*) and whether the gap between husbands and wives increases over time (*Widening Gap Hypothesis*). Results are presented in Figure 4. As a reference category, we refer to the within-couple wealth gap during pre-marital cohabitation, which according to predicted margins is substantial and significant with 1.4 points in IHS-transformed wealth. Compared with this reference pre-marital within-couple wealth gap, we find similar inequalities in the first 3 years of marriage. Contrary to our expectations, this wealth gap does not widen substantially at least until 7–10 years in marriage. For the category '11 to 15 years in marriage', we even find a substantial reduction in the within-couple wealth gap, but the effect is statistically non-significant.[12]

Marriage premiums in housing wealth and financial wealth

As housing wealth is more likely to be shared than financial wealth and the marriage premium varies by wealth components (Joseph and Rowlingson, 2012; Addo and Lichter, 2013), we additionally examined housing wealth and financial wealth separately. We find that the marriage wealth premium is much more pronounced for housing wealth than for financial wealth (Figure 5). Housing wealth thus benefits from steep marriage
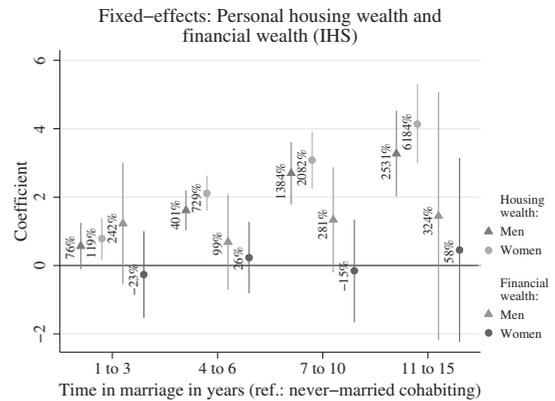

Figure 5. Fixed-effects regression for personal housing and financial wealth (IHS-transformed)

Notes: Whiskers indicate 95% confidence interval. Percentages indicate retransformed coefficients (= 100 × [exp(b) − 1]). Data are from the Socio-Economic Panel Survey v34 (2002, 2007, 2012, and 2017; unweighted; multiply imputed). Full model results in Supplementary Table SA.3.

wealth premiums. For financial wealth, we find moderate wealth premiums for men although effects are statistically non-significant. For women, results indicate only non-substantial changes in personal financial wealth. Supplementary random-effects regression results are largely in line with these fixed-effects results (Supplementary Figure SA.13). Overall, we find that women might benefit slightly less in terms of financial wealth compared to men in line with previous research (Lersch, 2017).

As already indicated by the previous regression results for total personal net wealth, we also find that for housing wealth and financial wealth pre-marital within-couple wealth disadvantages for women stay relatively stable over time in marriage using a fixed-effects regression approach that allows us to examine wealth until 15 years in marriage (Supplementary Figures SA.14 and SA.15).

Causality of the Marriage Wealth Premium and the Within-Couple Wealth Gap

In light of recent research that challenges a causal marriage wage premium, we provide two additional robustness checks for the marriage wealth premium. We focus on fixed-effects models and consider a simple dummy for being married at this point, because we are interested in the overall wealth premium. As a reference for our robustness checks, we therefore replicate previous research (Lersch, 2017). For men, we find a marriage premium of 181 per cent and for women, a premium of 151 per cent compared with being never-married cohabiting (see
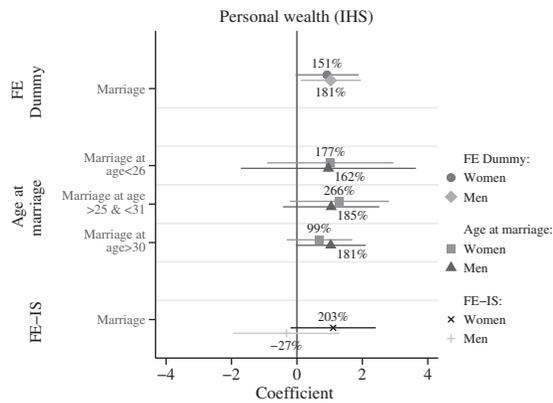
Figure 6. Results for personal wealth (IHS-transformed) from fixed-effects regressions with a dummy for marriage entry, and age at marriage categories, as well as results from FE-IS

Notes: Whiskers indicate 95% confidence intervals. Percentages indicate retransformed coefficients (= $100 \times [\exp(b) - 1]$). Data are from the Socio-Economic Panel Survey v34 (2002, 2007, 2012, and 2017; unweighted; multiply imputed). Complete estimation results in Supplementary Table SA.5.

Figure 6).[13] Although both premiums are substantial, only men's premium is statistically significant. Note that the following robustness checks are limited by our small number of observed transitions into marriage and only four observation points. These checks can, therefore, only be a first step towards closer scrutiny of the causal effect of marriage on wealth.

