Extended Abstract
"Playing house": Financial Integration and Relationship Transitions among Current Cohabitors.
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Introduction

Does engaging in joint household financial management practices serve as a precursor to matrimony, or are young adults these days playing house with little intent of transitioning to marriage? The social and legal pathways towards marriage are much clearer than those towards cohabitation. Studies show that this difference contributes to both the overall quality and stability of these unions (Manning, Longmore, & Giordano 2007; Sassler 2004; Stanley, Rhoades, & Markman 2006). The lack of romantic commitment (Stanley, Rhoades, & Whitton 2010) as evidenced by the rapid pace (Sassler, 2004) and ambiguity surrounding cohabitation formation (Manning & Smock 2005) leads to poorer relationship quality and increased likelihood of dissolution after a relatively short period. And yet, cohabitation rates continue to rise and unmarried coresidential living remains the modal pathway to shared living for women and men in early and young adulthood (Sassler 2010). It is also true that in spite of growing ambivalence towards marriage (Taylor 2010), many young adults still marry, with large percentage of marital unions forming from couples who lived together first (Kennedy & Bumpass, 2008).

Cherlin (2004) argues that marriage has become deinstitutionalized, as result of changing social norms as evidenced by the growing normativity of cohabitation. As a result, the social benefits and costs of marriage have increased, with entry and exit costs increasing, especially for young adults. Although there are legal and societal differences between cohabitation and marriage, they share many of the same attributes in practice. Coresidential romantically involved couples can benefit from economies of scale, use each other as a means of insurance in the event of a negative household shock, and coproduce public goods, like children. Across the age, economic, and social distribution, cohabiting couples are engaging in what can be considered "marriage-like" behavior.

So why do some cohabitors still marry? Research has shown that engaged cohabitors, cohabiting couples with better relationship quality, shared children, are more likely to transition to marriage, but also that the benefits from marriage may not accrue to individuals equally (Musick & Bumpass 2012). Many of these studies rely on subjective measures of relationship quality and expectations to assess commitment. Couples, however, also engage in objective practices that can signal commitment. One way that "structural" commitment may be assessed is by examining the integration of their financial management systems. Financial management systems vary in the level of integration allowing for different degrees of personal and joint commitment, or constraints. They also are objective measures of relationship integration, (e.g. either a couple does or not have a joint bank account), compared with subjective that can differ depending on which partner is asked.

Using psychological theories of relationship commitment, this study creates a framework of financial integration and corresponding hypotheses. The financial integration framework and hypotheses are then tested on sample data of current cohabitors interviewed over two waves from the NLSY1979 Children and Young Adult Study (C&YA). Questions examined include whether cohabiting couples that engage in household financial practices similar to married couples are more likely to marry? Can the type of practice tell us something about the likelihood of transition? How does engaging in joint financial practices outside the marital context relate with relationship stability for cohabitors?

Theoretical Framework and Hypotheses

Stanley et al. (2010) define commitment in two parts: dedication, which secures romantic attachment, and constraints. Constraints are what lead to action or inaction from one relationship phase to the next. Stanley et al. (2010) argue that the difference between those who move from a cohabiting union to marriage compared to those who do not is a degree of risks. The framework presented here comes for the constraint commitment theory outlined in Stanley and Markman (1992) for marriage and then applied to the case of premarital cohabitation in Stanley, Rhoades, and Markman (2006). Building on Stanley & Markman (1992), I propose there are varying degrees of financial integration that a cohabiting couple may choose to participate in. And that these levels of integration represent structural, or constraint commitments, that can precipitate, repel or have neutral associations with transitioning from cohabitation into a marriage.

The Financial Integration Management System

Necessitating practices of financial management: Largely motivated by economic factors, these practices usually fall under the list of reasons that made coresidential cohabitating relationships appealing. Necessitating practices include, most notably, the pooling of income to share household expenses. What sets these practices apart from progressive and investment practices are that, in practice, they are similar to a roommate relationship, i.e. there is no need to be romantically involved to practice.

Progressive practices of financial management: Progressive practices distinguish themselves from necessitating practices in that they move the relationship along. They allow couples to learn more about each other, be it good or bad. They also relinquish some autonomy of one's individual finances by allowing their partner access to their individual finances as well as the ability to control their financial fate. These actions may include the ability to access, withdrawn, or deposit funds into a joint account, or make purchases with a shared credit card or savings account. Engaging in progressive practices can be an indication of increased levels of trust.

Investment practices of financial management: Investment practices are indication of long-term commitment. Analogous to having a child, these financial practices bind individuals together for the foreseeable future, and disentangling these commitments is not easy, often requiring the use of structural components, i.e. legal systems.

This framework leads to the following hypotheses:

H1. Necessitating practices (e.g. Shared household expenses) will not be associated with transitioning to marriage, but will positively predict staying together as a cohabiting couple.

