

“ Take the Money and Run ”: Dutch Evidence on Inheritance and Transfer Receiving and Divorce

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Abstract

This paper aims at investigating whether receiving an inheritance or a transfer can represent a motivation to increase the chances of getting divorced, using panel data from the DNB Household Survey (DHS) from the Netherlands between 2002 and 2016. As broadly discussed in the literature, different factors may lead toward marriage disruption; at the same time, the role played by inherited wealth, as a fundamental driver in matrimonial strategies, has always represented a very interesting topic. Along this line, starting from the idea that an inheritance receipt might impact various aspects of an individual's life, we perform estimations of Cox proportional hazard ratios model and test what variables act as drivers in enhancing the chances of withdrawing from the union. Findings suggest that when the wealth endowment, such as an inheritance or a gift is, has been received by the wife, this enhances the chances that separation of the couple will occur. This signals that receiving an inheritance/gift changes the bargaining power in the couple: while for the husband, it does not represent an incentive to divorce, for the wife, results lead toward the fact that that she might perceive a change in the bargaining enhancing the chances of marital disruption.

Keywords: divorce, inheritance receiving

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Introduction

For years, the role played by inherited wealth as a fundamental driver in matrimonial strategies has always represented a very interesting topic. As pointed out in Pasteau et al. (2017)), this importance in 19th century Europe was highlighted by Thomas Piketty in his work *Capital in the Twenty-First Century* (2014), providing insights into the rigid structure of the societies of “patrimonial capitalism” that France and Great-Britain constituted at the time. In his work, Piketty (2014) argued that the last decades have seen a return of the importance of inherited wealth in those two countries, together with an increase in wealth inequality, which may lead to a renewed importance of inherited wealth in mating choices.

Inheritance can be conceived as an “unearned income” that, according to the life cycle model, should affect earnings, consumption, savings, and other economic outcomes (Imbens et al. (2001)): Brown et al. (2010) used a receipt of inheritance as a wealth shock and found that it was associated with a significant increase in the probability of retirement, especially when the inheritance was unexpected. The role of wealth in modelling labour decisions has been broadly considered for its effect on early retirement (Krueger & Pischke (1991), Brown et al. (2010), Bloemen & Stancaelli (2001)), on labour market participation (Bloemen & Stancaelli (2001)), and on hours worked (Imbens et al. (2001), Henley (2004)). Along these lines, inheritance might, for example, affect labour supply (Joulfaian & Wilhelm (1994)); indeed, Bloemen & Stancaelli (2001) found that wealth has a significantly positive impact on reservation wages and a negative impact on employment probability (higher levels of wealth result in higher reservation wages and higher reservation wages are associated with a lower employment probability).

Recent evidence has focused on the effect of receiving an inheritance on the Labour Force Participation (LFP) in married couples; bequests might, indeed, increase the bargaining power of the recipient, affecting his/her LFP, and providing new evidence on the ability of spouses to commit to a fully efficient allocation of resources within the household (Blau & Goodstein (2016)). Bequests represent a component of wealth. Joulfaian (2006) found that wealth increases by only a fraction of the inheritances received, and implies a marginal

propensity to consume significantly higher than the amount predicted within the perfect foresight or consumption smoothing frameworks. Wealth changes and their impact on consumption choices have been studied in many aspects with reference to real estate wealth change (Calcagno et al. (2009)), including inheritance receipt and its impact on labour supply (Brown et al. (2010)). Recent findings extended their points of view and investigated potential effects of inheritance receiving on other personal features of individuals, such as, for example, intention to bequeath (Stark & Nicinska, 2015).

What we want to do in this study consists in providing evidence on another, more personal, aspect on an individual's life, i.e., *divorce*. According to the literature, divorce motives are a consequence of different factors affecting the risk of divorce such as religion, family-related features, presence of children, etc. Indeed, along this line, religion has a clear negative effect on divorce. Consequences of divorce have been widely analysed from numerous perspectives (Amato & Afifi (2006)). The effect of a parental divorce can be significant and substantial; people who have divorced parents (when they were growing up) might have higher chances of divorce than others. On the contrary, having children is associated with lower odds of divorce (De Graaf & Kalmijn, 2006a). In times when divorce was uncommon, the higher educated were more likely to divorce than the lower educated; presently, the lower educated are more likely to divorce than the higher educated (De Graaf & Kalmijn, 2006a). Recent studies have focused on the introduction of unilateral divorce legislation (Stevenson & Wolfers (2006); Wolfers (2006)); along this line, allowing people to file a divorce unilaterally increases individual well-being (Stevenson & Wolfers (2006)) and might reduce domestic violence (Brassiolo (2016)).

