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## The Wealth of Parents: Trends over Time in Assortative Mating Based on Parental Wealth

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**CEBI WORKING PAPER SERIES**

Working Paper 03/19

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TIME IN ASSORTATIVE MATING BASED ON  
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# The Wealth of Parents: Trends over Time in Assortative Mating Based on Parental Wealth

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## Abstract

*This paper describes trends in parental wealth homogamy among union cohorts formed between 1987 and 2013 in Denmark. Using high-quality register data on the wealth of parents during the year of partnering, we show that the correlation between partners' levels of parental wealth is considerably lower compared to estimates from earlier research on other countries. Nonetheless, parental wealth homogamy is high at the very top of the parental wealth distribution, and individuals from wealthy families are relatively unlikely to partner with individuals from families with low wealth. Parental wealth correlations among partners are higher when looking only at parental assets rather than net wealth, implying that the former might be a better measure for studying many social stratification processes. Most specifications indicate that homogamy increased in the 2000s relative to the 1990s, but trends can vary depending on methodological choices. The increasing levels of parental wealth homogamy raise concerns that, over time, partnering behavior has become more consequential for wealth inequality between couples.*

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Partnering behavior is a key determinant of various aspects of well-being (Schwartz 2013). From an economic point of view, marriage and cohabitation are a foundation for sharing many public goods, specialization, risk pooling, and the coordination of domestic labor among partners (Browning et al. 2014). Therefore, it is unsurprising that couples do not form at random or irrespective of partner's characteristics and that marital sorting is a key feature of marriage models (Becker 1973, 1991; Lam 1988). Social scientists have long documented patterns of assortative mating based on ascribed characteristics such as parental occupation and ethnicity (Kalmijn 1998; Schwartz 2013), as well as on acquired characteristics like education and earnings (Blossfeld 2009; Pencavel 1998; Rosenfeld 2008; Schwartz and Mare 2005; Schwartz 2010).

Besides the impact of partnering on individual well-being, assortative mating has been of interest for research on social stratification as it potentially impacts the distribution of resources across households and shapes boundaries between social groups (Kremer 1997; Schwartz 2010; 2013). In this article, we study partner selection based on parental wealth, a characteristic that is of particular interest for social stratification research for several reasons. First, a substantial amount of own wealth is the result of inheritances. These transfers can be observable in the wealth of individuals if parents have deceased but are generally a latent expectation of future transfers that are not measurable at the moment of couple formation since most parents are still alive. Kopczuk and Lupton's (2007) review of the literature estimates bequests to make up around 35-45% of the overall wealth of an individual in the United States. Therefore, high levels of parental wealth homogamy may contribute to wealth inequality between households. Second, wealth homogamy can shed light on important questions about intergenerational mobility processes. The extent to which families reproduce their accumulated wealth across generations through dynastic wealth is bound to depend on partnering choices.

To date, few studies have examined the extent to which partners match on parental wealth. To the best of our knowledge, the current literature is limited to a study of parental wealth homogamy using data from 1988 for the United States (Charles et al. 2013), and an article on the concentration of inheritances within couples in France during the 1990s and 2000s (Fremeaux 2014). Both studies indicate that people tend to select partners similar to themselves in terms of parental wealth. Using the 1988 wave of the Panel Study of Income Dynamics, Charles and colleagues (2013) estimated the correlation between parents' (positive) wealth to be about .4 after controlling for age and race.

In this study, we contribute to this emerging literature by studying parental wealth homogamy in Denmark. We use registry data for marriage and union cohorts formed between 1986 and 2013. A major contribution of our work is that we are, to our knowledge, the first to study trends in parental wealth homogamy over time. Earlier research is limited to a finding by Fremeaux (2014) showing that sorting on inheritances remained stable from 1992 to 2010 in France.

Besides presenting trends in parental wealth homogamy, a second focus of our study is on different ways of empirically estimating and interpreting trends in parental wealth homogamy. Studying parental wealth homogamy is fraught with conceptual and methodological challenges, which include the measurement of parental wealth, changes in the composition of wealth across time, parental partnering dynamics and selective mortality. Compared to earlier research, we believe that our study offers improvements to dealing with these challenges. First, we study cohorts in the year of union formation, instead of looking at a cross-section of unions with varying union durations. Second, we use intergenerationally linked registry data for the entire Danish population with precise measurement of parental wealth. Earlier studies used data on inheritances (Fremeaux 2014) or survey data based on respondents' recollected estimates of their own and spouses' living parents' wealth (Charles et al. 2013). Third, we are

able to (partly) recover information on parental wealth for individuals whose parents passed away before union formation. Fourth, our data measure parental wealth at the individual rather than the household level, allowing for a more straightforward inclusion of re-married parents. Finally, the longitudinal data structure allows us to verify the sensitivity of estimates to the time at which parental wealth is measured.

Given the methodological challenges in establishing parental wealth correlations, the scope of this paper is limited to documenting trends in the overall correlation of partners' parental wealth. We leave questions about mechanisms underlying correlations in parental wealth, such as homogamy based on other characteristics like own education and occupation, for future research. Before discussing the empirical challenges of estimating parental wealth correlations, we provide a brief theoretical discussion as to why partners might select each other based on parental wealth, and why the importance of such mechanisms might have changed over time.

### **Parental Wealth Homogamy: Mechanisms**

According to Kalmijn (1998), partnering homogamy is influenced by i) preferences of individuals for partners with certain characteristics, ii) the interference of third parties in the selection process, and iii) constraints on the chances of meeting people due to structural factors. There are good reasons to expect that people prefer partners with high parental wealth. It can have a direct positive influence on the attractiveness of potential partners since it is likely to be transferred to children in the future (Boserup et al. 2018; Killewald et al. 2017; Schneider, 2011; Spilerman 2000). Parental wealth can also affect attractiveness through indirect routes. It allows parents to invest in their children's human capital and facilitates access to better health and education (Eads and Tach, 2016; Killewald et al. 2017; Pfeffer 2011; 2018; Pfeffer and Schoeni, 2016; Rauscher 2016; Thompson and Conley 2016).

Parents are also the most obvious third party with an interest in the partnering choices of their children (Kalmijn 1998; Rosenfeld and Kim 2005). They might have direct preferences for seeing their children partner into a rich family, as this means that their child marries into wealth that it can potentially access. They might also have indirect reasons, as parents' class and lifestyle preferences might extend to their child's partner and hence prefer someone who formed his habits with similar access to economic resources

The third factor influencing homogamy according to Kalmijn is the opportunity to meet individuals with similar characteristics. Even without explicit preferences for parental wealth and its related characteristics, homogamy might simply arise because individuals born into wealthier or poorer families are more likely to be in contact with each other. This becomes clear once thinking about the influence that parental wealth can exert on residential, educational and occupational segregation, lifestyle habits and social networks. That there is residential segregation due to parental wealth during childhood and potentially young adulthood is obvious. But even when offspring leave the parental home, the family's wealth and access to resources can enable them to rent or buy residences in different areas than individuals growing up in a less economically advantaged family environment (Charles and Hurst 2002). Further, family wealth influences the likelihood to attend schools and universities and as a consequence to move in social networks acquired through attending these educational institutions (Blossfeld 2009).