H2. Progressive practices (e.g. Joint bank accounts, joint credit cards) are ambiguous; may predict marriage if representative of growing trust within relationship, but may deter odds of marriage and increase likelihood of relationship dissolution if it increases issues related to money management, spending habits, and incompatible financial behaviors.

H3. Investment practices (e.g. purchasing a house) are positively associated with the probability of staying together and marriage.

Data and Sample

In order to test the above framework and hypotheses, two waves of sample data from the National Longitudinal Survey of Youth 1979 Children and Young Adult Study (NLSY79 C&YA) was used. The NLSY79 is a cohort study of young adults between the ages of 14 and 21 started in 1979. Beginning in 1994, a separate study of the biological children of the NLSY79 women was started. As the children aged through the study, a separate questionnaire was created and administrated to young adults over the age of fourteen. As of 2010, 11,504 children had been born to the mothers of the NLSY79. Of those 11,504, 6,306 (54.8%) aged into the young adult sample and were interviewed in 2008. Of those 6,306 youth, 5,312 were interviewed again in 2010. There were 861 current cohabitors in the 2008 sample (13.65%), of which 149 (17.3%) were not interviewed again in 2010. The final sample consists of the 712 respondents, consisting of 382 women and 330 men. In order to maintain maximum sample size, multiple imputation techniques were employed to estimate missing data on observations for independent and control variables. All estimation was done using the STATA *mi impute chained* command.

Analytic Methods

Given the cohabitor can be in one of three mutually exclusive relationship statues in 2010, still cohabiting, married to partner, or broken up, multinomial logistic regression models were estimated. The relationship state in 2010 was regressed on the financial management key independent variables, demographic and socioeconomic controls, and relationship characteristics. The mediating variables were subsequently added to the models. The final models (not shown) test the degree of financial integration by conditioning the practices in sequential order based on the theoretical framework outlined above.

Preliminary Results

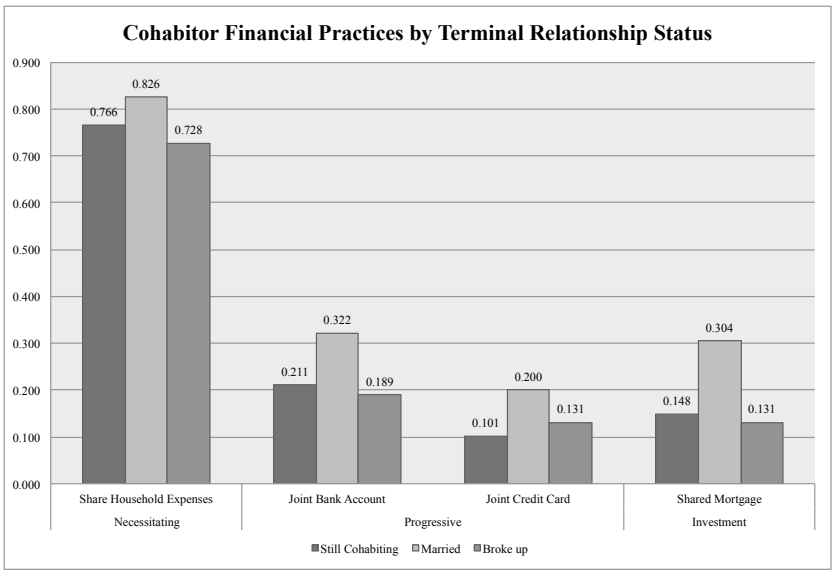
Descriptives

Chart 1 presentation the sample statistics on the demographic, socioeconomic, and relationship characteristics used in all models. As of the follow-up interview, 49.3% of the cohabitors were still cohabiting with the same partner, 16.2% married, and 34.6% broke up.

The attached chart indicates that cohabitors who eventually marry engage in all practices more than those still cohabiting following by those who broke up with their partner. The majority of cohabitors use necessitating practices across all three relationship states. Joint bank accounts are more common compared with joint credit cards as progressive practices, but both are rare, with only 32% of those who eventual marry sharing a bank account. Those who marry are much more likely to have engaged in investment practices as cohabitors.

Multivariate Regressions

The attached table presents *four* sets of models. Preliminary results indicated cohabitors engaged in progressive practices, such as having joint credit cards with their partner, had an increased probability of union dissolution, whereas respondents who practiced investment strategies, e.g. sharing a mortgage, were more likely to marry. Couples who expressed happiness with their partner and expectations to marry have increased odds of transitioning to marriage.