Needless to say, features different from a wealth endowment might affect chances of divorcing; divorce motives might also rely on other, more personal, features such as, for example, patience. Anton Čechov, Russian physician, dramaturge, and author, highlighted in one of his stories the importance of patience in marital stability:

*The chief thing in married life is patience...not love but patience*¹.

¹ Anton Čechov, The duel, 1891.

In this regard, the literature has highlighted the important link between time preferences and marital stability; impatient individuals will seek to exit a marriage as soon as a shock occurs. An example of the relationship between marriage and marriage stability is the work of (Compton (2009)); the author, using the National Longitudinal Survey of Youth (NLSY) data, found that more patient individuals tended to remain in the marriage after a marital shock, while more impatient individuals tended to look for a “way out”. Similar results come from the conviction that marriage can be considered as the result of spouses’ willingness to invest in the long term viability of the marriage and to accept short-term disadvantages, giving rise to a lower propensity of divorcing (Compton (2009) and De Paola & Gioia (2017)). Furthermore, women’s labour force participation can be a cause of divorce (De Graaf & Kalmijn, 2006b); the literature has broadly considered this feature, according to which marriages with a working wife run a higher risk of divorce than marriages in which the wife is unemployed (Poortman & Kalmijn (2002); Cherlin (1979); Spitze & South (1985); South & Spitze (1986); Greenstein (1990); Tzeng & Mare (1995); Babka von Gostomski et al. (1998); South (2001)). An increase in the expected earnings of women, on the other hand, has the opposite effect, and actually appears to raise the probability of dissolution and reduce the propensity to remarry (Becker et al., 1977). In studies of female labour supply, for example, there is growing awareness that both marital status and fertility decisions are strongly interrelated with female labour supply decisions and can therefore no longer be considered exogenous from a lifecycle perspective (van der Klaauw, 1996). In addition to that, the probability of future divorce strongly depends on female labour market participation. Interruptions in labour market participation caused by marriages, as well as the birth and presence of children, can have long-term effects through lower future wages associated with less labour market experience, making the female more economically dependent on the husband (van der Klaauw (1996) and Pestel (2017)).

This paper aims at studying whether receiving an inheritance or a transfer can, in some way, enhance the chances of getting divorced, and we contribute to the literature providing new evidence analysing this relationship. In order to do so, our empirical methodology

involves the use of the DNB Household Survey (DHS), a Dutch panel dataset collected by the CentERdata that allows study of both psychological and economic aspects of financial behaviour. This panel survey was launched in 1993 and comprises information on work, pensions, housing, mortgages, income, possessions, loans, health, economic and psychological concepts, and personal characteristics. We concentrate our analysis observing Dutch coupled households in the years between 2002 and 2016.

Starting from the idea that an inheritance receipt might have an impact on various aspects of an individual's life, we perform a Cox proportional hazard ratios model estimating the probability that a married couple divorces and how this probability varies through time, identified by the duration of the marriage, trying to understand the role of inheritance/gift receipt, differentiated between inheritances/gifts received by the husband or the wife, and other covariates that might affect the transition probability. Findings suggest that, in the case in which the inheritance/gift has been received by the husband, there is a negative and significant impact on getting divorced while, when it has been received by the wife, this enhances the chances that separation of the couple will occur. This signals that receiving an inheritance/gift changes the bargaining power in the couple: while for the husband, who probably already was in a predominant position in the household, a wealth endowment, such as an inheritance or a transfer is, does not represent an incentive to divorce, for the wife, results seem suggesting that that she might perceive a change in the bargaining enhancing the chances of marital disruption. Presence of child(ren) in the household seems to deter divorce; indeed, it appears to act as "glue" for the marriage reducing the chances of separation. Related to the latter variable, possible concerns might arise about whether any causal conclusion can be drawn from this work: inheritance receipt is a wealth endowment which, in our analysis, as it will be better explained in the description of the main variables, always came before divorce (the inheritance/transfer variable has been constructed as a lag variable to avoid any simultaneity between inheritance receipt and divorce); moreover, we also conduct the analysis excluding endogenous regressors such as the variable reporting the number of children in the household and results still hold.

Before proceeding with the description of the data, it could be interesting to briefly illustrate how divorce rules work in the Netherlands² and consider some changes in divorcing procedures that have occurred in the last two decades in the Netherlands.

