Young Americans are beginning their adult life with less financial stability than ever. In the past 20 years, the percent of households headed by under 35-year-old individuals with credit card debt has increased from 38% to nearly 50% (Aizcorbe et al., 2003; Kennickell & Shack-Marquez, 1992). The median credit card debt held by households in this group more than tripled, increasing from $600 to $2,000 (Aizcorbe et al.; Kennickell & Shack-Marquez). The use of student loans has also increased. Between 1992 and 2000, the number of students graduating with student loan debt increased from 42% to 64% and the median student debt burden nearly doubled from $9,000 to $17,000 (King & Bannon, 2002). The news is not all bad, however. The median amount of assets held by households headed by under 35-year-olds rose over the last 20 years from $1,500 to $6,300 (Aizcorbe et al.; Kennickell & Shack-Marquez).

Though demographic studies have linked economic issues such as earnings and employment to union formation, other economic issues such as assets, consumer debt (e.g., credit card and installment loans), and student debt have gone unexamined. Even though some have asserted that economic factors are less important in union formation now than in the past (Sassler & Goldscheider, 2004), studying the relationship between student debt, consumer debt, and liquid assets and union formation in early adulthood is important for two reasons. First, as cited above, young adults may potentially be forming their unions with much more debt now than in the past. Unfortunately, however, newlyweds report that debt brought into marriage is one of the top two concerns in their marriage and consumer debt positively predicts increases in marital conflict (Author Citation, in press; Schramm, Marshall, Harris, & Lee, 2005). Thus, it is important to know whether debt encourages or inhibits union formation or whether couples simply ignore it as they evaluate potential partners because debt has implications for future union quality.

A second factor that motivates this study is that assets and debts are often stronger predictors of family processes than income, completed education, etc. When assets and debts are included in longitudinal studies of marital conflict and divorce, for example, earnings lose their predictive power (Author Citation, in press; Galligan & Bahr, 1978). Thus, studies that have found a relationship between economic factors and union formation may be missing important economic variables that influence early adults' union formation.

This study will extend knowledge on contemporary union formation by testing the relationship between alternative measures of economic status and union formation in early adulthood.

Background

Although economic factors are not the only consideration in marriage formation, they are important. As marriage has become less common, it has become a symbol of "status that one builds up to", the "capstone of adult personal life" rather than the "foundation" (Cherlin, 2004, pg. 855). Economic stability, then, should precede marriage rather than be part of the marital adjustment (Cherlin).

According to Oppenheimer's (1988) theory on marital timing, however, economic stability of a potential partner is difficult for young adults to assess. The more uncertainty that exists about a potential partner, the longer individuals will postpone marriage. Individuals will often augment the information gathering process by cohabiting (Bumpass, Sweet, & Cherlin, 1991).

Recent research has shown support for the idea of economic uncertainty delaying marriage. Men's (but not women's) earnings, employment, and education have positively predicted entry into marriage among cohabiting couples and noncohabiting couples (Clarkberg, 1999; Oppenheimer, 2003; Smock & Manning, 1997; Xie, Raymo, Goyette, & Thornton, 2003). Further, individuals that are less financially stable will often cohabit until they are more financially stable, at which point they will marry (Oppenheimer; Smock & Manning).

Earnings, employment and education are not the only indicators of a potential spouses' financial status, however. Assets, consumer debt, and student debt can also provide information about a partner's financial prospects and may thus decrease or increase the length of time until a union transition. Assets show that individuals have enough income to maintain a certain lifestyle while saving. Consumer debt may also indicate that individuals have are economically stable because lenders generally only offer consumer debt to individuals with more established finances (Baek & Hong, 2004; Crook, 2001). Student debt provides ambiguous information. On the one hand, it is indicative of increased human capital. On the other hand, it shows that a potential partner was not affluent enough to pay for college without assuming debt.

Beyond giving information about a potential spouses' current financial status, these three financial variables are also indicative of future finances. The income from liquid assets can be utilized for consumption needs, and assets enhance feelings of financial security (Beverly, McBride, & Schreiner, 2003; Xiao, 1996; Xiao & Anderson, 1997). Because consumer and student debt brought to the marriage will have to serviced, however, a percentage of future earnings are already committed and cannot be utilized until the debt is paid off (Elder, Robertson, & Foster, 1994).

Method

Like other studies on union formation (Sassler & Goldscheider, 2004; Smock & Manning, 1997), this study will use data from the National Survey of Families and Households (NSFH). The NSFH is an ideal data set for this question because it is nationally representative, longitudinal, and oversamples cohabiting couples (Sweet, Bumpass, & Call, 1988). It also has questions on participants' work and educational history as well as the most complete set of questions on financial assets and debts of any of the nationally representative longitudinal data sets.

Sample

The sample will be composed of never married individuals between the ages of 18 and 35, who completed Waves 1 and 2 of the NSFH. Of the 13,007 individuals interviewed in the first

NSFH, 2,411 were never married. More than half of these individuals were of the correct age and participated in Wave 2 (N = 1,522). Participants with missing or negative months until first union transition were deleted leaving 1,470 participants with a range of 0 to 88 months until union formation or becoming right-censored.

Expected Analysis

The analysis will be a competing-risks Cox regression using months until first union transition as the unit of analysis. Since two origin states exist, cohabiters and noncohabiters, the destination states will be different for these two groups. Among cohabiters, the unit of analysis will be months until breaking up relative to staying cohabiting or marrying relative to staying cohabiting. Among single adults who are not cohabiting, the unit of analysis will be months until marrying relative to staying single and not cohabiting or entering a cohabiting union relative to staying single. Since ties exist in the data I will use the EXACT estimation method in SAS for handling ties (Allison, 1995).

Because men's and women's economic prospects differentially influence union formation (Oppenheimer, 2003; Smock & Manning, 1997), the analysis will either be run separately by gender, or be run stratified for gender.

Expected Findings

By viewing an individual's assets, consumer debt, and student debt, as information that can tell potential spouses about the individual's current and future economic status, I predict that net of income and job prospects assets will increase time until marriage. Credit card debt will also increase marriage prospects even after previously investigated economic variables are controlled. Once education is considered, student debt will delay marriage.

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