Multinomial Logistic Regression Models predicting relationship status in 2010 for Current Cohabitors in 2008

	(1)		(2)		(3)		(4)	
VARIABLES	Married V. Still Together	Broke Up V. Still Together	Married V. Still Together	Broke Up V. Still Together	Married V. Still Together	Broke Up V. Still Together	Married V. Still Together	Broke Up V. Still Together
Financial Management Practices								
Necessitating								
Share Household Expenses	0.209	-0.197	0.149	-0.176	0.165	-0.112	0.115	-0.053
	[0.283]	[0.195]	[0.294]	[0.198]	[0.299]	[0.205]	[0.313]	[0.210]
Progressive								
Joint Bank Account	0.183	-0.215	0.119	-0.199	0.168	-0.130	0.046	-0.068
	[0.273]	[0.232]	[0.285]	[0.237]	[0.290]	[0.242]	[0.298]	[0.247]
Joint Credit Card	0.604+	0.432	0.551	0.528+	0.51	0.526+	0.376	0.564+
	[0.325]	[0.280]	[0.340]	[0.288]	[0.346]	[0.297]	[0.363]	[0.300]
Investment								
Shared Mortgage	0.815**	-0.104	0.802**	-0.087	0.858**	0.024	0.794**	0.095
	[0.261]	[0.247]	[0.278]	[0.254]	[0.283]	[0.260]	[0.293]	[0.265]
Demographics/Socioeconomic Characteristics								
Female			0.295	0.09	0.356	0.211	0.328	0.226
			[0.234]	[0.174]	[0.245]	[0.189]	[0.255]	[0.192]
Race/Ethnicity (ref: Non-Hispanic White)								
Hispanic			-1.027***	-0.617**	-1.028**	-0.522*	-1.089***	-0.498*
			[0.309]	[0.223]	[0.317]	[0.232]	[0.330]	[0.234]
Black			-0.541+	-0.127	-0.535+	0.012	-0.696*	-0.025
			[0.277]	[0.206]	[0.288]	[0.220]	[0.301]	[0.224]
Age 24-35 (ref: 23 or younger)			-0.076	0.028	0.065	0.055	0.02	0.025
			[0.244]	[0.179]	[0.271]	[0.200]	[0.282]	[0.203]
Educational Attainment (ref: High School)								
Less than high school			-0.966**	0.084	-0.944*	0.117	-0.950*	0.124
			[0.369]	[0.207]	[0.373]	[0.215]	[0.384]	[0.217]
Some college			0.044	-0.052	-0.016	-0.063	0.029	-0.078
			[0.289]	[0.231]	[0.296]	[0.239]	[0.303]	[0.242]
Bachelors or more			0.564	-0.485	0.431	-0.466	0.622	-0.431
			[0.360]	[0.373]	[0.380]	[0.388]	[0.400]	[0.397]
Currently Enrolled in Post-secondary schooling			0.467	0.444+	0.430	0.409	0.435	0.439
			[0.333]	[0.267]	[0.339]	[0.274]	[0.356]	[0.277]
Currently Employed			-0.294	0.066	-0.330	0.076	-0.250	0.135
			[0.456]	[0.341]	[0.463]	[0.353]	[0.494]	[0.363]
Lives in rural area			-0.388	0.076	-0.425	0.02	-0.433	0.072
			[0.334]	[0.231]	[0.337]	[0.237]	[0.356]	[0.240]
Relationship Characteristics								
Previously married					-0.081	-0.038	-0.004	0.008
					[0.597]	[0.437]	[0.616]	[0.445]
Partner- currently employed					-0.155	-0.511+	-0.051	-0.492+
					[0.421]	[0.266]	[0.435]	[0.271]
Partner- previously married					0.124	0.894**	0.395	0.878**
					[0.425]	[0.295]	[0.448]	[0.301]
Children in household 18 or younger					-0.135	-0.078	-0.114	-0.095
					[0.260]	[0.195]	[0.270]	[0.201]
Non-biological child of partner in household					-0.007	0.388	0.211	0.467
					[0.611]	[0.378]	[0.646]	[0.383]
Cohabitation Length (yrs)					-0.083	-0.104*	-0.068	-0.112*
					[0.057]	[0.043]	[0.060]	[0.044]
Tempo from dating to cohabitation (mths)					0.004	-0.001	0.006	0.000
					[0.006]	[0.006]	[0.007]	[0.006]
Relationship Quality= Very happy							0.863*	-0.372+
							[0.356]	[0.207]
Does couple have definite plans to stay together							-2.417***	-0.680+
							[0.662]	[0.367]
Does couple have definite plans to marry							2.079***	0.076
							[0.465]	[0.250]
Constant	-1.596***	-0.201	-0.892	-0.211	-0.671	0.138	-0.893	0.822
	[0.256]	[0.168]	[0.579]	[0.440]	[0.675]	[0.509]	[0.812]	[0.577]
Observations	712	712	712	712	712	712	712	712

Note: Standard errors in brackets; underlined coefficients indicate signficant difference ($p<0.05$) between getting married and breaking up