Divorce in the Netherlands. As reported from the Centraal Bureau voor de Statistiek (CBS), between 1 April 2001 and 1 March 2009, it was possible for married couples in the Netherlands to convert their marriage into a registered partnership; this partnership could then be annulled without having to go to court. For some couples, this so-called “flash divorce” (*flits scheiding*) was a serious alternative to divorce³; the increase in the number of flash divorces almost completely compensated for the decrease in the number of divorces in recent years. As shown in Figure 1, the highest numbers of flash divorces were recorded in the years from 2003 to 2005, when around 5,000 couples annually separated using this procedure. The number of flash divorces was lowest in 2001, when the procedure was introduced, and in 2009, when it was rescinded.

Arranging a divorce, a legal separation, or the termination of a registered partnership needs some arrangements to be made. First of all, the couple wishing to legally separate, divorce, or terminate the registered partnership has to draw up a settlement⁴ in which they set out the agreements concerning (possible) children, maintenance, pension, and other matters; then, they submit a petition for divorce to the court through a lawyer.

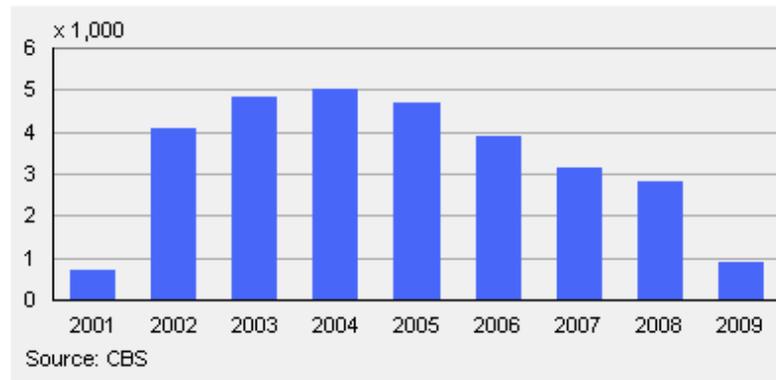
² The information provided comes from the *Rijksoverheid*, i.e. the Dutch Government and the *Belastingdienst*, the Dutch Tax and Customs Administration.

³ In March 2009, the government banned the flash divorce option and processing of divorces reverted to earlier conditions.

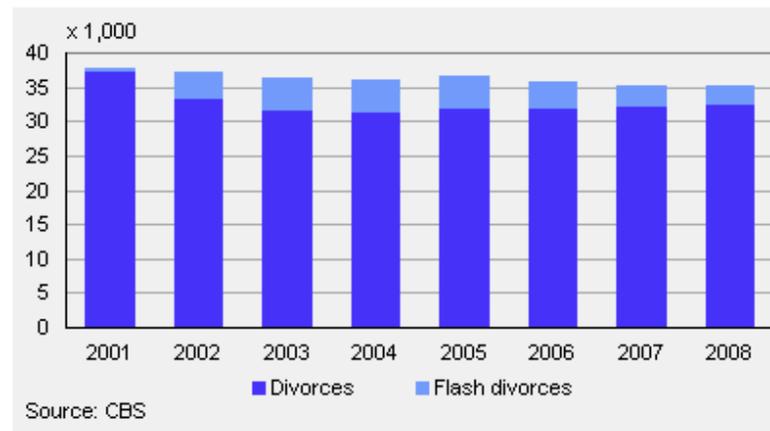
⁴ Settlements are usually, but not necessarily, drawn up by a lawyer; moreover, there is no obligation to draw up the settlement.

Figure 1: Divorces and Flash Divorces - Statistics Netherlands

Flash divorces



Divorces and flash divorces



There are three ways for married partners to separate: divorce; legal separation (partners are still married but they do not live together); and dissolution of the marriage after legal separation⁵. After the court issues a divorce decree, individuals must finalise the divorce by recording it in the registry of births, deaths, marriages, and registered partnerships in the municipality where they married. One important issue to be considered when talking about divorce is the cost of divorce proceedings. The costs due to them comprise:

- Court fees: court fees must be paid to file a petition for divorce;

⁵ In the case in which the couple has a registered partnership, are in agreement, and do not have children, they could also terminate the relationship out of court.

- Legal fees: costs related to the (possible) engagement of a lawyer to file the divorce petition with the court; and
- Mediation fees: the couple could also wish to engage a mediator⁶.

So far, nothing seems different in the rules related to divorce in the Netherlands; however, compared with other countries, the Netherlands has different rules concerning the financial consequences of marriage. In many countries, marriage does not affect the assets of the spouses; possessions are deemed mutual property starting from the day the couple married, less premarital assets, gifts, and inheritances. The same cannot be said for the Netherlands. Couples who do not arrange a marriage settlement are automatically wed under the “community of property”; this means that through marriage, all assets become community property, including all their premarital assets, gifts, and inheritances. At this point, since we are dealing with inheritance and gifts, it could be interesting to mention how inheritances and transfers taxation works in the Netherlands since *inter-vivos* transfers might sometimes represent close substitutes for inheritances, and may come with tax advantages.