Changes over Time



Theories about modernization generally hypothesize that homogamy based on ascribed characteristics (such as parental wealth) declines over time, whereas acquired characteristics gain in importance (Kalmijn 1991). Educational expansion, longer educational careers, and higher geographical mobility are expected to have increased the importance of own socioeconomic standing, social networks, lifestyles, and preferences relative to parental characteristics (Blossfeld 2009; Rosenfeld and Kim 2005; Schwartz 2013). Declining levels of homogamy have been observed for ascribed characteristics such as parental occupation (Henz and Mills 2018; Kalmijn 1991; Rosenfeld 2008). One might expect this pattern to extend to parental wealth homogamy too.

A reason why parental wealth might, on the other hand, have become *more* important in partner search is that wealth inequality has increased considerably in many Western countries (Piketty 2014). This higher inequality might have made the benefits stemming from wealth stronger and more salient. Studies have found some support for increased homogamy (Torche 2010; Monaghan 2015) and longer partner searches (Gould and Passerman 2003) in contexts of high income inequality. Furthermore, increased wealth inequality can lead to more pronounced differences in tastes and cultural practices, and augment residential segregation, thus reducing opportunities of individuals from different family backgrounds to meet (Smith et al. 2014).

### When to Measure Parental Wealth? A Methodological and Conceptual Challenge

So far, our discussion, as well as the existing research on parental wealth homogamy (Charles et al., 2013; Fremeaux, 2014), have treated parental wealth as a stable characteristic of individuals. In reality, parental wealth changes over time. This poses conceptual as well as methodological challenges on when and how to best measure parental wealth. Even though the wealth of a family at a given point in time is highly predictive of wealth at a later moment,

wealth depends on time-varying processes such as housing prices, stock market fluctuations, individual earnings and consumption patterns, as well as windfalls or unlucky events. A family's position in the wealth distribution thus depends on the time of measurement. This raises the question of when the wealth of parents should be measured. The answer depends on the mechanisms that one expects to be most relevant for partner selection. We propose three theoretical possibilities that will be translated into specific measures in the empirical section.

If one considers parental wealth as a socialization factor that shapes individuals' preferences and lifestyles, and therewith structures interpersonal networks and opportunities to meet potential partners in life, *parents' wealth position during childhood and adolescence* might be the best indicator to employ. In contrast, if one expects parental wealth to matter for partner selection primarily because it is an economic resource that children signal directly to future partners, the *wealth parents have at the time of union formation* might be the best indicator of transfers and inheritances a couple can expect to receive in the future. A problem with using parental wealth at the time of union formation as an indicator of future financial help and transfers a person might receive is that wealth is highly dependent on age. Individuals tend to accumulate wealth throughout adulthood with a peak around age 60, after which levels of wealth start declining (Killewald et al., 2017). Therefore, an individual with young parents might have low parental wealth at union formation, but this might be a poor predictor of parents' future wealth, and hence, the volume of expected transfers and inheritances. In that case, a measure that *indicates parents' wealth relative to their peers of the same age* might be the most relevant measure to employ. In our empirical analysis, we employ measures corresponding to each of these three categories to examine the relevance of measurement timing.

Our Study: Parental Wealth Homogamy in Denmark

In this paper, we study trends in parental wealth homogamy in Denmark from 1987 to 2013. Not all mechanisms discussed above may apply to Denmark to the same extent. On the one hand, even though income inequality is relatively low in Denmark, wealth inequality is surprisingly high in comparison to other Western countries (Balestra and Tonkin 2018). Wealth inequality has been fairly stable in Denmark over the last decades, except for slightly increasing wealth shares among the top 1% (Jakobsen et al. 2018). On the other hand, with a correlation in wealth across generations of around 0.4, the intergenerational transmission of wealth in Denmark is low compared to the United States (Boserup et al. 2013), which could reduce the preference for partners with high parental wealth. Furthermore, even though the greatest expansion of tertiary education in Denmark took place before the 1980s, rates of tertiary education attendance have risen steadily between 1980 and 2010 (Barro and Lee 2015). Educational expansion might have increased the possibilities to partner across parental wealth boundaries, as tertiary education became less restricted to a select group of individuals. Previous research on Denmark suggests that educational homogamy declined to some extent (Breen and Andersen, 2012), with roughly half of the sorting on education being due to partners attending educational institutions nearby (Nielsen and Svarer, 2009).

## **Data and Method**

Our analysis is based on the Danish register data, which is available for researchers in anonymized form through Statistics Denmark. This comprehensive data on the complete population residing in Denmark during the years 1986-2013 come from several public administration registers, which are linked by Statistics Denmark through unique personal identification numbers provided to all individuals at birth. These unique longitudinal data are

accessible to researchers in anonymized form through Statistics Denmark's secure servers. Information from the population registers allows us to link parents to children.

Our sample includes all different-sex co-residing unions formed during the period 1987-2013. Union formation is determined based on two individuals entering into co-residence. This captures couples who were either married, had a registered partnership, cohabited with children or cohabited without children (Drefahl 2012).<sup>2</sup> A requirement for inclusion in our sample is the presence of parental identification numbers of the father and the mother of both partners, allowing us to link parents to children in the registry data. Such parental identification numbers have been systematically recorded for all individuals born after 1960, but are incomplete for earlier birth cohorts (Boserup et al. 2013).<sup>3</sup> Therefore, we restrict our sample to couples where both partners are between 18 and 34 years old at the time of union formation. In robustness checks, we expand this age range to 40 but restrict the period covered by our analysis to 1992-2013.<sup>4</sup> Finally, we exclude couples where one of the parents was not present in the registry data after 1980 (the first year we have information on wealth). Parents are not present in the registry data if they have passed away or live abroad. Hence, our analysis excludes a large part of foreign-born individuals who moved to Denmark without their parents; later we discuss how this restriction might impact our results.

## Parental Wealth

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<sup>2</sup> This latter category only includes households of two unrelated adults who had an age difference of less than 15 years and who were not related by family ties. A small minority of cases might therefore not regard romantically involved individuals. In robustness checks we exclude unions that lasted less than 3 years to filter out such possible arrangements as much as possible; see figure A1 in the Online Appendix, results do not change.

<sup>3</sup> Figure B1 in the Online Appendix shows the distribution of cases that had no parental identification numbers by age and year. There we also discuss various robustness checks that address concerns about whether a changing age composition of the sample affected results (e.g. including sample weights to compensate for possible unequal probabilities of inclusion by birth year)

<sup>4</sup> Online Appendix C1; Results are robust.

Tax registries in Denmark collect data on the value of individuals' assets and liabilities, mostly provided by third parties (e.g. assessments of housing values are made by the tax authorities). Denmark taxed wealth until 1996, but the collection of wealth data continued with some slight modifications after its abolishment (Jakobsen et al., 2018). Following Boserup et al. 2013, we define net wealth as total assets (financial assets and housing) minus debts as retrieved by Statistics Denmark from data collected by the Danish Tax Agency. Wealth comprises a large variety of sources including the value of properties such as houses, boats and cars; bonds; stocks; cash in banks; the value of businesses; loans; and mortgages. One component not included in the measurement of wealth is accumulated pension wealth. Most information is provided by third parties such as banks, financial institutions, and other governmental bodies. The value of properties is assessed by tax authorities based on detailed information on their characteristics (Boserup et al. 2013).<sup>5</sup> During the observation period, there are changes in how some sources of wealth are reported, mainly due to the removal of the wealth tax in 1996. Specifically, the value of stocks was self-reported until 1996 but provided by financial institutions ever since, some assets that were self-reported until 1996 were not recorded anymore after that (including cars, boats, caravans), and the registration of company values changed several times until 1997 (Jakobsen et al. 2018). Boserup and colleagues (2013) exploited an overlap in both ways of measuring wealth to show how the measurement of wealth from 1997 onward was well approximated by the measurement of wealth up to that point.

