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As Fewer Young Adults Wed, Married Couples' Wealth Surpasses Others'

KEY TAKEAWAYS

- As fewer 25 to 34 year olds wed, those who are married have gained more of young adults' housing wealth.
- Young couples who were living together but not married had median net worth similar to that of young single adults.
- A growing proportion of young adults have become more financially vulnerable, via having greater debt, during a transitional stage of life.



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As fewer young adults marry, marital formation has become increasingly stratified. Features of long-term financial stability, such as greater net worth, are positively associated with marriage among young households.¹ Shifting trends in family structure over three decades combined with an increasing concentration of assets contributed to a smaller share of young adult households, i.e. married couples, having a larger concentration of housing wealth. At the same time, a growing proportion—unmarried young adults—have more financial vulnerability, specifically debt, during this transitional phase of the life course.

In this article, we use data from the Federal Reserve's Survey of Consumer Finances (SCF) to explore the relationship between balance sheets and relationship status over a 27-year span—from 1989 to 2016—of independent young adult (25- to 34-year-old) households.² We shed light on the financial vulnerabilities faced by a growing segment within this population as important demographic shifts in family structure continue to shape the lives of all Americans.

Since the 1960s, the ~~average~~ median age at first marriage has steadily increased for both women and men. The last three decades were no different for young adults: The age at first marriage went from 26.2 for men and 23.8 for women in 1989 to 29.5 and 27.4, respectively, in 2016.³ As marriage rates decline in young adulthood, more young adults are choosing to cohabitate (reside with an unmarried partner) and are doing so at earlier ages. The increase in unmarried partnered young adult couples is evident. The share of married households dropped steadily from around 57 percent in 1989 to 37 percent by 2016, while partnered households grew from about 7 percent to 21 percent. (See Figure 1 and Table 1.)⁴

Figure 1

25 to 34 Year Olds: Marriage Rates Are Down, Cohabiting Rates Are Up



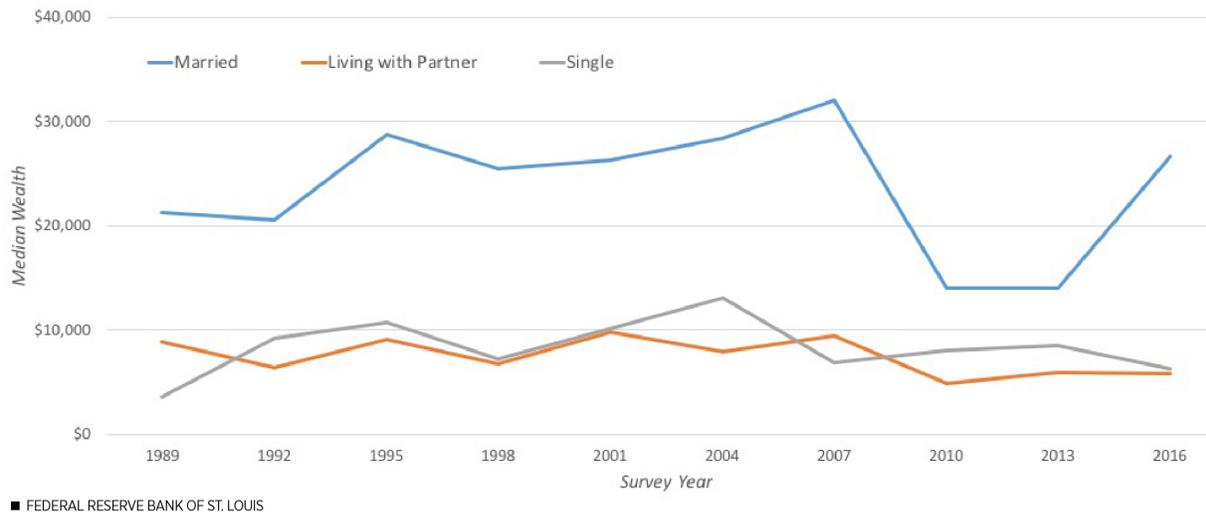
SOURCE: Federal Reserve Board's Survey of Consumer Finances.