First, we follow suggestions by Killewald and Lundberg (2017) to differentiate the marriage premium by age at marriage. If the marriage premium is due to upward trending wealth that coincides with marriage at early ages, we should not find a marriage premium if marriage takes place at a later age. We, therefore, estimate a fixed-effects model in which we disaggregate a dummy for currently married into three categories of age at marriage by terciles: married before age 26, married between ages 26 and 30, and married after age 30. For men, we find substantial and stable marriage premiums across all age brackets. Women's premium decreases for marriages after the age of 30; however, it is still substantial. All premiums are statistically non-significant, which may be a consequence of low statistical power given the relatively small number of observed entries into marriage once we distinguish between different ages at marriage.

Second, we estimate fixed-effects models with individual-specific slopes (FE-IS) (Ludwig and Brüderl, 2018). The FE-IS differences out time-constant characteristics and additionally de-trends the data at the individual level before estimation to account for selection on

trends. Because the model needs at least three observation points for each individual to account for linear trends and individual fixed-effects, the sample size for this analysis is markedly reduced to 628 men with 316 transitions and 696 women with 353 transitions into marriage. The results in Figure 6, lower panel, indicate that the effect size of marriage on men's personal wealth is substantially reduced compared with our reference coefficients and even becomes slightly negative. Thus, men on steeper wealth accumulation trajectories seem to be more likely to marry compared with other men leading to selection on wealth trends. For women, the FE-IS result indicates an even larger effect size for this model compared with the reference fixed-effects model. Thus, we find no evidence for selection on wealth trends among women. However, for both men and women the coefficient is very imprecisely estimated due to small sample sizes and the null hypothesis of no effect cannot be rejected. Together, these robustness checks suggest that the marriage wealth premium may not be causal for men. For women, robustness checks provide less reason to question a causal marriage wealth premium.

We now move from the causal analysis of individual wealth trajectories to the analysis of couple-level wealth trajectories to scrutinize the causality of the marital wealth gap. We are again interested in the overall association between marriage entry and the within-couple wealth gap (see Supplementary Figure SA.17). As a reference, we thus estimate a fixed-effects model including a marriage dummy. In line with our main results, this model shows that marriage entry does not lead to substantial changes in the within-couple wealth gap. Coefficient estimates from a Supplementary FE-IS model on the within-couple wealth gap confirm this result although estimates are more imprecise due to a smaller sample size. For the FE-IS model, we rely on a sample of 582 partnered respondents with 300 transitions. Although previous results that focused on the individual wealth trajectory of men and women may point towards a growing advantage of women, this is not confirmed by the causality analysis of the within-couple wealth gap. This discrepancy is due to non-linearity of the IHS transformation and the fact that within-couple wealth differences are calculated using absolute personal wealth of partners. The absolute gap between partners is thus IHS-transformed.

Discussion

In this study, we examine the accumulation of personal wealth of women and men over time in marriage and investigate how the within-couple gap in wealth develops.

Our theoretical expectations were informed by the idea that marriage is a 'long-term life course experience' (Cheng, 2016: p. 30), where the transition into marriage only marks the beginning of a process which continues to shape both spouses' life courses. Building on previous evidence on gender inequality in marriage, we also expected marriage to have gender-specific consequences for wealth accumulation. To test our expectations, we used panel regressions with data from the German SOEP, which is one of the few household panel studies that measures wealth at the personal level at several time points.

Consistent with previous research by Lersch (2017), we find that marriage entry is associated with increases in personal wealth of men and women compared with being never-married cohabiting. However, our results advance our current knowledge about this marriage wealth premium in important ways. In accordance with our expectations, we find evidence that neither the static approach (dummy for marriage) nor the linear time in marriage approach sufficiently capture the time-varying marriage wealth premium. In line with our *Low Initial Premium Hypothesis*, our results suggest that marital wealth premiums are low for women during the first 3 years of marriage. For men, fixed-effects point estimates indicate that marriage entry seems associated with an instantaneous, although statistically non-significant wealth premium that, however, stays stable until 6 years in marriage. Over time, wealth grows steadily for both men and women confirming our *Growing Premium Hypothesis*.

In combination with our disaggregated results for housing and financial wealth, our results suggest that in particular investments in homeownership early in marriage are associated with an overall marriage wealth premium. The institutional context in Germany largely restricts access to homeownership to married couples (Thomas, Mulder and Cooke, 2017). Social norms about permanency and expectations about long-term commitment also make investment in housing wealth more likely for married than cohabiting couples.

We also advance previous literature by analysing changes in the within-couple wealth gap over time in marriage. Our results are in line with our expectations that wealth differences are already prevalent at the start of marriage (*Initial Gap Hypothesis*). We further expected that wealth differences would increase over time due to gendering of work and family that restrict women's exposure to employment opportunities and hence reduce the wealth accumulation potential of women compared with men. Against our expectations of this *Widening Gap Hypothesis*, the average gap in personal wealth between married women and men

remained relatively stable. In contrast to findings regarding income (e.g., Vogler and Pahl, 1994), our study shows that the institution of marriage may not amplify within-couple wealth inequalities further. Thus, initial partner selection seems more important for the within-couple wealth gap than processes within marriage.