Wealth is measured at the individual level. Therefore, we sum the wealth of parents regardless of parents' marital status. Parental wealth is measured separately for male and female partners. Following earlier research (Solon 2004), we average parental wealth across three years.<sup>6</sup> We

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<sup>5</sup> Tax-assessed housing values have historically not always reflected fully the market values at the time. Following Boserup et al. (2013) and Browning et al. (2013), we adjust tax assessed housing values with a factor that reflects the average relationship between market values of traded houses and average tax assessed values, thus arriving at an imputed estimate of the market value of housing wealth.

<sup>6</sup> All wealth and income components are deflated with a GDP deflator to the 2010 price level.

present our main analysis using three measures that vary in the time at which parental wealth is measured.

*Parental wealth in the year of union formation* is the primary measure used in our analysis. To construct the measure  $pw1_i$  capturing the parental wealth of individual  $i$  in the year of union formation  $y=u$  let  $R_{y=u,sex(i)}$  be an operator assigning the percentile rank based on the distribution of parental wealth of all individuals that formed a union in the same year  $y=u$  and that are of the same  $sex(i)$  as individual  $i$ . Assigning the rank as a function of gender means that we separately look at the parental wealth distribution of all daughters and of all sons that formed a union in year  $y$ .<sup>7</sup> Parental wealth  $w_p = w_f + w_m$  is calculated as being the sum of the wealth of fathers  $w_f$  and mothers  $w_m$ .<sup>8</sup>

$$(1) pw1_i = R_{y=u,sex(i)}(w_{p,i,y=u})$$

In robustness checks, we log transform the total sum of parental wealth in the year of union formation, instead of using a rank-based measure.

The second measure we employ indicates *parental wealth in the year of union formation normalized by father's age*. In this case, before calculating the rank of parental wealth within a given union cohort, parental wealth is normalized separately by the father's age. As this measure reflects the wealth of parents relative to peers from their specific birth cohorts, it also accounts, to some extent, for the distribution of children's age at union formation, as older individuals are likely to have older parents on average. Normalization is done by subtracting

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<sup>7</sup> Robustness checks calculating percentiles based on the wealth rank of all parents with children between ages 18 and 35 produced practically identical results, see Online Appendix D. This wealth rank is also used for our description of partnering probabilities by parental wealth (See Figure 4).

<sup>8</sup> In reality we calculate the percentiles on the distribution of year normalized wealth, so instead of  $w_{p,i,y=u}$  we calculate  $(w_{p,i,y=u} - \mu_{y=u}(w_p))/sd_{y=u}(w_p)$ , meaning we subtract the average of parental wealth in the year of union formation and divide by its standard deviation. This results in the same distribution, except that it allows us to pull forward the wealth of deceased parents in a comparable way and integrate it into the wealth distribution of the year that their child formed a union.

the average  $\mu$  and calculating the standard deviation  $sd$  of the wealth of all parents where the father has the same age as the father of individual  $i$   $age(f) = age(fi)$  and where union formation took place in year  $u$ .

$$(2) pw2_i = R_{y=u,sex(i)} \left[ \frac{w_{p,i} - \mu_{age(f)=age(fi)}(w_p)}{sd_{age(f)=age(fi)}(w_p)} \right]$$

A third and final measure employed is *parental wealth at age 18*. This measure is based on the level of parental wealth in the year when respondents were aged 18, which is denoted as  $w_{p,y=(y|age=18)}$ . We subsequently normalized individuals' wealth by subtracting the average of parental wealth at age 18 and dividing by the standard deviation. The sample from which we calculated the mean and standard deviation consisted of all individuals who are of the same age  $age = age(i)$  and sex as  $i$  and also formed a union in year  $u$ .

$$(3) pw3_i =$$

$$R_{y=u,sex(i)} \left[ \frac{w_{p,i,y=(y|age(i)=18)} - \mu_{age=age(i)}(w_{p,y=(y|age=18)})}{sd_{age=age(i)}(w_{p,y=(y|age=18)})} \right]$$

Due to the stricter data requirements, the sample used for this measure is smaller than the samples obtained for the two other wealth measures. In additional analysis, we reproduce the three parental wealth measures based on the total value of owned assets only (i.e. without subtracting debt). Further discussion of the implications of changing the time of measurement for conclusions can be found in the Online Appendix F.

Besides choosing the point in time at which we measure parental wealth, there are two other important measurement complications. Firstly, parents might have passed away before wealth is measured. Fremeaux (2014) tackled this issue in his study on inheritance homogamy by combining information on inheritances received with estimates of expected inheritances.

Charles and colleagues (2013) did not have information on the wealth of parents who passed away. Our solution is to measure parental wealth in the last wave before union formation where both parents were still alive.<sup>9</sup> In robustness checks, we exclude cases where a parent passed away before union formation. Our measure of parental wealth at age 18 excludes cases where parents had passed away before age 18.

Secondly, parents might be separated at the time of their children's union formation. If parents re-partner, household-based measures of wealth might complicate arriving at a comparable measure of parental wealth for individuals whose parents did and did not form new families. Charles and colleagues (2013) therefore excluded individuals with re-married parents. Danish registry data allow for the measurement of wealth at the individual level, enabling us to sum parents' individual wealth and to disregard the wealth of eventual new partners. In robustness checks, couples with one or more re-married parents are excluded from the analysis.

## Sample Description

Table 1 provides descriptive statistics for the overall sample of 803,185 couples with full information on parental wealth in the year of union formation. Besides descriptive statistics for the sample overall, averages are presented for unions formed in 1987 and 2013 to monitor changes over time in the composition of the sample of unions. The descriptive statistics show that men are on average older than women at union formation, and the same applies to their parents. Ages of all individuals involved have slightly increased during the observation period. We treat married and cohabiting couples as one group because cohabitation as an alternative

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<sup>9</sup> Parental wealth is in these cases normalized in the year both parents were still alive and this value is subsequently used in the calculation of the parental wealth rank for each annual union cohort.



to marriage is widespread in Denmark: in our sample, only 6% of unions started as a marriage.<sup>10</sup> Parental wealth is higher for the parents of men than for those of women. 25% of men’s parents report negative wealth and this share increased with time from 18% in 1987 to 35% in 2013. Due to the precise measurement of wealth, very few couples had zero wealth (less than 0.2% of cases). In comparison, estimates from the Survey of Consumer Finances indicate that around one in five households in the US had zero or negative wealth in 2016 (Wolff, 2017). Negative wealth can arise due to recent investments made and accumulated debts. However, a likely source for higher levels of negative wealth in our data is the potential mismatch between the value of houses as estimated by the authorities and the real market value of a property.<sup>11</sup> We pay particular attention to cases with negative parental wealth in the analysis and exclude them in robustness checks (Online Appendix G).

