

**Comparative Advantage in the Household: Should One Person Specialize in a Household's
Financial Matters?**

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ABSTRACT

By applying the economics of comparative advantage, this study examines if households experience utility gains by selecting one member to specialize in its financial management. Using data that are collected from the Health and Retirement Study, a variable measuring the level of household financial specialization (HFS) is created. The HFS variable is examined for its association with households' levels of financial satisfaction, income satisfaction, and life satisfaction. The results suggest that households should select one member to specialize in its financial matters. The findings and ensuing discussion provide a new perspective to the household economics literature.

JEL Classification Codes: D1; D2; G5

Keywords: Comparative Advantage; Household Decision Making; Household Finances; Personal Finance

Introduction

Many studies have applied the conceptual framework of comparative advantage to help explain how households allocate time, most of which suggesting household members should specialize in market work or household work. The underlying reasoning for the specialization is that if members of the household specialize in either market work or household work, then the household increases its total production possibility. By members of the household sharing their outputs, the total household consumption possibility increases. Thus, by members of the household specializing, the total utility of each member of the household increases.

Comparative advantage can also be applied to other areas within the household application. With respect to a household's financial management, a household member may have a comparative advantage in financial matters and management. If the member has a comparative advantage and specializes in the household's financial matters, then household efficiencies may be generated. However, by having "equal say" in the household's financial management, inefficiencies are created and deadweight loss may result.

The objective of this study is two-fold. First, an estimation technique is introduced to assess a household's level of household financial specialization (HFS). This HFS variable can be interrupted as the level in which the household designates one of its members to manage its financial matters. Next, the HFS is analyzed for its association with increases in household-efficiency generated utility, measured in this study as financial, income, and life satisfaction.

Literature Review

Household satisfaction represents the combined utility of its members (Chiappori, 1988). Many studies have highlighted factors that influence household satisfaction, such as the household's socio-economic status (Rogers and DeBoer, 2001), the length of time that the household has been formed (VanLaningham et al., 2001), the presence of children (Kohler et al., 2005; Myrskylä & Margolis, 2014), and the influence of traditional gender roles (Forste & Fox, 2012; Dillaway & Broman, 2001). Research also has suggested that a household's objective financial position affects its level of satisfaction (Garrett et al., 2013; Tenney & Kalenkoski, 2017; Tenney & Kalenkoski, 2019).

One of the most heavily researched influencers of household satisfaction is its division of labor (Becker, 1991; Brennan et al., 2001; Wilcox & Nock, 2006; Frisco & Williams, 2003). Historically, a household's division of labor has disproportionately allocated a higher share of household work to women relative to their male counterparts (Brines & Joyner, 1994). This is mostly due to the historically large male-female wage differentials, which resulted in a male-wage premium (Beaudry & Lewis, 2019; Malkiel & Malkiel, 1973; Oaxaca, 1973; Gupta et al., 2007). The historic male-wage premium resulted in a high opportunity cost for males to decrease time allocated to market work in place of household work (Beaudry-Corbett et al., 2002; Hersch & Stratton, 2000). Because males have historically earned more, a household's level of consumption, and ultimately its level of satisfaction, has historically been increased by males

specializing in market work and females specializing in household work (Becker, 1973; Becker, 1991; Antonovics et al., 2004).

In response to the overwhelming studies examining the division of labor in households and household satisfaction in Western countries, Oshio et al. (2013), Bonke et al. (2008), and Greenstein (2009) have all found that household satisfaction derived from its division of labor is dependent on the socio-institution in which the household labor is conducted. For example, Oshio et al. (2013) found cross-country differences in household satisfaction in China, Japan, and Korea that can be explained by how each of the country's citizens view traditional household labor roles. With the decreasing male-wage premium, the opportunity costs for males and females to participate in either market or household work is coming to a parallel.

This study adds value to the existing literature by taking the comparative-advantage economic concept and applying it to a more modern application, specifically highlighting that specialization in a household goes beyond the time allocation between market work and household work.