Married Young Adults Have Greater Median Net Worth and Homeownership Rates

As the share of married young adult households declines, their median net worth (both total and when omitting housing-related assets and debts) has remained consistently higher than that of single households.⁵ From 1989 to 2016, the typical married household had around three times as much wealth as a partnered or single household.

Figure 2

Married Young Adults' Wealth Has Been Consistently Higher



NOTES: Amounts are in 2016 dollars. Statistics are adjusted to reflect the presence of a spouse or partner by dividing the median wealth in half.

SOURCES: Federal Reserve Board's Survey of Consumer Finances and authors' analysis.

The wealth disparity closed somewhat after the 2008-09 recession, when the median total net worth of married households fell. From 2013 to 2016, however, the median total net worth among married households almost doubled, while the wealth of unmarried young adult households, both single and partnered, had yet to improve.

Married households have always been more likely to own homes; and, unlike single or partnered households, their homeownership rate is increasing (See Figure 3.) This is important because housing assets have appreciated in value considerably during the recovery. As the share of married households declined over this period, gains in housing equity (the value of a home less the associated debt) were concentrated among a smaller group, who were more likely to be married. (See Figures 3 and 4 and Table 2.)

Figure 3

Married Young Households More Frequently Own a Home

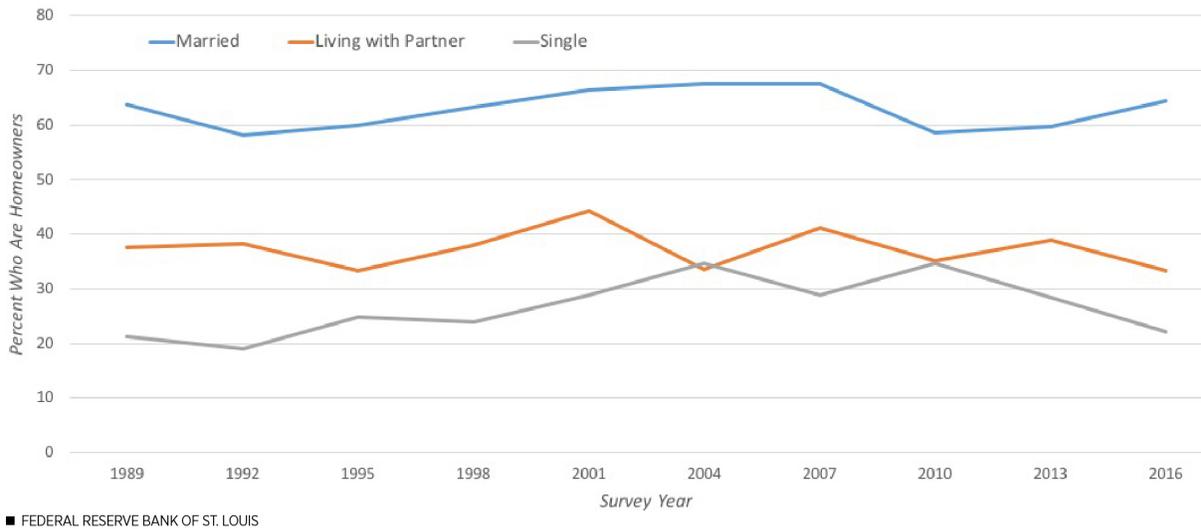
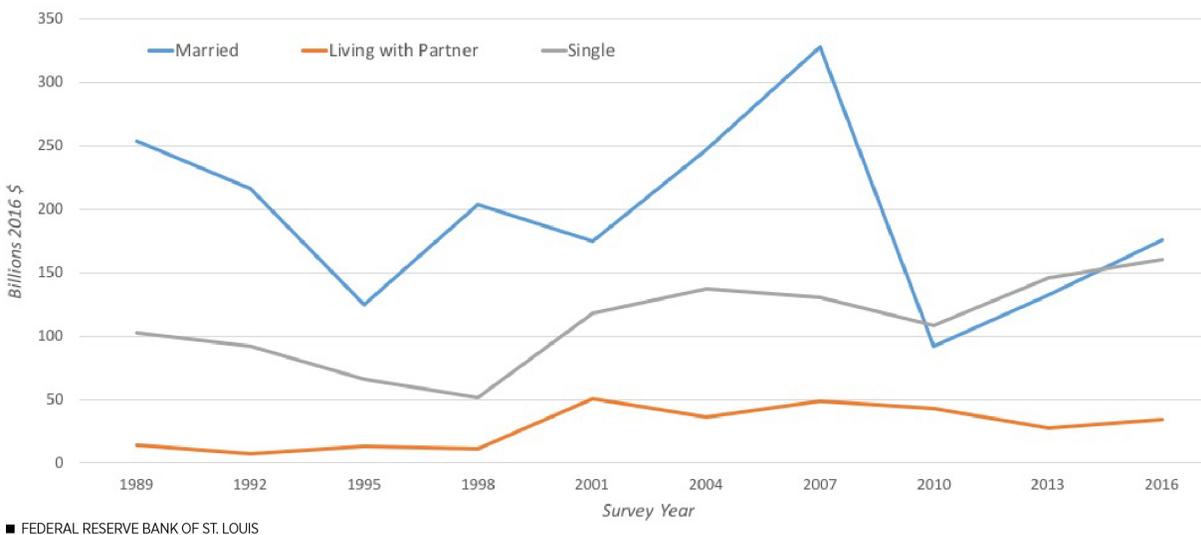