Figure 1 breaks down the wealth of the male partners’ parents into housing assets, financial assets, and debt. Housing assets make up most of the wealth across the distribution, even though financial assets become more visible at the top of the wealth distribution.<sup>12</sup>

Table 1. *Descriptive Statistics of Couples at Union Formation; N = 803,185*

| Variable                                | All Sample |     | 1987 | 2013 |
|---|------------|-----|------|------|
|   | Mean       | SD  | Mean | Mean |
| <i>Female Partners’ Characteristics</i> |            |     |      |      |
| Age                                     | 24.3       | 3.6 | 23.3 | 24.4 |
| Education: <i>ISCED 1-2</i>             | .32        | .47 | .44  | .29  |

<sup>10</sup> In 2018, one in four Danish couples were cohabiting rather than married, and the same cohabitation rate applies to couples with children, according to own calculations based on data from Statistics Denmark, [www.statistikbanken.dk](http://www.statistikbanken.dk).

<sup>11</sup> Information on tax assessed housing values should in principle reflect market values for comparable traded houses. However, as the majority of houses are not traded each year, the tax authorities’ estimated market values of houses may be too low (high), which can happen because specific unobserved characteristics such as e.g. interior design (new kitchen or bathrooms) are not taken into account by valuation authorities. Thus, the higher actual market values can translate into higher mortgages as compared to the value of the house as indicated by the taxable values available in the data.

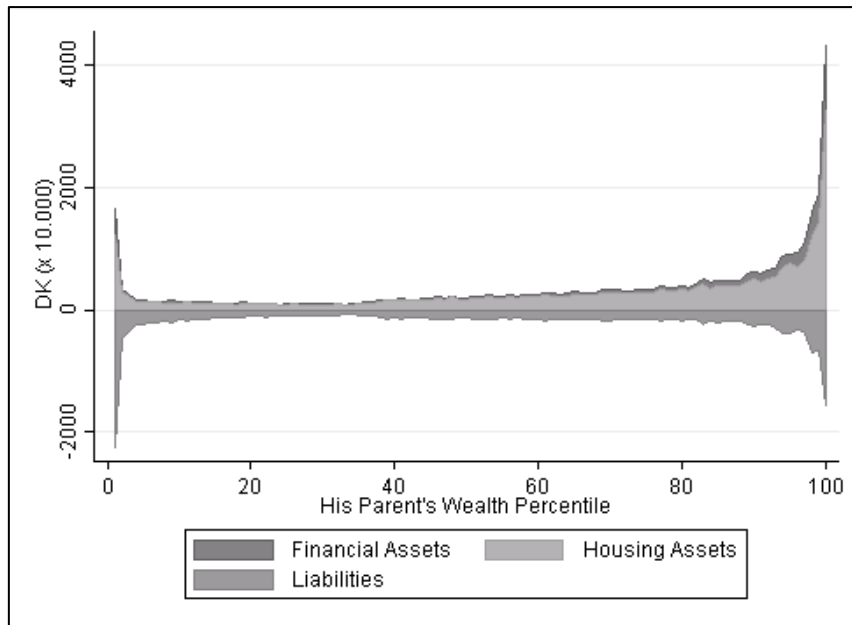
<sup>12</sup> With financial deregulation and various reforms through the 1990s and early 2000s, house owners access to e.g. refinancing their mortgage debt implied on average an increase in debt in relation to housing values (Browning et al. 2013).

|   |      |       |      |      |
|---|------|-------|------|------|
| <i>ISCED 3-4</i>  | .54  | .50   | .47  | .51  |
| <i>ISCED 5-6</i>  | .14  | .34   | .09  | .20  |
| Mother's Age  | 50.7 | 6.1   | 49.0 | 52.4 |
| Father's Age  | 53.5 | 6.7   | 52.4 | 55.0 |
| Married at Union Formation  | .06  | .23   | .09  | .04  |
| Foreign Born  | .01  | .09   | .00  | .02  |
| Parents' Annual Wealth at Offspring Union Formation (x10000 kr.)  | 91.5 | 422.7 | 59.9 | 72.9 |
| Parents' 3-year Average Wealth at Union Formation (x10000 kr.)    | 87.6 | 496.4 | 70.1 | 74.8 |
| <i>Parents' 3-year Average Wealth at Union Formation Negative</i> | .27  | .45   | 0.20 | 0.39 |
| <i>Male Partners' Characteristics</i>                             |      |       |      |      |
| Age   | 26.1 | 3.7   | 25.3 | 26.1 |
| Education: <i>ISCED 1-2</i>                                       | .27  | .45   | .33  | .27  |
| <i>ISCED 3-4</i>  | .58  | .49   | .57  | .55  |
| <i>ISCED 5-6</i>  | .14  | .35   | .10  | .19  |
| Mother's Age  | 52.4 | 6.1   | 51.3 | 54.7 |
| Father's Age  | 55.2 | 6.7   | 53.7 | 56.4 |
| Married at Union Formation  | .05  | .22   | .08  | .04  |
| Foreign Born  | .01  | .10   | .00  | .02  |
| Parents' Annual Wealth at Offspring Union Formation (x10000 kr.)  | 99.2 | 470.7 | 68.5 | 87.6 |
| Parents' 3-year Average Wealth at Union Formation (x10000 kr.)    | 95.4 | 422.1 | 78.9 | 88.9 |
| <i>Parents' 3-year Average Wealth at Union Formation Negative</i> | .25  | .43   | .18  | .35  |
| <i>Parents' Characteristics</i>                                   |      |       |      |      |
| Married to Other Parent at Offspring Union Formation              | .67  | .35   | .77  | .56  |
| Cohabiting with Other Parent at Offspring Union Formation         | .02  | .09   | .01  | .03  |
| Single or Widow(er) at Offspring Union Formation                  | .16  | .23   | .12  | .21  |
| Re-Partnered at Offspring Union Formation                         | .05  | .12   | .04  | .07  |
| Re-Married at Offspring Union Formation                           | .10  | .18   | .07  | .12  |

Note. Descriptive statistics for the sample with information on 3-year average wealth at union formation. Both male and female partners aged between 18 and 34 at union formation. Data for the year 2013 is missing for education, the value in the 2013 column is for 2012.