Theory

One of the biggest benefits of individuals forming a household is derived from the concept that individuals have different comparative advantages. For example, if Individual A has a comparative advantage in market work relative to household work and Individual B has a comparative advantage in household work relative to market work, Individual A should form a household with Individual B. If Individual A (Individual B) focuses on market work (household work) and Individual B (Individual A) takes on Individual A's (Individual B's) share of household work (market work), Individual A (Individual B) can allocate more time to market work (household work) and specialize. Specialization results in an increase in both Individual A's and Individual B's total production. By forming a household, Individual A and Individual B can combine their efforts and increase total household consumption.¹

Comparative advantage can be applied to household financial management. If the household member with the greatest comparative advantage in financial matters takes on the household's financial responsibilities, it allows for that member to specialize and increase total household production. Increases in this type of household production can take many forms, such as better financial organization, ensuring on time bill payment, increases in asset returns, and/or better retirement preparation. Thus, households that have one member who takes on its financial responsibilities will increase the total utility of the household.

This hypothesis is tested by first creating a variable measuring households' allocation of financial responsibilities. The variable is an ordinal measurement of the level of financial specialization in the household. Next, the variable is examined to see if households that select one member to specialize in its financial matters have greater utility when compared to households that do not specialize.

¹ For further review of household comparative advantage, see Bryant and Zick *The Economic Organization of the Household* pg. 270-275.

Data

Data that are collected from the Health and Retirement Study (HRS) are utilized in this study.² Specifically, the RAND HRS 2016 Fat File (V2A) data set is used.³ This data and other information provided by the HRS are collected through survey questions and recorded responses. After missing values are dropped, the sample size is 2,850.

The dependent variable analyzed is utility. Estimations of utility are gathered from satisfaction questions found in the HRS Leave-Behind Questionnaire. Survey participants are asked to think about their life situation, and then are asked how satisfied they are with their financial situation (Financial Satisfaction), income of their household (Income Satisfaction), and their life as a whole (Life Satisfaction). The participants answer using a Likert method with values ranging from 1 (highest) to 5 (lowest). To increase the ease of data interpretation, the responses are rearranged to 1 (lowest) to 5 (highest). The full set of questions related to the dependent variables can be found in Part I of the Appendix.

Table 1 provides a frequency distribution of the satisfaction measures. The number of responses for the lowest (highest) category for financial satisfaction is 131 (478), for income satisfaction is 142 (479), and life satisfaction is 9 (805). To examine how closely related the measures of satisfaction are, a correlation analysis is performed on the satisfaction measures and the results are reported in Table 2. As one would expect, financial satisfaction and income satisfaction are strongly and positively correlated ($r = 0.88$). With respect to life satisfaction, there is a positive correlation between financial satisfaction ($r = 0.37$) and income satisfaction ($r = 0.36$).

The key explanatory variable of interest is the level of household financial responsibility that one of its members takes on. The variable is created from two sets of questions in the HRS Leave-Behind Questionnaire. In the first set of questions analyzed, survey participants are presented with the prompt, “The next questions are about how you and your spouse or partner make decisions.” Participants are then asked who has the final say in decisions about car purchases, appliance purchases, amount to save, and investing savings. In the second set of questions analyzed, participants are asked who in the household manages bills and who in the household files taxes. For both sets of questions, the possible responses are: “1.” I do always, “2.” I do mostly, “3.” We have equal say, “4.” My spouse/partner does it mostly, “5.” My spouse/partner does it always, “6.” Someone else, “7.” Not relevant. The full set of questions related to the explanatory variables can be found in Part II of the Appendix.

From the responses, a new variable is created to measure the level of household financial specialization (HFS) of its members. The HFS variable is constructed by analyzing the number of “3” responses and the number of “1., 2., 4., and 5.” responses. If participants answer “6.” or “7.” they are dropped from the sample. For every “1., 2., 4., or 5.” response, a 1 is added to the HFS variable, and for every “3.” response a 0 is added. Because there are 6 questions analyzed,

² Health and Retirement Study, (RAND HRS Longitudinal File 2016 (V2)) public use dataset. Produced and distributed by the University of Michigan with funding from the National Institute on Aging (grant number NIA U01AG009740). Ann Arbor, MI, (2020).

³ RAND HRS Longitudinal File 2016 (V2). Produced by the RAND Center for the Study of Aging, with funding from the National Institute on Aging and the Social Security Administration. Santa Monica, CA (2020).

the HFS variable can range from 0 to 6. Higher levels of the HFS variable represent higher levels of household financial specialization of one of its members. Table 3 provides a frequency distribution of the HFS variable. There are 324 participants with a “0” value for the HFS variable, implying these households have no financial specialization and that members have equal say in the households financial matters. There are 186 participants with a “6” HFS value, implying that these households have large amounts of financial specialization.