Figure 4

Despite Comprising a Declining Share of Households, Married Households Have a Rebounding Share of Home Equity



SOURCES: Federal Reserve Board's Survey of Consumer Finances and authors' analysis.

Much of the homeownership of married young adult households has been financed with mortgage debt. Consequently, the total debt levels of married young adult households were high as of 2016—but the value of their total assets also was higher relative to the other two groups'.

In contrast, median total debt and total asset levels for cohabiting young adults were closer to single-headed households' than married couples'. In other words, the balance sheet of the median young adult cohabiting household is more like that of a single-headed household despite the presence of two adults.

Student Loan Debt Is Widespread across Young Households' Balance Sheets

The shifting share of married versus unmarried young adult households is also associated with changes in the composition of debt. This shift is most pronounced when examining the rise of student loan debt. Recent research suggests that growth in student debt levels is associated with marriage delays or avoidance.⁶ This suggests that young adults increasingly feel that their debt is an economic barrier to transitioning to adulthood and forming a family.

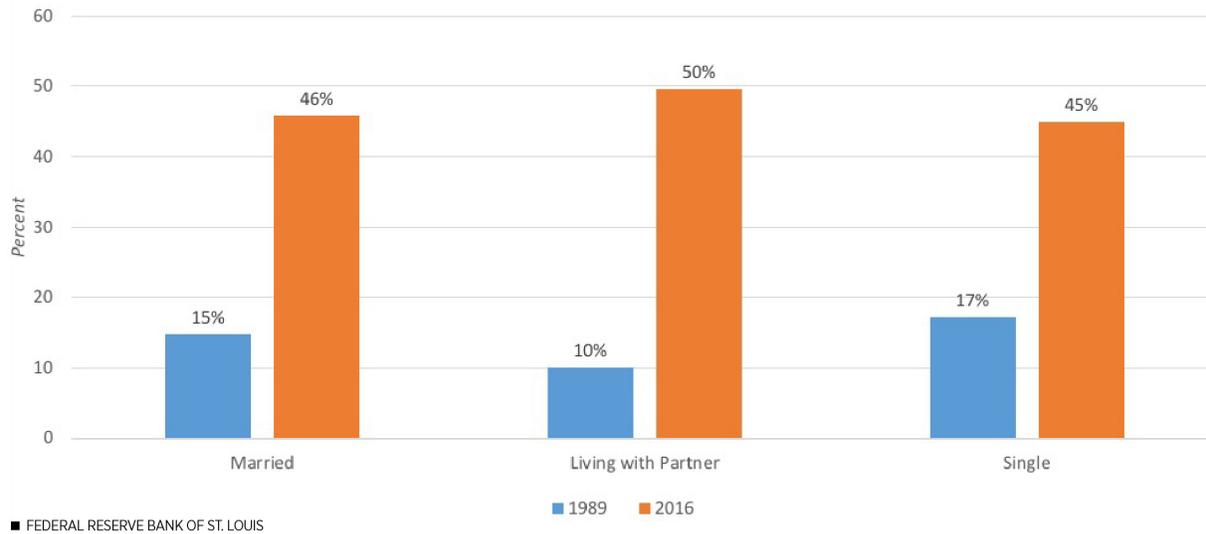
In 2013, the share of young adult households with student loan debt, 42.1 percent, surpassed the credit card debt rate, 40.1 percent, for the first time. By 2016, 46 percent of young adult households had student loan debt, triple the 1989 percentage.

For single adult households, student loan debt noticeably pulled ahead of other forms of nonhousing debt, measured by both the share of those households with various types of debt and the median amount. (See Figures 5 and 6 and Table 3.) Among single young adults, student loan debt went from being the fourth most commonly held debt in 1989—behind credit card, auto, and housing—to the most commonly held debt in 2010.

Cohabiting young adults' student loan debt also grew, jumping from being owed by 10 percent of those households in 1989 to 50 percent in 2016. That made it a close second to credit card debt, which 54 percent had. Perhaps surprisingly, in 2016, student loan debt was also about \$12,000 lower than single households': \$7,900 versus \$20,000. Debts are adjusted for the presence of a spouse or partner by dividing the amount in half.

Figure 5

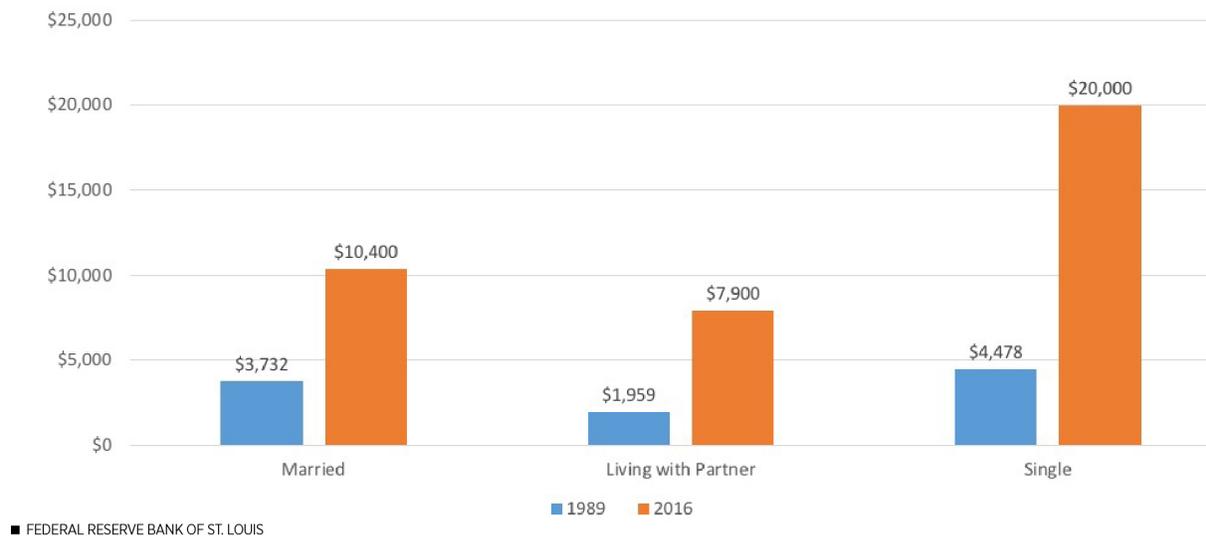
The Percentage of Young Adult Households with Student Debt Tripled



SOURCE: Federal Reserve Board's Survey of Consumer Finances.