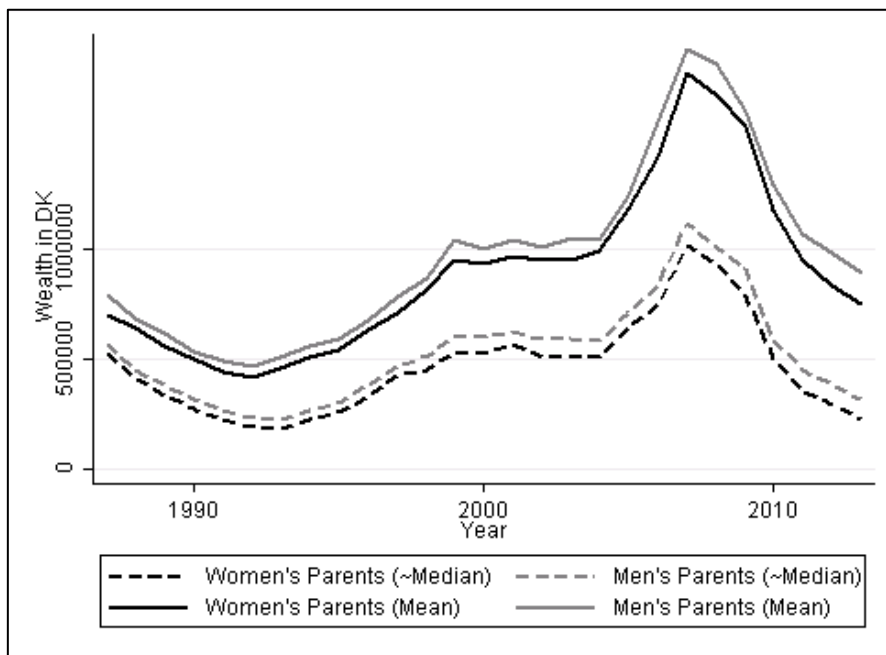
Figure 1 also shows high levels of debt *and* assets at the very bottom of the distribution. Therefore, very low levels of wealth might indicate recent investments made rather than an economically difficult situation (Killewald 2013). Figure 2 shows trends in median and mean absolute deflated wealth over time. Median and mean wealth declined very slightly until the mid-1990s, took off dramatically after that, and decreased considerably after the onset of the financial crisis.

*Figure 1. Composition of wealth by parental wealth percentile*



Note. Pooled sample 1987-2013; Within-cohort wealth percentiles of the male partner in the year of union formation. N = 803,185

Figure 2. Median and average parental wealth by year



Note. Average (solid lines) and median (dashed lines) sum of parental wealth at the year of union formation. N = 803,185. Due to data restrictions set by Statistics Denmark, the median is approximated by taking the sum of the 48<sup>th</sup> to 52<sup>nd</sup> percentile divided by five; Wealth is measured in 2010 price levels.

Figure 3 documents how inequality measured by the Gini coefficient in parental wealth followed a reverse pattern with increasing inequality until the early 1990s, a brief decline followed by stabilization and a subsequent increase in recent years. On average, the Gini

coefficient in wealth over the period observed is around .7, which is in accordance with other studies of wealth inequality (Danish Economic Council, 2016; Balestra and Tonkin 2018).

Figure 3. Inequality in untransformed parental wealth (at union formation) by year (Gini)



Note. Three-year averaged parental wealth at the year of union formation. N = 803,185

## Procedure

Since the main aim of this article is descriptive, we mostly concentrate on presenting and interpreting trends in parental homogamy in detail. We commence the analysis by giving an indication of the likelihood to partner based on parental wealth. Then, we describe how individuals who do form a union select each other based on parental wealth. To do so, we first document the relative frequency of couple combinations based on men's and women's parental wealth percentiles using a heatmap. In a second step, we show average male partner's parental wealth according to the female partner's parental wealth. This will give insights into whether there are non-linearities in how wealth rank affects partnering behavior. Following this detailed descriptive effort, we summarize the overall strength of assortative mating using yearly correlations in partners' parental wealth. This allows us to show how wealth homogamy

changed over time. Finally, we test the robustness of these trends by using different measures and sample restrictions

## Results

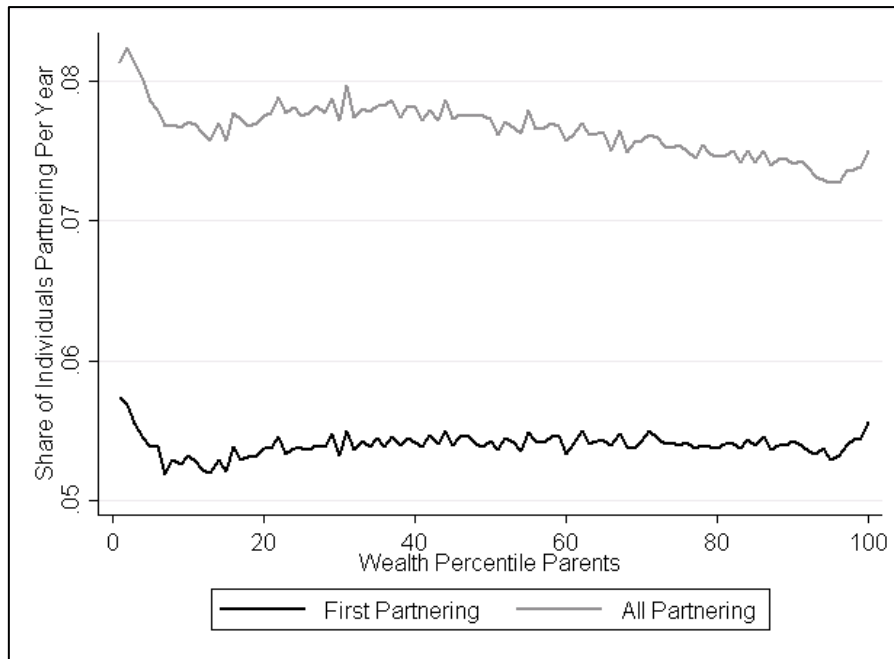
We start by describing how the probability of forming a new partnership is influenced by parental wealth. The grey line of Figure 4 represents the probability that an individual aged 18 to 34 forms a new union in a given year depending on the wealth percentile of the parents, while the black line shows the same measure but for the first partnership observed only.<sup>13</sup> We can conclude that individuals from wealthier backgrounds are somewhat more likely to ever enter into a union but at the same time slightly less likely to form a new partnership at any point in time. This suggests that re-partnering is more common among individuals with lower parental wealth, but overall differences in first partnering and overall partnering by family background are very small.

Figure 5 is a heatmap showing how frequently men and women with given levels of parental wealth form unions together. The graph depicts the joint distribution of parental wealth by percentiles, showing wealth percentiles of men's parents on the x-axis and those of their female partners on the y-axis.

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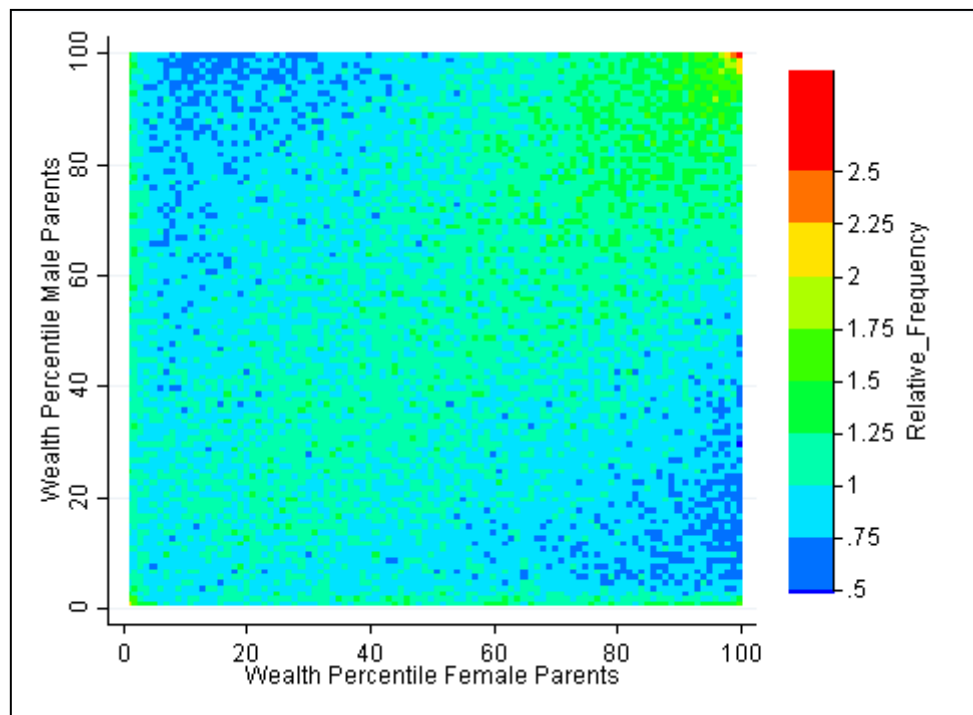
<sup>13</sup> Note that for part of the sample we do not observe all partnerships as partners are only recorded from 1986 onward, some of the 'first partnerships' we observe in the data might therefore in fact be a second, third or higher order partner of an individual.

