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Executive Summary

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LOVE AT WHAT PRICE?

ESTIMATING THE VALUE OF MARRIAGE

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Using a law within Social Security that provides clear financial incentives to delay marriage, we estimate the financial value of a month of marriage. Specifically, the law provides that widows who are eligible for Social Security benefits based on their deceased spouse's earnings records are eligible for benefits at age 60, unless they remarry before that age. If they remarry before that age, they cannot claim widow benefits and must wait until at least age 62 to claim spousal benefits on their new husband's record, which are typically less generous than widow benefits.

To generate an estimate of what this behavior implies about the value of marriage, we use data from the Survey of Income and Program Participation (SIPP) linked to administrative data from Social Security. We estimate the cost of marrying before age 60 imposed by the Social Security program. The mean penalty for remarriage before age 60 is approximately \$30,000. The specific amount of the remarriage penalty appears to have some impact on widows' decisions. For example, widows facing a higher penalty are less likely to remarry before age 60 than those facing a lower penalty. Next, we look at remarriage behavior at age 60, when the penalty disappears. Not surprisingly, we find that women who remarry at age 60 would have faced a higher median penalty if they had remarried earlier than women who do not remarry at age 60. So, this finding also supports the conclusion that widows facing higher costs for remarriage before age 60 wait until they turn 60 to remarry.

We develop a model that reflects the institutional details of Social Security and generate a likelihood function that reflects that model. By taking advantage of the variation in these costs and when or whether widows remarry before age 60, we estimate the benefit of marriage to be \$8000/month. Our estimates of the high benefits of marriage provide some insight into why recent public policy efforts to reduce the costs of marriage are estimated to have little effect on marriage behavior.

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