Information on inheritances and gifts taxation in the Netherlands In the Netherlands, gifts and inheritances are subject to different principles, depending on the “intergenerational relationship” between the provider of the gift/inheritance and the recipient. One of the most glaring aspects that comes to mind when talking about a donation or an inheritance is related to paying taxes; however, according to the *Belastingdienst*, the Dutch Tax and Customs Administration, there are some exemptions depending on the amount of the gift/inheritance and also depending on the relationship with the donor. For example, in 2016, the maximum amount of a donation from a parent to her son, daughter, or foster child exempts up to about 53,000 euros once in the life of a child. It is also possible to make a donation to a child of about 5,300 euros exempt from tax in a year. In Appendix B, we present some examples concerning exemptions and tax rates on donations/inheritances.

⁶ Though not required, a mediator can help individuals make arrangements that work for both of them. In some cases, legal aid is available to cover some of the costs involved; if they have legal expenses insurance, the insurer may reimburse them for some or all of the costs.

The rest of the paper is arranged as follows: Section 1 and Section 2 describe the data and the empirical methodology, and Section 3 concludes the paper.

1 Data Description

Our empirical analysis relies on the DNB Household Survey (DHS), a Dutch panel study collected by the CentERdata, a survey agency at Tilburg University specialising in Internet surveys. This panel survey was launched in 1993 and comprises information on work and pensions, accommodation and mortgages, income and health, assets and liabilities, and economic and psychological concepts. The questionnaires were sent to the respondents via the Internet, the respondents filled in the questionnaires at their home computers, and then answers were sent back in the same way. This implies that the questionnaires were self-administered and individuals could answer at the most comfortable time for them. It is important to note that the selection of panel members of the survey was not dependent on Internet access; indeed, households without a computer or an Internet connection were provided with the necessary equipment. We focus on coupled households during the years 2002 through 2016⁷. As presented in the introduction, we want to study whether having received a money endowment, being it an inheritance or gift⁸, might lead toward marital disruption. With this in mind, we present the time-series of the different marital statuses of individuals in our sample; as shown in Figure 2, the frequency of divorces is quite low compared with marriages.

For the aim of this work, we constructed the dependent variable *divorce* as a dummy variable that takes the value of 1 if the couple divorced and the value of 0 otherwise.

⁷ The choice of these years lies in the fact that, in the years before 2002, when this survey was the *VSB-CentER savings project*, there have been some changes both in the direction management of the survey and in the sampling procedure, and some individuals drop also out from the survey; with this in mind, we start the analysis from 2002 being sure that we are able to follow the couples over time.

⁸ The exact wording of the question asking for inheritance receipt was “*Did you receive any inheritances and/or gifts in (year)?*”. Data did not allow us to distinguish whether the wealth endowment was an inheritance or a gift.

Figure 2: Marital Status Composition



(a) Marital Status Composition

(b) Marital Status Composition

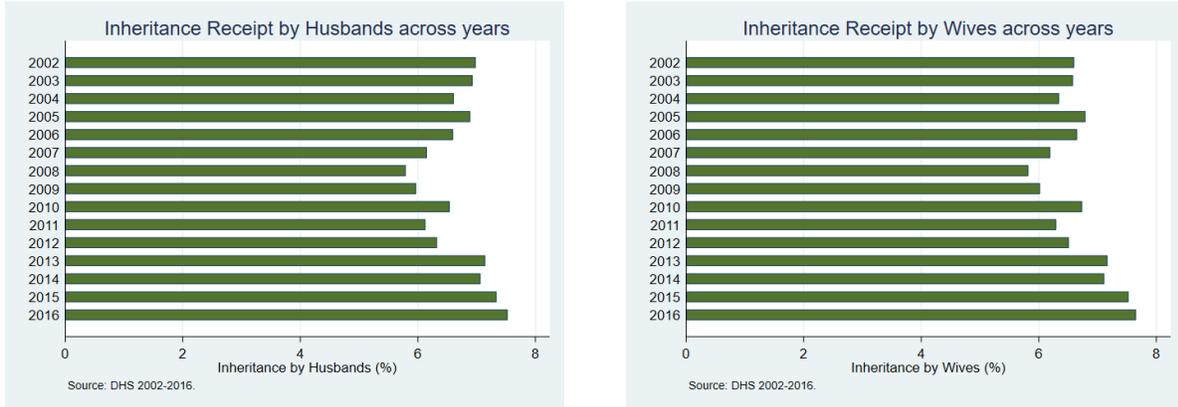
The other feature we were concerned about is related to inheritance/gift receiving; along this line, also in order to avoid cases in which divorce occurred before the inheritance receipt, the respondents having received an inheritance had a lag variable, meaning that it took value 1 in cases in which the individual received the endowment the year before and 0 otherwise. The share of people who received an inheritance represented around the 6%-8% of our sample population. Since we were dealing with couples, we made a distinction between cases in which the inheritance/gift had been received by the husband and whether it had been received by the wife (see Figure 3); in this way, when conducting the empirical analysis, we should be able to capture any bargaining power, if present, in the couple.