Table 4 provides the averages of the dependent variables and the HFS variable, as well as the descriptive statistics of the sample. The average financial satisfaction, income satisfaction, and life satisfaction are 3.43, 3.39, and 4.04, respectfully. The average HFS is 2.93. The average age, income, and net worth are 66, \$106,246, and \$668,413, respectfully. In this sample, 39.72% have a 4-year college degree, 78.63% are white, 50.63% are male, and 91.68% are married. The 8.32% that are not married are assumed to have a partner, otherwise they would have been dropped during the construction of the explanatory variable.

Methods

Financial satisfaction, income satisfaction, and life satisfaction are the dependent variables. These variables are measured ordinally and range from 1 (lowest) to 5 (highest). Three ordered probit regressions are performed on each of the dependent to analyze how household financial specialization (HFS) improves the measures of satisfaction.

In each of the ordered probit regressions, the HFS variable enters the models as a categorical variable, with 0 (no household financial specialization) serving as the reference category to which higher levels of HFS are compared. Age, income, and net worth enter the model as continuous variables. The variables education, race, male, and married enter the models as dummy variables, where a “1” is assigned if the participant has a 4-year college degree, is white, is male, or is married. A “0” is assigned otherwise. Risk tolerance also is included in the models as a categorical variable. The risk tolerance variable is measured between 0 and 10, with 0 representing the lowest possible level of risk tolerance and a 10 representing the highest possible level of risk tolerance. The value “0” is used as the reference category to which the other values are compared.

Results

The average marginal effects and standard errors from the ordered probit regressions are reported in Table 5. The results, generally, suggest that when compared to the value “0” (no household financial specialization), households who specialize are more likely to report higher levels of satisfaction. In the 5 (highest) financial satisfaction category, the average marginal effect for the HFS 1 (lowest) and 6 (highest) category are -0.001 and 0.078, respectfully. In the 5 (highest) income satisfaction category, the average marginal effect for the HFS 1 (lowest) and 6 (highest) categories are 0.009 and 0.083, respectfully. In the 5 (highest) life satisfaction category, the average marginal effect for the HFS 1 (lowest) and 6 (highest) categories are- 0.038 and 0.156, respectfully.

The results for the lowest satisfaction categories, generally, suggest that when compared to the value “0” (no household financial specialization), households who specialize are less likely to report low levels of satisfaction. In the 1 (lowest) financial satisfaction category, the average marginal effect for the HFS 1 (lowest) and 6 (highest) categories are 0.001 and -0.025, respectively. In the 1 (lowest) income satisfaction category, the average marginal effect for the HFS 1 (lowest) and 6 (highest) categories are -0.006 and -0.035, respectively. In the 1 (lowest) life satisfaction category, the average marginal effect for the HFS 1 (lowest) and 6 (highest) categories are -0.002 and -0.005, respectively.

An important consideration to note is that the results are similar between financial satisfaction and income satisfaction. This is likely due to the strong correlation between the financial satisfaction and income satisfaction variables ($r = 0.88$).

Discussion

Households that have one member who takes on greater household financial responsibility may increase the household’s utility, measured as financial satisfaction, income satisfaction, life satisfaction. The greater the comparative advantage a household member has in financial matters relative to other matters (OM), the greater the household will benefit from one of its members specializing in its financial matters. OM can be interpreted as the other areas of household production in which members may have a comparative advantage, such as child rearing, home maintenance, and other functions.

When considering the results in light of theory, the results may also suggest that if both members in the household have identical financial-matter comparative advantages, but have different comparative advantages in OM, the member with the lowest OM opportunity cost should take on the household financial responsibility. The opportunity cost is much higher for the member with a greater OM comparative advantage, as the member will have to limit his or her production of OM to take on financial specialization. By shifting the household financial responsibility to the member with the lower OM comparative advantage, it allows for increases in household production. Thus, even in households with identical financial matter comparative advantages, greater household utility gains can be achieved if the member with the lowest OM opportunity cost takes on the household’s financial responsibility.