Figure 6

Student Loan Debt Amounts Jumped for Single Young Adult Borrowers



SOURCE: Federal Reserve Board's Survey of Consumer Finances.

NOTES: Amounts are in 2016 dollars. Statistics are adjusted to reflect the presence of a spouse or partner by dividing the debt amounts in half.

Student Loan Debt Weighs Less Heavily on Married Couples

The picture for married households is quite different. Although the share of married young adult households with student loan debt grew from about 15 percent to around 46 percent during the 1989 to 2016 period, it remained the fourth most commonly held debt, behind credit card, housing, and auto loans. Married households' median student loan debt amount, \$10,400, is most similar to partnered households, despite their overall median net worth being over three times greater.

Over the past 30 years, there have been significant changes in American life that have helped to shape the financial lives of recent cohorts of young adults (e.g., the Great Recession, the rise in higher education costs and subsequently student loan debt). As scholars have also shown using SCF data, on aggregate young adult households were particularly impacted during the Great Recession.⁷ It has been, however, a specific subset of young adult households, unmarried young adults (single and partnered), whose balance sheets continue to look particularly vulnerable 10 years after the economic downturn.

Table 1

Wealth of Young Households (25 to 34 Years Old)

Year	Share of Households (Percent)			Median Net Worth (2016 \$)			Median Non-Housing Net Worth (2016 \$)		
	Married	Living with Partner	Single	Married	Living with Partner	Single	Married	Living with Partner	Single
1989	56.6	6.7	36.7	21,321	8,936	3,676	7,285	2,793	2,131
1992	55.0	6.7	38.3	20,621	6,442	9,234	8,984	3,676	6,094
1995	49.7	10.2	40.1	28,761	9,083	10,702	15,334	5,147	7,539
1998	50.8	12.6	36.6	25,484	6,794	7,286	10,142	4,347	3,950
2001	46.3	13.8	39.9	26,345	9,786	10,202	13,710	6,976	6,544
2004	46.7	14.1	39.3	28,396	7,910	13,049	12,667	3,697	5,354
2007	49.0	18.2	32.8	32,094	9,437	6,860	10,779	4,404	4,872
2010	42.2	17.1	40.7	14,033	4,889	8,051	8,674	3,982	6,254
2013	38.8	18.5	42.7	14,009	6,002	8,498	7,568	5,978	5,514
2016	37.3	20.5	42.2	26,714	5,892	6,356	9,584	4,450	3,632

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Table 2

Debts, Assets and Homeownership of Young Households (25 to 34 Years Old)

Year	Median Debt (2016 \$)			Median Assets (2016 \$)			Homeownership Rate (Percent)			Total Home Equity (Billions 2016 \$)		
	Married	Living with Partner	Single	Married	Living with Partner	Single	Married	Living with Partner	Single	Married	Living with Partner	Single
1989	24,445	6,795	3,866	62,848	16,492	9,441	63.7	37.7	21.3	254	14	103
1992	14,384	5,551	3,797	50,015	19,801	16,351	58.0	38.3	19.1	216	7	92
1995	28,140	3,132	6,076	69,964	20,822	21,213	60.0	33.4	24.8	124	13	66
1998	31,058	8,469	9,295	75,762	24,341	18,201	63.3	38.0	23.9	204	11	51
2001	41,201	17,857	8,915	80,474	35,286	25,187	66.5	44.2	28.9	174	50	118
2004	60,870	4,407	13,234	101,066	16,993	34,259	67.5	33.5	34.8	247	36	137
2007	60,739	10,028	17,370	115,024	34,300	24,624	67.6	41.2	28.9	328	48	131
2010	45,683	6,334	12,645	80,671	14,408	25,986	58.6	35.2	34.6	92	43	109
2013	46,991	11,136	9,280	79,137	18,209	18,237	59.7	38.8	28.5	133	28	146
2016	51,053	13,126	12,974	91,228	16,204	20,938	64.3	33.3	22.2	176	34	161

