# Savings Behavior among Cohabiting, Married, and Single Persons[1]

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This study investigated how savings behaviors between individuals in cohabiting and married relationships differ. Because cohabiting couples may be different from married couples on a number of characteristics and these characteristics are relevant to economic well-being, assessment was made to determine if these differences were related to their savings behaviors. Given the fluid nature of couple relationships and living arrangements, we further asked how strictly and loosely defined "cohabitation" affects these comparisons. There is a growing body of literature on finances and relationship status, but only a limited number of the studies included cohabiting couples. Earlier research found that cohabiting couples were more likely to keep finances separate than married couples (Blumstein & Schwartz, 1983; Richards, 1988; Winkler, 1997), while more recently cohabiting couples appeared to be more similar to married couples (Heimdal & Houseknecht, 2003). Among families with children, financial net wealth was greatest among families headed by married couples and single fathers and less in families headed by cohabiting individuals and single mothers (Hao, 1996). In addition, duration of cohabitation did not have an impact on family wealth (Hao, 1996).

The data (n=4,418) for this study came from the 2007 Survey of Consumer Finances, which were divided into three groups: married, cohabiting, and single person respondents. Marital status was the main explanatory variable in multivariate analyses. The savings and investment categories examined were Individual Retirement Account (IRA) of any type, including Keogh accounts, Certified Deposit (CD), savings accounts, mutual funds, savings bonds, brokerage accounts, employer-sponsored accounts, investment real estate value, collectibles, and the sum of all these categories. The control variables were various household and respondent socio-demographic variables. Statistical techniques used include the double-hurdle model for the total value of savings and investments.

In summary, married couples were at an advantage with respect to various savings and investments relative to cohabiting couples and single persons. This advantage remains even when household income, number of children in the household, respondents' age, race, educational attainment, and working status were kept consistent. Cohabiting couples had higher odds of having a few of the savings and investment items than single persons. They also were more likely to have some savings and investments than single persons. However, a closer look at those who have some savings and investments revealed that the total amount of savings and investments that cohabiting couples had was significantly lower than that of single persons. The definition of cohabitation did not make much difference, because only a few (n=13) respondents were reclassified by the changes in the definition. The findings of this study have public and private implications concerning cohabitation in the areas of public and private benefits such as social security, personal savings (for retirement, homes, etc.), and employer sponsored accounts

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[1] This study was supported by the USDA through the Georgia Agricultural Experiment Station.

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