Another consideration is that if one member has greater household productivity in all household functions, implying an absolute advantage, the member with the greatest household production should allocate their time to household functions with the greatest opportunity costs. Depending on the opportunity costs, household financial responsibility, potentially, should not be allocated to the member with the greatest comparative advantage.

An important consideration no note is that the construction of the HFS variable did not consider whether the households have a member with a greater financial-matter comparative advantage. Rather, the HFS variable simply measured how much of the financial responsibility is taken on by one member.

The married variable is included in the regressions, and, as noted in the data section, should not be viewed as a variable comparing individuals who are married to individuals who are single, widowed, or divorced. Rather the married variable should be viewed as comparing households whose members are married to households whose members are in a romantic relationship. Interestingly, when married households are compared to households whose members are in a romantic relationship, they are more likely to have higher levels of satisfaction. Stratton (2005) shows that co-habiting couples tend to specialize less than married couples, and this may help explain this study's findings, as this study argues that specialization in the household increases utility. The married results also could be explained by the relaxation of societal stigmas that marriage offers. Members of a household who are co-habiting, but not married, may receive disutility from the societal viewpoint on partner co-habitation without marriage. Another possible explanation is rooted in Becker's (1973-1974) theory of marriage. Household members who are married may receive institutional benefits, such as employer health coverage or social security credits from their partner's labor income that increase utility. Lastly, marriage also may provide a sense of stability that is not found in non-married couples. For example, it is more costly to annul a marriage than a romantic relationship. Because of the high costs, married households have a greater likelihood of continuity, creating a sense of stability.

Conclusion

Households should take advantage of the comparative advantages of each of its members by specializing in their comparative advantage. Specific to the results of this study, the economics of comparative advantage continues to hold up when examining how a household manages its finances, showing that selecting one household member to specialize in the household's financial management increases the household's utility, measured in this study as financial satisfaction, income satisfaction, and life satisfaction.

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Tables

	Financial Satisfaction		Income Satisfaction		Life Satisfaction	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
1 (Lowest)	131	4.6	142	4.98	9	0.32
2	373	13.09	420	14.74	44	1.54
3	962	33.75	934	32.77	558	19.58
4	906	31.79	875	30.7	1,437	50.42
5 (Highest)	478	16.77	479	16.81	802	28.14
Total	2,850	100	2,850	100	2,850	100

Data from the 2016 Health and Retirement Study Leave-Behind Questionnaire
N = 2,850

	Financial Satisfaction	Income Satisfaction	Life Satisfaction
Financial Satisfaction	1		
Income Satisfaction	0.8821	1	
Life Satisfaction	0.3708	0.3598	1

Data from the 2016 Health and Retirement Study Leave-Behind Questionnaire
N = 2,850

Table 3 - Level of Household Financial Specialization (HFS)

	Frequency	Percentage
0 (Lowest)	324	11.37
1	322	11.3
2	497	17.44
3	485	17.02
4	727	25.51
5	309	10.84
6 (Highest)	186	6.53

Data from the 2016 Health and Retirement Study Leave-Behind Questionnaire
N = 2,850

Table 4 – Descriptive Statistics

	Mean	Std. Dev.
Average Financial Satisfaction	3.4305	1.0576
Average Income Satisfaction	3.3961	1.0814
Average Life Satisfaction	4.0452	0.7520
Average HFS	2.9263	1.7092
Education (no degree as base)	0.3972	0.4894
Age	65.6668	10.0547
Age²	4,413.1721	1,365.9060
Married (non-married as base)	0.9168	0.27617
Race (non-white as base)	0.7863	0.4099
Gender (female as base)	.5063	0.5001
Income	10.6246	13.6984
Net Worth	66.8413	127.1739
Average Risk Tolerance	3.5295	2.6333

Data from the 2016 Health and Retirement Study Leave-Behind Questionnaire
N = 2,850
Income and Net Worth in \$10,000s