Figure 4. Annual probability of partnering by parental wealth percentile



Note. Calculates for each year of the observation period (1986-2013) the share of individuals aged 18-35 that forms a cohabiting union/marries depending on parental wealth percentile. First partnering only includes the first union formation observed for each individual, whereas all partnering allows for repeated events.

Figure 5. Heatmap of the relative frequency of couple combinations based on parental wealth 1987-2013



Note. Parental wealth percentile at union formation within union cohort. Frequency indicates the relative frequency of each combination of parental wealth percentiles; a value of one indicates relative frequency as expected based on random mating. Pooled results for the complete period 1987-2013. N = 803,185

If people married independently of parental wealth one would expect partnering to be relatively homogeneously distributed across parental wealth percentiles. Men and women in each percentile should form couples with approximately 1% of the members of each parental wealth percentile of the opposite sex. The graph displays the empirical joint partnering distribution by showing the estimated proportions of couples found in each of the 100\*100 cells. A value of 1 in Figure 5 indicates an observed frequency that would be expected if partnering were to be at random, a value of 2 indicates a relative frequency that is twice greater than expected. Yellow and red areas indicate relatively common combinations (up to 2.5 times the probability of the random match), whereas blue areas are relatively less common (less than the probability of the random match).

We observe high relative frequencies along the diagonal, indicating positive assortative mating, and a concentration of couples in the top-right corner, corresponding to couples where both his and her parents are among the wealthiest of their union cohorts. At the same time, the blue areas in the top-left and bottom-right corners reveal that individuals from the wealthiest families are relatively unlikely to partner with individuals from families in the bottom 30% of the wealth distributions. Summing up, individuals from the wealthiest families are the most likely to form homogenous partnerships and they avoid partnering with individuals from families with low levels of wealth.

Figure E1 in the Online Appendix shows yearly versions of the heatmap displayed in Figure 1. These figures illustrate that the wealthy tend to increasingly partner amongst each other and avoid individuals from families with little wealth over time.<sup>14</sup> These trends would suggest an

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<sup>14</sup> An animated version is available at <https://media.giphy.com/media/64anFirdCTXZYWRirY/giphy.gif> Online Appendix E also provides estimates of changes over time in the chances of partnering. The relationship between parental wealth and forming a first partnership during the observation period is relatively stable across union cohorts; whereas the chances of forming a new partnership in any given year slightly declined for individuals with wealthy parents as compared to individuals with less parental wealth due to increases in re-partnering over time.

increase in parental wealth homogamy during our observation period. A peculiarity in Figures 4 and E1 consists of the green areas observed along the x- and y-axes which indicate the likelihood to partner with an individual from the very bottom of the parental wealth distribution. These individuals have parents with (large amounts of) negative wealth, an issue we address later.

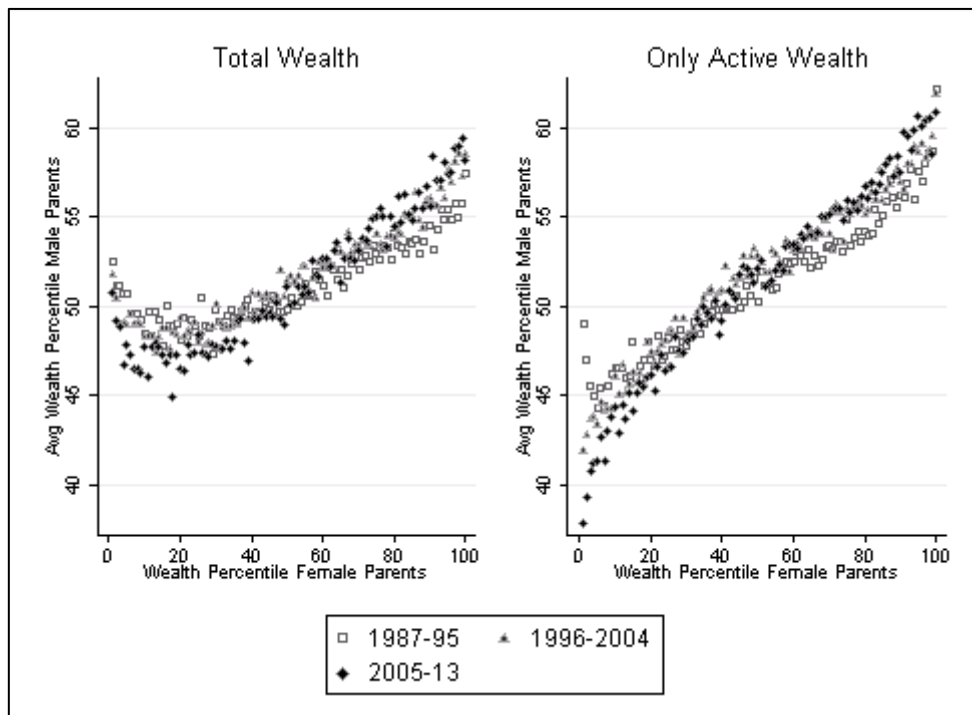
Figure 6 serves to further illustrate the joint parental wealth distribution of partners' parental wealth and its evolution over time. It shows the average parental wealth percentile of male partners according to female partners' parental wealth percentile for three groups of union cohorts. In general, the more parental wealth female partners have, the higher the parental wealth of their partner. The tendency of partners' parental wealth to increase with their own parental wealth is stronger for more recent union cohorts, again indicating a rise in homogamy over time. The largest differences in average parental wealth observed amount to a difference of 12 percentiles in the average parental wealth rank of male partners.

An exception to the generally positive association is observed for women with very low parental wealth whose partners' average parental wealth is not as low as one might expect. This could be because debt can indicate access to credit rather than a severely disadvantaged economic situation (Killewald 2013). Given that a large portion of debt is mortgage debt or other debt requiring collateral, these might be parents who made an investment in a business, bought a new house, or whose existing house value has fallen due to the recession or house price development (as previously mentioned, negative wealth might also reflect that housing values in the data sometimes underestimate actual market values). To understand this issue better, we exclude debt from the analysis for the right panel of Figure 6. Recalculating parental wealth percentiles based only on assets makes the non-linear relationship between partners'



parental wealth disappear<sup>15</sup> and shows generally stronger levels of homogamy than our measure based on parental wealth (i.e. assets minus debts).

