

Couples are better able to cope with health shocks than singles: study

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Marital status plays a significant role in how individuals cope economically with disability and health shocks, according to a working paper by University of British Columbia economists Giovanni Gallipoli and Laura Turner.

In their study, titled Household Responses to Individual Shocks: Disability and Labour Supply, the researchers examined data from the Canadian Survey of Labour and Income Dynamics (SLID) - and found that in marriages, "main-earners" (typically husbands) tend to transfer income and compensate "second-earners" (typically wives). The second-earners, in turn, provide conditional time and care in periods of need (such as illness and disability of main-earner).

The insurance the second-earner provides to the main-earner in the marital contract serves as an important mechanism to help smooth out household income in periods of health and disability shocks to the main-earner; and as a way to support the future earning potential of the main-earner, according to Gallipoli, a UBC economics professor and Turner, now an assistant professor at the University of Toronto. Both Gallipoli and Turner are members of the Canadian [Labour Market](#) and Skills Researcher Network.

The researchers also find that the relative value of marriage changes in different ways for men and women as they age.

Men who receive bad shocks early in life may lose the insurance offered

by marriage by being sorted out of possible matches in the early stages, according to the study. Marriages become more stable the longer the couple is together, and uncertainty is resolved. The long-term costs associated to health shocks are particularly high for main-earners in the early stages of their working life, because they imply a permanent loss of human capital and earning potential.

Other findings include:

- "Low-risk" marriages, where the main-earner is in a low-risk health state, are more stable and encounter less renegotiation and termination of marital contracts at every stage of the life-cycle.
- Men who are at high risk of receiving health and disability shocks value marriage early in life, when they are poor in both assets and work experience. As these husbands age, their gains from marriage decrease as "buffer stocks" of human capital and assets are accumulated and they become more likely to trigger a renegotiation of the marital contract. These later renegotiations are referred to by the authors as a "midlife crisis."
- All men value marriage at the late stages of their working life as they approach retirement, and the end of their main-earner status, as well as during periods of high health risk.

Provided by University of British Columbia

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