Table 5 – Average Marginal Effects from Ordered Probit Regressions

	1 (Lowest)			2			3			4			5 (Highest)		
	Fin. Sat	Inc. Sat	Life Sat.	Fin. Sat	Inc. Sat	Life Sat.	Fin. Sat	Inc. Sat	Life Sat.	Fin. Sat	Inc. Sat	Life Sat.	Fin. Sat	Inc. Sat	Life Sat.
HFS (0 base outcome)															
1	0.001 (0.010)	-0.006 (0.01)	-0.002 (0.001)	0.001 (0.014)	-0.008 (0.014)	-0.006 (0.004)	0.001 (0.007)	-0.003 (0.006)	-0.034 (0.023)	-0.001 (0.015)	0.008 (0.014)	0.004 (0.004)	-0.001 (0.016)	0.009 (0.016)	0.038 (0.025)
2	-0.017* (0.008)	-0.020* (0.009)	-0.003* (0.001)	-0.027* (0.012)	-0.032* (0.013)	-0.011** (0.004)	-0.018* (0.008)	-0.016* (0.006)	-0.065** (0.02)	0.027* (0.013)	0.030* (0.013)	0.002 (0.004)	0.035* (0.015)	0.038* (0.015)	0.077** (0.024)
3	-0.019* (0.008)	-0.022* (0.009)	-0.004* (0.002)	-0.031* (0.012)	-0.035** (0.013)	-0.013*** (0.004)	-0.022** (0.008)	-0.018** (0.007)	-0.085*** (0.020)	0.031* (0.012)	0.033** (0.012)	-0.004 (0.005)	0.041** (0.016)	0.042** (0.015)	0.106*** (0.024)
4	-0.022** (0.007)	-0.025** (0.008)	-0.003* (0.001)	-0.036** (0.011)	-0.041** (0.012)	-0.012** (0.004)	-0.026** (0.008)	-0.023*** (0.006)	-0.071*** (0.019)	0.036** (0.012)	0.038** (0.012)	0.000 (0.004)	0.048** (0.014)	0.051*** (0.014)	0.086*** (0.022)
5	-0.025** (0.008)	-0.03** (0.009)	-0.003* (0.001)	-0.043** (0.013)	-0.05*** (0.014)	-0.012** (0.004)	-0.033** (0.010)	-0.03** (0.009)	-0.075*** (0.022)	0.042** (0.013)	0.045*** (0.013)	0.000 (0.005)	0.059** (0.018)	0.064** (0.018)	0.091** (0.027)
6 (Highest)	-0.031*** (0.008)	-0.035*** (0.009)	-0.005** (0.002)	-0.053*** (0.015)	-0.062*** (0.016)	-0.017*** (0.004)	-0.045** (0.014)	-0.041** (0.012)	-0.116*** (0.024)	0.051*** (0.013)	0.054*** (0.013)	-0.019 (0.012)	0.078** (0.023)	0.083*** (0.023)	0.156*** (0.034)
Education (No degree as base)	-0.011** (0.004)	-0.017*** (0.004)	0.000 (0.000)	-0.020** (0.007)	-0.029*** (0.007)	0.002 (0.002)	-0.016** (0.006)	-0.020*** (0.005)	0.013 (0.011)	0.018** (0.006)	0.026*** (0.006)	0.002 (0.002)	0.029** (0.010)	0.040*** (0.010)	-0.017 (0.015)
Age	-0.005* (0.002)	-0.004 [†] (0.002)	0.000 (0.000)	-0.009* (0.004)	-0.007 [†] (0.004)	-0.002 (0.001)	-0.007* (0.003)	-0.005 [†] (0.003)	-0.011 (0.006)	0.008* (0.004)	0.007 [†] (0.004)	-0.002 (0.001)	0.013* (0.006)	0.010 [†] (0.006)	0.014 (0.009)
Age²	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
Married (non-married as base)	-0.025*** (0.007)	-0.025*** (0.007)	-0.004** (0.001)	-0.044*** (0.011)	-0.043*** (0.012)	-0.015*** (0.003)	-0.037*** (0.010)	-0.029*** (0.008)	-0.104*** (0.018)	0.042*** (0.011)	0.038*** (0.011)	-0.019*** (0.005)	0.064*** (0.016)	0.059*** (0.016)	0.142*** (0.025)
Race (non-white as base)	-0.018*** (0.005)	-0.022*** (0.005)	0.000 (0.001)	-0.031*** (0.008)	-0.038*** (0.008)	-0.001 (0.002)	-0.026*** (0.006)	-0.026*** (0.006)	-0.007 (0.013)	0.030*** (0.007)	0.034*** (0.007)	-0.001 (0.002)	0.046*** (0.011)	0.052*** (0.011)	0.010 (0.017)
Gender (female as base)	0.009* (0.004)	0.009* (0.004)	0.000 (0.000)	0.015* (0.006)	0.016* (0.007)	0.001 (0.001)	0.013* (0.005)	0.011* (0.005)	0.01 (0.01)	-0.014* (0.006)	-0.014* (0.006)	0.002 (0.002)	-0.022* (0.009)	-0.022* (0.009)	-0.014 (0.014)