One possible concern could be related to the fact the inheritance/gift receipt, even if individually received, is perceived at the couple level so that the partner who does not receive it answers positively to the question if the beneficiary is his/her partner: however, there are very few cases (around 50 couples) in which both spouses affirm that they have got an inheritance/gift⁹.

Needless to say, features different from a wealth endowment might affect the chances of divorcing; this represents the reason why we controlled for some variables related to the household (all variables are described in Table A.1) such as, for example, the mean age in

⁹ We also conduct the analysis dropping cases in which both partners state to have received an endowment the year before and results hold.

Figure 3: Inheritance Receipt



(a) Husband as Recipient

(b) Wife as Recipient

the household and the difference in ages between spouses, a few dummies for educational level of the head of the household and the differential in educational attainments between partners, income of both couple components, and child(ren) present in the household. For the latter variable, we report the number of child(ren) present in the household since we expected that the presence of children in the household should have had a different impact on the chances of getting divorced compared with the mere presence of children in the household.

Descriptive statistics are reported in Table A.2; we differentiate between wife, husband, and household characteristics. On average, it appears that there is great differences between personal income of spouses; indeed, the mean income of wives (around €6,000) is much lower compared with male income (around €16,000). This fact is also reflected in the lower percentage of working wives (around 44%) versus a value of around 60% for working husbands; concerning educational attainments, there are no great differences between women and men even though, if we focus our attention on university education level it appears that the percentage of husbands with a university level of education is higher compared to wives (around 13% versus 7%, respectively). Eventually, it might be worth noticing that the mean duration of marriage, variable that represents our time period for the empirical analysis we present in next section, is around 23 years, quite high considering that overall, the average

age ranges between 53-55 years.

2 Empirical Analysis

In this section, we present the empirical methodology used, aiming at a better understanding of the relationship between inheritance/gift receiving and the chances of getting divorced.

We perform a survival analysis through the Cox proportional hazard ratios model. The Cox (1972) model is expressed by the hazard function denoted by $h(t)$; the hazard function can be interpreted as the risk of divorcing at time t . It can be estimated as follow:

$$h(t) = h_0(t)exp(b_1x_1 + b_2x_2 + \dots + b_px_p)$$

where, t represents the survival time, $h(t)$ is the hazard function determined by a set of p covariates (x_1, x_2, \dots, x_p) , and the coefficients (b_1, b_2, \dots, b_p) measure the impact. The term h_0 is called the baseline hazard.

In particular, we estimate the probability that a married couple divorces and how this probability varies through time, identified by the duration of the marriage (in years) trying to understand the role of inheritance/gift receipt, differentiated between inheritances/gifts received by the husband or the wife, and other covariates that might affect the transition probability.

Hence, data were set as generally done in survival analysis or unemployment duration models, in which our time analysis was the duration of the marriage and the potential failure was identified by the end of the marriage, i.e., the divorce. In this way, we were able to follow the couples until the separation occurred¹⁰.

Therefore, we estimate the hazard function $h(t)$ that determines the probability that the couple moves from marriage to divorce at time t , i.e., the risk of divorcing at time t , identified as the duration of the marriage. The set of covariates we control for (presented and discussed in the previous section) are , for example, whether the recipient of the inheritance was the

¹⁰ Those who already divorced at the beginning of the time period analysis are not present in our dataset.

husband or the wife, a few dummies for the educational level of the head of the household, personal income of both partners (in logarithmic form), etc.

We also included the delta in educational level between spouses with the aim of capturing bargaining power, if any. Results are presented in Table 1. It appears that, in the case in which the inheritance/gift has been received by the husband, there is a negative and significant impact on getting divorced while, when it has been received by the wife, this enhances the chances that separation of the couple will occur. This suggests that receiving an inheritance/gift changes the bargaining power in the couple: while for the husband, who probably already was in a predominant position in the household, a wealth endowment, such as an inheritance or a transfer is, does not represent an incentive to divorce, for the wife, results seem suggesting that that she might perceive a change in the bargaining enhancing the chances of marital disruption.