Dividing wealth into housing and financial wealth results for the within-couple gap is in line with estimates for total personal wealth. Predicted margins, however, suggest that pre-marital gaps are larger for financial than for housing wealth. While housing property increases substantially over time in marriage, the consistent but small gap indicates that housing property is predominantly acquired during marriage and owned equally between partners. Our results, therefore, support previous evidence by Joseph and Rowlingson (2012) who have shown that sharing of wealth between spouses is particularly likely for housing assets.

Recent studies question the causal nature of the marriage wage premium (Killewald and Lundberg, 2017) and similarly, the observed association between marriage and wealth in our study may be spurious. Indeed, we find preliminary evidence that for men the marriage wealth premium may not be causal. In line with similar findings regarding wages, our preliminary results suggest that men may already be on upwardly trending wealth trajectories when entering marriage and that marriage does not further enhance wealth growth. Our results provide less doubt about the marital wealth premium for women potentially indicating that women benefit directly from marriage. However, these results are preliminary because of our small statistical power and few observation points. In addition, our descriptive evidence does not indicate pre-marital trends in wealth. Thus, we believe that it is premature to fully reject the marriage wealth premium, but in light of our results, we should be more sceptical about its causal nature.

To conclude, our study provides new evidence on how marriage potentially contributes to wealth inequalities between and within households. Marriage seems to be linked to between-household wealth inequalities between the married and non-married in particular through increased homeownership investments early in marriage, which do not take place to the same extent within cohabitation. Within-household wealth inequality is already visible at the beginning of marriages and remains stable throughout marriage. Hence, wealth inequality between spouses exists mainly due to hypergamous mating. According to the default marital property regime in Germany, pre-marital wealth is not legally shared during marriage or at divorce. The persistent gap in personal wealth may hence disadvantage wives as it

reduces their bargaining power during marriage and potentially restricts their capability to leave an unsatisfying marriage. Because pre-marital wealth is not shared, the initial gap may persist after divorce extending inequalities beyond marriage.

Notes

1. It may be even argued that the process begins before marriage as soon-to-be spouses adjust their behaviour in anticipation of marriage (Killewald and Lundberg, 2017).

2. Descriptively, Zagorsky (2005) plots household wealth by years before and after marriage. He finds a steady yearly increase of household wealth after marriage compared with low levels of wealth accumulation prior to marriage. Household wealth seems to increase linearly with time in marriage.

3. Gender inequalities related to parenthood will be discussed in Within-couple differences section.

4. Furthermore, selection out of marriage may complicate the estimation of the marriage wealth premium. Several studies have shown a link between wealth and marriage stability (Dew, 2011; Eads and Tach, 2016). We examined whether there is evidence for informative censoring in our data by predicting attrition using wealth and current marriage status. We find that men and women in the fixed-effects sample are more likely to attrite if they are married. In addition, men are also slightly more likely to attrite if they are less wealthy. We also examined whether attrition predicts wealth and did not find evidence for this association.

5. We use larger intervals for longer time in marriage as sample sizes are lower in later years of marriage.

6. The reference category also includes never-married cohabiting respondents whose marital biography is right-censored so that it is not clear whether they will marry in the next years.

7. For 2002, the dummy only indicated the receipt of household-level inheritance in the years 2000, 2001, and 2002 as a comprehensive inheritance measure was only introduced into the SOEP in 2000.

8. Adding the number of dependent children living in the household, personal labour market income (log-transformed) and a continuous measure of full-time work experience to our regression models did not substantially change our results (see Supplementary Figures SA.7–SA.9).

9. Excluding respondents who lived in East Germany in 1989 from the sample did not change our results substantially (see Supplementary Figures SA.10–SA.12).

10. The differences between raw and IHS-transformed wealth is due to the fact that similar absolute growth in wealth (raw wealth measure) leads to decreasing relative growth in wealth (IHS-transformed measure).

11. As we work with two different samples of which the one for the within-couple wealth gap is slightly smaller, descriptive results for the within-couple wealth gap and the gap between average personal wealth of men and women are marginally different.

12. Robustness checks using non-imputed wealth data and listwise deletion to address missing values in all analytical variables show a widening within-couple wealth gap (see Supplementary Figures SA.3. and SA.6.). We discuss reasons for this discrepancy in the Supplementary Appendix on pages 5 and 6.

13. In line with research conducted by Lersch (2017), we additionally estimate the marriage premium compared with being never-married single while controlling for never-married cohabitation. Compared with times of being never-married single, men have 517 per cent ($100 \times [\exp(1.82) - 1]$) and women 538 per cent ($100 \times [\exp(1.85) - 1]$) more personal wealth during marriage (see Supplementary Figure SA.16).

Supplementary Data

Supplementary data are available at *ESR* online.

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