

The Long-Term Impact of Divorce on Women's Earnings:  
Evidence from Successive Cohorts since 1970

Kenneth A. Couch, Christopher R. Tamborini, and Gayle L. Reznik,

This study uses longitudinal earnings data to investigate the impact of marital dissolution events occurring over a 25-year period on the long-term earnings paths of women in the United States and its temporal pattern over time. We draw data from the 2004 Survey of Income and Program Participation (SIPP) linked to confidential Social Security longitudinal earnings records. The analysis makes use of retrospective calendar information available in the SIPP to date marital transitions and to construct educational and fertility histories on an annual basis. When combined with matched longitudinal administrative earnings records, this retrospective dating from the SIPP allows us to examine the earnings impact of disruptions as early as 1974 and as recent as 1994.

We utilize a longitudinal fixed-effects estimator to equalize the earnings paths of divorced women relative to a comparison group prior to the dissolution event to examine women's earnings response to divorce, whether this response persists beyond the immediate years following the dissolution event. The creation of five cohorts of women experiencing a marital dissolution at different intervals between 1970 and 1994 allow for temporal comparisons of the earnings impact of divorce, contrasting older and younger cohorts. The remarriage status of divorced women is also considered.

The findings contribute to a growing body of work focused on examining the long-term economic impact of unexpected life cycle events. We find large and persistent gains in women's earnings when their marriage dissolves. The positive impact of marital dissolution on women's earnings was particularly sharp and sustained among divorced women who did not remarry. These findings are evident across all cohorts and hold in models including time-varying education and children controls. Critically, the study also sheds light on the temporal pattern of women's response to divorce over time, finding a reduction in women's proportional earnings response in more recent dissolutions relative to dissolutions encompassing the 1970s. Our work also makes several methodological contributions by using retrospective survey data matched with longitudinal administrative records and by incorporating a fixed-effect model to account for selectivity into divorce.