Income	-0.001*** (0.000)	-0.001*** (0.000)	-0.000 (0.000)	-0.001*** (0.000)	-0.002*** (0.000)	-0.000 (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001 (0.000)	0.001*** (0.000)	0.002*** (0.000)	-0.000 (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.001 (0.001)
Net Worth	-0.000*** (0.000)	-0.000*** (0.000)	-0.000** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	-0.000** (0.000)	0.001*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Risk Tolerance (0 as base)															
1	0.015* (0.007)	0.016* (0.007)	0.000 (0.001)	0.027* (0.012)	0.028* (0.013)	0.001 (0.002)	0.023* (0.01)	0.020* (0.009)	0.009 (0.019)	-0.025* (0.011)	-0.025* (0.011)	0.003 (0.006)	-0.040* (0.018)	-0.040* (0.018)	-0.014 (0.028)
2	0.018** (0.006)	0.020** (0.007)	0.001 (0.001)	0.031** (0.011)	0.035** (0.012)	0.005* (0.003)	0.026** (0.01)	0.023** (0.008)	0.037* (0.018)	-0.029** (0.01)	-0.031** (0.011)	0.008† (0.005)	-0.046** (0.016)	-0.047** (0.016)	-0.052* (0.025)
3	0.013* (0.006)	0.013† (0.007)	0.001 (0.001)	0.024* (0.011)	0.024† (0.012)	0.002 (0.002)	0.021* (0.01)	0.017† (0.009)	0.018 (0.018)	-0.022* (0.011)	-0.020† (0.01)	0.006 (0.006)	-0.036* (0.017)	-0.034† (0.017)	-0.027 (0.027)
4	0.020* (0.009)	0.016† (0.009)	0.001 (0.001)	0.035* (0.014)	0.028† (0.015)	0.005 (0.003)	0.029** (0.011)	0.020* (0.010)	0.036 (0.023)	-0.033* (0.014)	-0.024† (0.013)	0.008 (0.005)	-0.051** (0.019)	-0.039† (0.020)	-0.050 (0.031)
5	0.006 (0.006)	0.004 (0.006)	0.002* (0.001)	0.012* (0.010)	0.007 (0.012)	0.008** (0.003)	0.011 (0.011)	0.006 (0.009)	0.054** (0.019)	-0.010 (0.01)	-0.006 (0.010)	0.009† (0.005)	-0.019 (0.017)	-0.010 (0.018)	-0.073*** (0.025)
6	0.017* (0.008)	0.016† (0.009)	0.001 (0.001)	0.030* (0.014)	0.029† (0.015)	0.003 (0.003)	0.026* (0.011)	0.020* (0.010)	0.026 (0.023)	-0.028* (0.014)	-0.025† (0.014)	0.007 (0.006)	-0.044* (0.02)	-0.040* (0.02)	-0.038 (0.032)
7	0.009 (0.008)	0.013 (0.009)	0.001 (0.001)	0.016 (0.014)	0.023 (0.015)	0.005 (0.003)	0.015 (0.012)	0.017 (0.010)	0.037 (0.023)	-0.014 (0.013)	-0.020 (0.013)	0.008† (0.005)	-0.025 (0.021)	-0.033 (0.021)	-0.051 (0.031)
8	-0.011† (0.006)	-0.010 (0.007)	-0.001 (0.001)	-0.023† (0.013)	-0.022 (0.015)	-0.002 (0.003)	-0.028 (0.017)	-0.021 (0.015)	-0.02 (0.023)	0.018† (0.01)	0.016 (0.010)	-0.009 (0.012)	0.045 (0.027)	0.037 (0.027)	0.032 (0.038)
9	-0.013 (0.01)	-0.013 (0.011)	-0.001 (0.001)	-0.028 (0.023)	-0.030 (0.025)	-0.002 (0.004)	-0.035 (0.033)	-0.031 (0.030)	-0.02 (0.04)	0.020 (0.014)	0.021 (0.015)	-0.009 (0.022)	0.054 (0.051)	0.053 (0.051)	0.032 (0.068)
10 (highest)	-0.005 (0.01)	-0.002 (0.012)	0.002 (0.002)	-0.010 (0.021)	-0.004 (0.023)	0.007 (0.006)	-0.011 (0.025)	-0.004 (0.021)	0.047 (0.039)	0.008 (0.017)	0.003 (0.018)	0.009† (0.005)	0.017 (0.039)	0.007 (0.038)	-0.064 (0.049)