The presence of child(ren) in the household¹¹ seems to deter divorce. This result is in line with the literature supporting the fact that children increase marital stability above all when they are very young (Waite & Lillard (1991), Huber & Spitze (1980) and (De Graaf & Kalmijn, 2006a)).

At this point, an important piece of information that might be worth observing concerns the amount of the inheritance received by individuals¹²; therefore, since individuals were asked to report the amount of the inheritance/gift received, we exploited this information and we ran a regression in which we used a control, instead of the dummies indicating who benefited from the wealth endowment, the amount (in logarithm) of the inheritance/gift received.

Results, presented in Table 2, confirm previous findings. It seems that a gender effect is present, suggesting that, when the inheritance/transfer is received by the wives, divorce is more likely to occur. This fact could be partially related to some traits we do not observe.

¹¹ We also conduct the analysis excluding endogenous regressors such as the variable reporting the number of children in the household and results still hold.

¹² Unfortunately, we do not have information about the type of inheritance/gift so we cannot distinguish whether the inheritance consisted in money or real estate, etc., and we do not know who bequeathed or made the transfer.

Kalmijn et al. (2004) argued that the validity of economic explanations of divorce, i.e., high likelihood of divorce if women work for pay and have attractive labour market resources, is conditional on cultural values. Indeed, cultural hypotheses have argued that divorce chances increase if women adhere to emancipatory norms, independent from their labour market positions. Therefore, also in this case, it appears that the bargaining power has changed after receiving an inheritance/gift.

Along this line, the negative and statistically significant coefficient of the delta in educational level in the household supports the importance of bargaining power in the couple. Indeed, as long as the delta in educational attainments increases, keeping constant the education of the head of household for which we control for, meaning that the educational attainment of the wife is lower, the decrease in the chances of getting divorced signals the low bargaining power on the side of the wife. Again, and in line with the previous results, the presence of children seems to act as “glue” for the marriage and diminishes the chances of separation.

Starting from the fact that, from previous results, it appears that bargaining power in the couple is present, we analyse whether results change when considering the income distribution of the wife, the figure less “powerful” in the couple. Therefore, we split the analysis between two cases: if the income of the wife belongs to the bottom quintiles of the distribution and if the income relies in the top classes of wives’ income distribution.

Results are reported in Table 3; it appears that the inheritance receipt enhances the chances of getting divorced when the wife’s income is low. These findings can be explained by the fact that, potentially, women belonging to the bottom of income distribution also represent the ones whose bargaining power in the couple is quite unreal so, they embody the ones for whom an inheritance receipt might represent an empowerment leading toward marital disruption; on the other side, we do not observe any enhancement in chances of getting divorced for the case in which in the couple the wife belongs to top levels of income distribution; as for the results of previous specifications related to the inheritance receipt by the husband, for wives with high incomes, whose bargaining power could potentially be almost to an equal

extent in the couple, a wealth endowment, such as an inheritance or a transfer is, does not represent an incentive to divorce.

Also in this case, considering the first column of Table 3, the negative and statistically significant coefficient of the delta in educational level in the household supports the importance of bargaining power in the couple; indeed, as long as the delta in educational attainments increases the decrease in the chances of getting divorced signals the low bargaining power on the side of the wife.

3 Final Remarks

Divorce motives might be consequences of different factors affecting risks of divorce. Literature has provided evidence on some of them: religion has a clear negative effect on divorce; people with divorced parents might have higher chances of divorce than others; on the contrary, having children can be associated with lower odds of divorce (Waite & Lillard (1991), Huber & Spitze (1980) and (De Graaf & Kalmijn, 2006a)). Furthermore, women's labour force participation can be a cause of divorce (De Graaf & Kalmijn, 2006b). An increase in the expected earnings of women, on the other hand, has the opposite effects: it appears to raise the probability of dissolution and to reduce the propensity to remarry (Becker et al., 1977). In the study of the female labour supply, for example, there has been growing awareness that both marital status and fertility decisions are strongly interrelated with female labour supply decisions and can therefore no longer be considered exogenous from a lifecycle perspective (van der Klaauw, 1996). In addition to that, the probability of future divorce strongly depends on female labour market participation. Interruptions in labour market participation caused by marriages, as well as the birth and presence of children, can have long-term effects through lower future wages associated with less labour market experience, making the female more economically dependent on the husband (van der Klaauw (1996) and Pestel (2017)). This paper aimed at studying whether a wealth endowment, in this case, having received an inheritance or a transfer, enhanced the chances of marital disruption. In order to do so, we used the DHS panel dataset from the Netherlands, concentrating our

attention on the years between 2002 and 2016.