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NOTE: Median statistics are adjusted for spouses and partners, if present, by dividing dollar amounts in half.

SOURCES: Federal Reserve Board's Survey of Consumer Finances and authors' analysis.

Table 3

Debt Balances for Young Households (25 to 34 Years Old)

Year	Percent with Student Debt			Median Student Loan Balance for Borrowers (2016 \$)			Percent with Credit Card Debt			Median Credit Card Balance for Borrowers (2016 \$)		
	Living with			Living with			Living with			Living with		
	Married	Partner	Single	Married	Partner	Single	Married	Partner	Single	Married	Partner	Single
1989	14.8	10.1	17.1	3,732	1,959	4,478	57.7	37.9	35.5	959	933	1,761
1992	23.6	14.1	22.0	2,680	3,706	4,931	58.9	61.2	44.2	815	1,761	1,509
1995	28.7	31.9	18.4	2,772	3,383	4,698	66.6	53.4	46.0	1,253	1,018	1,848
1998	22.6	23.7	25.7	7,377	10,328	11,638	58.7	51.5	46.5	1,475	634	2,125
2001	25.9	31.3	24.4	5,419	6,341	11,421	53.3	56.8	46.5	2,030	1,526	2,303
2004	30.4	25.0	27.9	9,538	5,316	10,251	54.9	46.3	43.1	1,413	827	1,908
2007	35.6	33.1	33.9	10,480	5,790	17,370	54.9	45.3	44.9	1,737	1,042	1,158
2010	43.3	36.4	36.1	8,947	5,858	16,580	47.1	41.7	33.9	1,480	1,050	1,647
2013	45.4	35.3	42.2	10,466	8,146	17,735	49.7	38.4	32.1	816	825	1,598
2016	45.9	49.6	44.9	10,400	7,900	20,000	51.2	54.4	41.1	1,000	890	1,460

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NOTE: Median statistics are adjusted for spouses and partners, if present, by dividing dollar amounts in half.

SOURCES: Federal Reserve Board's Survey of Consumer Finances and authors' analysis.

Endnotes

1. For evidence in favor of the wealth and marriage relationship, see: Schneider, Daniel. "Wealth and the Marital Divide." *American Journal of Sociology*, September 2011, Vol. 117, No. 2, pp. 627-67.
2. The age of the household is determined to be the age of the survey respondent. Within the SCF, for the economically dominant individual or couple in the household, the survey respondent is determined to be that individual or the member of the couple that is most financially knowledgeable.
3. <https://www.census.gov/data/tables/time-series/demo/families/marital.html>
4. The relationship of the SCF respondent and a second adult (if present) is classified as single, unmarried and partnered, or currently married.
5. We adjust for the size of married and cohabiting households by dividing net worth, assets and debts in half.
6. See: Addo, Fenaba R. "Debt, Cohabitation, and Marriage in Young Adulthood." *Demography*, October 2014, Vol. 51, No. 5, pp. 1677-1701; and Addo, Fenaba R.; Houle, Jason N.; and Sassler, Sharon. "The Changing Nature of the Association between Student Loan Debt and Marital Behavior in Young Adulthood." *Journal of Family and Economic Issues*, September 2018, pp. 1-16.
7. See: Emmons, William R.; Kent, Ana H.; and Ricketts, Lowell R. "A Lost Generation? Long-Lasting Wealth Impacts of the Great Recession on Young Families." *The Demographics of Wealth*, May 2018.

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