*Figure 6. Average Men’s Parental Wealth/Assets Percentile at Union Formation by Women’s Parental Wealth/Assets Percentile at Union Formation*



*Note.* Left pane: Average wealth percentile of male parents calculated separately for each percentile of female partners’ parental wealth. Right pane: Equivalent to left pane but based on assets only (i.e. debts are not subtracted).

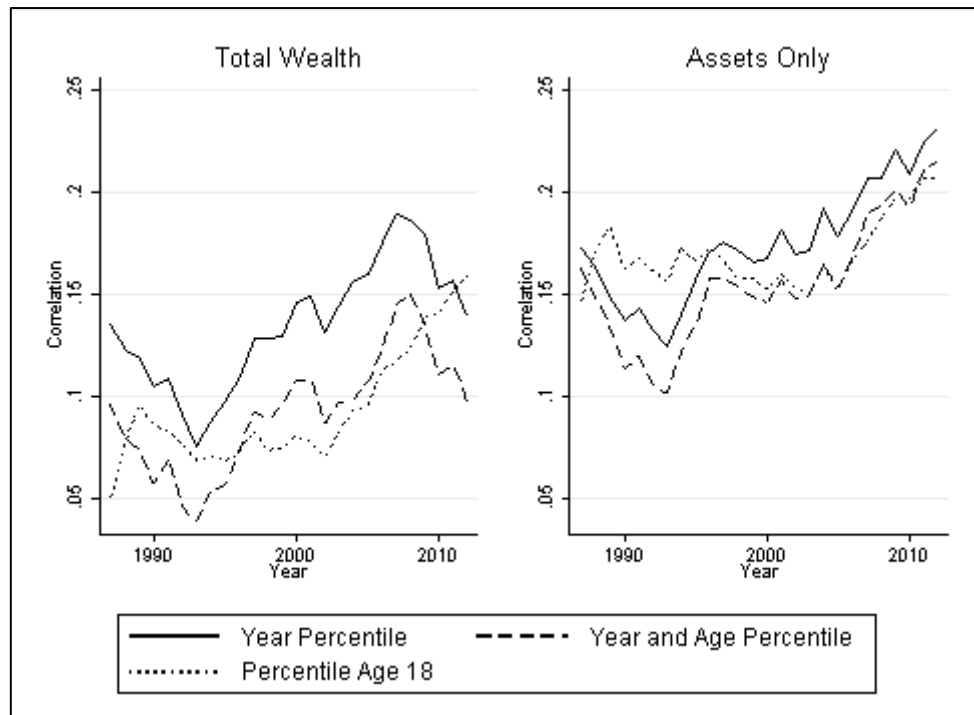
### *Correlation in ranks*

Figure 7 provides the main result of our paper: trends in the correlation between partners’ parental wealth by yearly union cohort; the right pane reproduces the same correlations based on assets only. Correlations for all three parental wealth measures considered are relatively

<sup>15</sup> Part of the non-linearity persists for the unions formed before 1997. This likely reflects changes in how some business assets were recorded. Before 1997 business assets were reported net of debts, and our indicator of assets only could therefore still take on negative values before 1997.

small across the period and range between 0.04 and 0.19. Correlations in parental assets are slightly higher and range between 0.10 and 0.23 over the period.

Figure 7. Correlation between her and his parental wealth at union formation by year



Note. Year Percentile = pw1: Parental Wealth Measured at Union Formation, rank within union cohort; Year and age percentile = pw2: Parental Wealth Measured at Union Formation, normalized by paternal age within a given union cohort, and subsequently ranked within union cohort; Percentile Age 18 = pw3: Parental wealth measured at age 18, normalized for age cohort, ranked within union cohort. The right pane is equivalent numbers based on assets only (i.e. not subtracting debt). N = 803,185

Correlations are highest for parental wealth measured at union formation and ranked by union cohort only. Once the parental wealth rank is calculated by union cohort after normalizing by father's age, correlations are systematically lower. Similarly, we observe that correlations of parental wealth at age 18 are mostly lower than those of our main measure of parental wealth at union formation. The divergence in correlations between measures could indicate that parental wealth available at the time of union formation is more relevant for partnering behavior than expected future wealth of parents (and related financial help and transfers) or the wealth parents own during childhood and adolescence. An alternative explanation is that

accounting for parental age partly controls for age homogamy among partners (arguably, this also applies to some extent to the measure of parental wealth at age 18). Young parents have less wealth on average compared to older parents, and if partners select each other based on own age, a certain level of parental age homogamy will arise as a consequence.<sup>16</sup> In later analysis, we observe that correlations indeed drop a bit once controlling for the ages of partners, but the possibility that parental wealth at the time of union formation is the most relevant for partner selection remains.

Trends over time in the parental wealth correlation are relatively consistent across the different measures used. Both measures of parental wealth at union formation show a slight decline in homogamy in the early 1990s, with the lowest correlations observed between 0.04 and 0.08. This is followed by steady increases observed for all three measures thereafter and correlations peak at around 0.15-0.19 depending on the measure considered. For parental wealth at union formation in both its forms, the correlation declines after the financial crisis, even though it keeps increasing for parental wealth measured at age 18. One interpretation of this result is that wealth during childhood has become increasingly important over time relative to parental wealth at the time of union formation. However, correlations in parental assets keep increasing after the financial crisis for all three measures alike. This raises the question of whether periodical changes in the composition of wealth, such as the share of parents with negative wealth, are driving this divergence in results across measures. We scrutinize this issue further in the next section.

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<sup>16</sup> Robustness checks including controls for all parents' and partners' ages led to similar results; see Online Appendix G.

*Changing partner selection or changing distribution of wealth?*

Are trends in parental wealth homogamy driven by changes in partnering behavior or by periodic changes in the composition and distribution of wealth? Compositional changes can affect the wealth correlation even if partnering behavior does not change. Changes in the prices of specific assets might change the position of parents that hold these assets in the wealth distribution. As this could affect the parental wealth correlation, the parental wealth correlation can change without any changes in partnering behavior taking place. Examples one might think of are house price booms in certain areas or stock price developments.

We tested for this possibility through additional analysis reported in detail in Online Appendix F. In these checks, we investigated whether time trends in the parental wealth correlation change once measuring parental wealth five years before union formation instead of one year before union formation. If our results are driven by changes in actual partnering behavior, the time of measurement should matter relatively little for trends in parental wealth correlations over time. Conversely, if changes in the distribution of wealth drive changes in parental wealth homogamy, measuring wealth five years before union formation should result in a parental wealth correlation similar to the correlation observed for parental wealth at union formation of couples formed five years before.

As shown in Figure F1 in the Online Appendix, the importance of time of measurement varies depending on the observation period and measure chosen (net wealth or assets only). Even though the homogamy trend is very similar once using parental wealth lagged by five years, we observe that the trend is postponed by several years during most of the observation period. This indicates that changes in parental wealth homogamy are not necessarily driven by changes in partner selection. Instead, periodic changes in the distribution of wealth across society

probably drive part of the trends in parental wealth correlations. This is especially the case for increases in parental wealth homogamy observed during the 2000s.

Substantively, this means that changes in the distribution of wealth over time appear to benefit or penalize the parents of both partners in similar ways. In other words, if the parental wealth rank of a certain individual went up in the wealth distribution during the 2000s, it is likely that the parents of this individual's partner also increased their wealth rank during the 2000s. Societal gains and losses in wealth appear concentrated within given social circles. Therefore, part of the correlation between partners' parental wealth changes in tandem with the changing distribution of wealth in society at large.