Table 1: Effect of Inheritance on Divorce

	Cox Model
Inheritance Receipt Husband*	-36.4612*** (0.5050)
Inheritance Receipt Wife*	2.4491*** (0.7317)
Mean Age in hh	-0.0512*** (0.0139)
Delta Age in hh	-0.0871** (0.0364)
Child(ren) in hh	-1.1370** (0.4628)
Primary Education of hh	0.3919 (0.8483)
Low Vocational Education of hh	0.8994 (0.7080)
Intermediate General Education	1.9834** (0.8676)
Delta in Educational Level in hh	-0.2932 (0.2235)
Working Husband	-0.3268 (0.8089)
Working Wife	-0.1933 (0.7888)
Income(log) Husband	0.0057 (0.0584)
Income(log) Wife	-0.1487 (0.0919)
Observations	13784

Cox Proportional-Hazards Model.

Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: DHS 2002-2016. * Dummy variables

Table 2: Effect of Amount of Inheritance on Divorce

	Cox Model
Inheritance Receipt Husband (log)	-8.3404*** (0.3517)
Inheritance Receipt Wife (log)	0.2055* (0.1219)
Mean Age in hh	-0.0519*** (0.0152)
Delta Age in hh	-0.0965*** (0.0349)
Child(ren) in hh	-1.1327** (0.5083)
Primary Education of hh	-1.3359*** (0.4243)
Low Vocational Education of hh	-0.0717 (0.5996)
Delta in Educational Level in hh	-0.4765*** (0.1379)
Working Husband	-0.4446 (0.8519)
Working Wife	-0.3875 (0.9135)
Income(log) Husband	-0.0068 (0.0602)
Income(log) Wife	-0.1451 (0.0943)
Observations	13702

Cox Proportional-Hazards Model.

Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: DHS 2002-2016. * Dummy variables

Table 3: Effect of Amount of Inheritance on Divorce - Difference by Income Distribution

	Bottom Quintiles of Wife Income	Top Quintiles of Wife Income
Inheritance Receipt Husband*	-36.4270*** (0.5775)	-38.7553*** (0.9487)
Inheritance Receipt Wife*	2.8481*** (0.6416)	-38.9234*** (1.9053)
Mean Age in hh	-0.0551*** (0.0158)	0.0468 (0.0834)
Delta Age in hh	-0.0722** (0.0292)	-0.1962*** (0.0694)
Child(ren) in hh	-1.0425** (0.5287)	-0.1886 (0.6302)
Primary Education of hh	-1.0868** (0.5101)	
Low Vocational Education of hh	0.3275 (0.4490)	-42.4695*** (1.1863)
Intermediate General Education		3.7105 (2.3113)
Delta in Educational Level in hh	-0.4920*** (0.1786)	0.1109 (0.3469)
Working Husband	-1.3801** (0.6805)	40.8260*** (7.3718)
Working Wife	0.2995 (0.9813)	-40.3141*** (1.1277)
Income(log) Husband	0.0036 (0.0627)	-0.1303 (0.1413)
Observations	8602	5182

Cox Proportional-Hazards Model.

Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: DHS 2002-2016. * Dummy variables

To analyse this relationship, we performed a survival analysis through the Cox proportional hazard ratios model; in particular, we estimate the probability that a married couple divorces and how this probability varies through time, identified by the duration of the marriage, trying to understand the role of inheritance/gift receipt, differentiated between inheritances/gifts received by the husband or the wife, and other covariates that might affect the transition probability. The set of covariates we control for are, for example, whether the recipient of the inheritance was the husband or the wife, a few dummies for the educational level of the head of the household, personal income of both partners (in logarithmic form), etc. We also included the delta in educational level between spouses with the aim of capturing bargaining power, if any. Findings suggest that, in the case in which the inheritance/gift has been received by the husband, there is a negative and significant impact on getting divorced while, when it has been received by the wife, this enhances the chances that separation of the couple will occur. This signals that receiving an inheritance/gift changes the bargaining power in the couple: while for the husband, who probably already was in a predominant position in the household, a wealth endowment, such as an inheritance or a transfer is, does not represent an incentive to divorce, for the wife, results seem suggesting that that she might perceive a change in the bargaining enhancing the chances of marital disruption. We also checked whether the size of the inheritance matters exploiting the amount of the inheritance/gift received. Results confirm previous findings suggesting that, when the inheritance/transfer is received by the wives, divorce is more likely to occur. Presence of child(ren) in the household seems to deter divorce; indeed, it appears to act as “glue” for the marriage reducing the chances of separation. One possible concern could be related to the fact it could be that individuals who expect an inheritance opt for separating from the partner in order to not incur the possibility of splitting the future amount received. However, the current data do not allow to check for inheritance expectations; maybe, a future study could try to analyse a relationship between inheritance expectations and probability of divorcing.