Data from the 2016 Health and Retirement Study Leave-Behind Questionnaire

N = 2,850

Income and Net Worth in \$10,000s

Significance is defined as follows: † significant at $p < 0.10$; * significant at $p < 0.05$; ** significant at $p < 0.01$; *** significant at $p < 0.001$

Appendix - Original HRS Questions

Part I - Dependent Variables Questions

Question 1 – “Financial Satisfaction”

Please think about your life and situation right now. how satisfied are you with...Your present financial situation?

Possible Responses	Frequency
1. Completely satisfied	931
2. Very satisfied	1,596
3. Somewhat satisfied	2,161
4. Not very satisfied	996
5. Not at all satisfied	515
Blank. INAP (Inapplicable); Partial Interview	14,713

Question 2 – “Income Satisfaction”

Please think about your life and situation right now. How satisfied are you with...The total income of your household?

Possible Responses	Frequency
1. Completely satisfied	915
2. Very satisfied	1,516
3. Somewhat satisfied	2,070
4. Not very satisfied	1,105
5. Not at all satisfied	594
Blank. INAP (Inapplicable); Partial Interview	14,712

Question 3 – “Life Satisfaction”

Please think about your life as a whole. How satisfied are you with it?

Possible Responses	Frequency
1. Completely satisfied	4,431
2. Very satisfied	8,595
3. Somewhat satisfied	5,666
4. Not very satisfied	789
5. Not at all satisfied	252
8. DK (Don't Know); NA (Not Ascertained)	216
9. RF (Refused)	22
Blank. INAP (Inapplicable); Partial Interview	941

Part II - Explanatory Variable Questions

Who has the final say in decisions about...

Car purchases?

Possible Responses	Frequency
1. I do always	257
2. I do mostly	544
3. We have equal say	2,348
4. My spouse/partner does it mostly	476
5. My spouse/partner does it always	216
6. Someone else	10
7. Not relevant	298
Blank. Inap (inapplicable); Partial interview; Missing	16,763

Major appliance purchases?

Possible Responses	Frequency
1. I do always	193
2. I do mostly	476
3. We have equal say	258
4. My spouse/partner does it mostly	494
5. My spouse/partner does it always	180
6. Someone else	15
7. Not relevant	206
Blank. Inap (inapplicable); Partial interview; Missing	16,760

How much to save?

Possible Responses	Frequency
1. I do always	277
2. I do mostly	658
3. We have equal say	2,116
4. My spouse/partner does it mostly	514
5. My spouse/partner does it always	193
6. Someone else	13
7. Not relevant	366
Blank. Inap (inapplicable); Partial interview; Missing	16,775

How to invest our savings?

Possible Responses	Frequency
1. I do always	281
2. I do mostly	607
3. We have equal say	1970
4. My spouse/partner does it mostly	466
5. My spouse/partner does it always	232
6. Someone else	32
7. Not relevant	551
Blank. Inap (inapplicable); Partial interview; Missing	16773

Who does these tasks for your household? In your household, who...

Manages bills?

Possible Responses	Frequency
1. I do it always	1,470
2. I do it mostly	711
3. We do it equally	898
4. My spouse/partner does it mostly	834
5. My spouse/partner does it always	507
6. Someone else	56
7. Not relevant	61
Blank. Inap (inapplicable); Partial interview; Missing	16,375

Files taxes?

Possible Responses	Frequency
1. I do it always	1,260
2. I do it mostly	422
3. We do it equally	1,078
4. My spouse/partner does it mostly	578
5. My spouse/partner does it always	556
6. Someone else	243
7. Not relevant	358
Blank. Inap (inapplicable); Partial interview; Missing	16,417