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A Appendix A

A.1 Variables Description and Descriptive Statistics

Table A.1: Description of Variables

Main Variables Description	
<i>Individual Variables</i>	
Age	Age of the individual
Income	Income earned
Income(log)	Income earned, expressed in logarithmic form
Inheritance Receipt	Dummy variable indicating whether or not the individual received an inheritance
<i>Educational Levels Dummies</i>	
Primary	Primary school level education
Lower Vocational	Lower vocational level education
Intermediate General	Intermediate general level education
Intermediate Vocational	Intermediate vocational level education
Higher Vocational	High vocational level education
University	University level education
Working	Dummy variable indicating whether or not is working
<i>Household Variables</i>	
Child(ren) in hh	Number of children in the household
Divorced	Dummy variable indicating whether or not the couple divorced
Duration of Marriage	Variable indicating the number of years of marriage

Table A.2: Descriptive Statistics

	Mean	Standard Deviation	Min	Max
<i>Wife Characteristics</i>				
Income	6036.83	12263.58	0	335153.7
Age	53.29	14.49	21	99
Inheritance Receipt	0.06	0.15	0	1
<i>Educational Level Dummies</i>				
Primary	0.07	0.26	0	1
Lower Vocational	0.33	0.47	0	1
Intermediate General	0.12	0.32	0	1
Intermediate Vocational	0.18	0.39	0	1
Higher Vocational	0.22	0.42	0	1
University	0.07	0.26	0	1
Working	0.44	0.50	0	1
<i>Husband Characteristics</i>				
Income	16394.15	22578.09	0	579584
Age	55.03	14.76	17	94
Inheritance Receipt	0.05	0.18	0	1
<i>Educational Level Dummies</i>				
Primary	0.04	0.20	0	1
Lower Vocational	0.26	0.44	0	1
Intermediate General	0.09	0.29	0	1
Intermediate Vocational	0.22	0.41	0	1
Higher Vocational	0.26	0.44	0	1
University	0.13	0.34	0	1
Working	0.60	0.49	0	1
<i>Household Characteristics</i>				
Duration of marriage	22.61	15.88	0	84
Divorced	0.09	0.30	0	1
Number of child(ren) in the hh	1.76	1.08	0	7
N		13784		

Source: DHS 2002-2016.

B Appendix B

Exemptions and rates of gift and inheritance tax are corrected each year with an inflation correction. An exemption means that the recipient pays donation tax only if the value of it is higher than a certain amount. The following tables report the gift/inheritance exemptions.

Table B.1: Donation Tax Exemptions 2016

Relationship with the donor	Exemption gift tax	Use of the donation
(foster) child	5,304 annually	general purpose
(foster) child 18-39 years*	25,449 one-off	general purpose
	53,016 one-off	house (renovation or repayment mortgage)
remaining	2,122 annually	general purpose

Reference year: 2016. All amounts are expressed in euros. Source: *Belastingdienst* (The Netherlands)

* For the increased exemptions, people can only use it once in their life. If recipient is 40 years old or older, but her partner is younger than 40: then, exemption applies.

Table B.2: Inheritance Tax Exemptions 2016

Relation to deceased	Exemption
partner (spouse / registered partner / notarial cohabitant)	636,180
children	20,148
grandchildren	20,148
certain sick and disabled children	60,439
parents	47,715
all others	2,122

Reference year: 2016. All amounts are expressed in euros. Source: *Belastingdienst* (The Netherlands).

In the case in which the value of the donation is lower than or equal to the exemption then, the recipient does not pay a gift/inheritance tax; on the other side, if the value of donation is higher than the exemption, then, the recipient has to pay the tax on the amount that exceeds the exemption. The amount of gift/inheritance tax to be paid depends on the relationship with the donor/deceased and the value of the donation.

Table B.3: Rates for gift and inheritance tax 2016

Tariff group	Value of acquisition	Rates percentage
partner and (foster) children	0 - 121,902	10%
	more than 121,903	20%
grandchildren and further descendants	0 - 121,902	18%
	more than 121,903	36%
remaining	0 - 121,902	30%
	more than 121,903	40%

Reference year: 2016. All amounts are expressed in euros. Source: *Belastingdienst* (The Netherlands).