#### *Robustness checks and comparison with Charles and colleagues' estimates*

The main results documented so far lead to two substantive conclusions: 1) estimates of parental wealth homogamy appear much lower in Denmark compared to earlier estimates for the United States (Charles and colleagues found a correlation of 0.4), but 2) parental wealth homogamy has become stronger over time. We performed various robustness checks that simultaneously made our results more comparable to those of Charles and co-authors' (2013) estimates for the United States (see Online Appendix G). These robustness checks are: a) Excluding cases where a parent had passed away before union formation (but for whom we had recovered information on parental wealth from earlier waves); this did not change the results; b) Excluding cases with negative parental wealth, which led to a drop in the correlation for recent periods. In addition, trends over time became less pronounced. Individuals from wealthy families avoid partnering with individuals with the lowest levels of family wealth (i.e. those with negative wealth; see Figure 1), and this tendency has been increasing over time driving up the correlation in partners' parental wealth. Therefore, excluding negative wealth

flattens the trend in parental wealth homogamy over time. This also excludes the relatively high levels of negative wealth observed in Denmark as an explanation for the lower parental wealth correlations observed in our study as compared to those observed for other contexts; c) Instead of normalizing and calculating the rank of parental wealth at union formation, we log transform 3-year average wealth at union formation. Results are consistent, but the drop observed during the crisis years now becomes less pronounced; d) Excluding cases with remarried parents, which leads to slightly stronger increases in parental wealth correlations over time; e) Switching from correlations to regressions. Estimates did not change once not including control variables. But, including age controls (father's age, mother's age, her age, his age) reduces correlations across the period studied in ways that are similar to ranking parental wealth at union formation by father's age (Figure 7).

Applying all these changes simultaneously leads to a set of estimates that are the most comparable to those of Charles and colleagues (2013). These estimates show a robust picture of relatively low but increasing parental wealth homogamy over time in Denmark. Compared to the estimate of 0.4 for the United States (Charles et al. 2013), the parental wealth correlation in Denmark is low across specifications. It has to be noted, however, that we are not able to gauge the possible influence of different data sources (survey data instead of registry data) and differences in sample selection (union cohorts versus a cross-section of unions intact at a given point in time).

In a final additional analysis, we investigated the possible consequences of having excluded (most) foreign-born individuals from our analysis (as information on parental wealth is mostly not available for them). Figure H1 shows how both couples consisting of two foreign-born persons and couples consisting of one foreign-born and one Denmark-born individual have increased across time (from less than 1% to 4%, and 4% to 8%, respectively). If we assume that foreign-born individuals are relatively similar in terms of parental wealth, their inclusion

in the analysis would probably slightly increase parental wealth correlations and reinforce the upward trend observed over time. However, mixed couples consisting of one Denmark-born and one foreign-born person are likely to be relatively dissimilar in terms of their parental wealth. Their inclusion might therefore slightly decrease parental wealth correlations and attenuate time trends observed. This leaves the overall impact of excluding foreign-born individuals on our results unclear.

Lastly, Figure H2 shows that the parental wealth rank of Denmark-born individuals forming unions with foreign-born individuals varied, without a clear trend, between the 52<sup>nd</sup> and the 54<sup>th</sup> percentile across the observation period. There are therefore no clear changes over time in who partners a foreign-born person based on parental wealth.

## **Discussion**

Who partners whom has long been a central question of the social sciences. Over the last decades, quantitative studies repeatedly showed that partners match based on a variety of ascribed and acquired characteristics (Becker 1973, 1991; Blossfeld 2009; Browning et al. 2014; Kalmijn 1998; Lam 1988; Schwartz 2013; Weiss and Willis 1998). So far, surprisingly little attention has been paid to assortative mating based on parental wealth. Previous research on survey data from the United States estimated that parental wealth homogamy is quite strong (Charles et al. 2013). High levels of parental wealth homogamy are likely to be consequential for wealth inequality between households, the transmission of family wealth across generations, and might be an indication of family wealth shaping boundaries between social groups. All of these reasons illustrate the importance of studying whether previous findings of strong parental wealth homogamy hold once applied to a different setting and once using more accurate data.

In this paper, we show that the correlation in partners' parental wealth in Denmark is relatively weak. Correlations range between 0.04 and 0.19, depending on the measure employed and the time period considered. This result contrasts with the 0.4 correlation found by Charles and colleagues (2013) for the United States. In general, it is perhaps unsurprising that parental wealth homogamy is lower in Denmark than in the US, due to the relatively high levels of intergenerational wealth mobility in Denmark (indeed, low parental wealth homogamy might be a possible mechanism increasing mobility). However, the difference in the estimates between both countries is much larger than the difference found in cross-national comparisons of intergenerational wealth mobility (Boserup et al. 2013: 17).

Another possibility is that the large difference in correlations between Denmark and the US reflects different research designs. We specifically aimed to make our estimates comparable to those of Charles and colleagues (2013) – which actually led to even lower estimates of parental wealth homogamy. However, remaining differences include the use of registry data instead of survey data and the study of unions in the year of formation rather than a cross-sectional selection of unions intact at a given point in time. More research is needed to understand whether the different types of data and empirical strategies employed affect results or not. Nevertheless, the take-away from our analysis remains that parental wealth homogamy in Denmark appears considerably lower than in the US.

However, even if levels of parental wealth homogamy are relatively low, this does not mean that assortative mating based on parental wealth is of little concern. Firstly, we found parental wealth homogamy to be particularly strong among partners from the wealthiest families. Around half of total household wealth is owned by the top 10% wealthiest households, and around one-fifth of total household wealth is owned by the top 1% of households (Jakobsen et al. 2018). A concentration of parental wealth homogamy at the top can be consequential for intergenerational wealth inequality, even if parental wealth homogamy is relatively low for the



parental wealth distribution overall. Future research should further explore how consequential patterns of assortative mating based on parental wealth are for the distribution and transmission of wealth across households.

Secondly, even though levels of parental wealth homogamy were relatively low in the early 1990s in Denmark, our results indicate a modest but steady increase in homogamy during the late 1990s and the 2000s. Our preferred estimates suggest such an increase and show a strengthening of homogamy tendencies among the very wealthy combined with a decreasing likelihood of these individuals from very wealthy families to partner with those from families with low wealth. These developments might lead to increasing social distances between the very wealthy (e.g. the “one per-cent”) and those with little wealth in society.

A main question for future research is: Why is parental wealth homogamy increasing over time in Denmark? Our analysis provides some starting points for future research on the mechanisms at play. Additional analysis suggested that the increases in homogamy observed for the 2000s are not necessarily driven by changes in partner selection. Instead, periodic changes in the distribution of wealth appear to benefit or penalize certain groups in society in such ways that if the parental wealth rank of a given individual goes up, the parents of that same individual’s partner are likely to go up in the wealth ranking too. An example of such a process would be geographically selective increases in housing prices. For instance, if housing values surged in Copenhagen during the 2000s, and less so in other parts of Denmark, individuals with parents who live in Copenhagen (or with parents who have real estate there) will have experienced increases in their parental wealth rank over time. If there is a certain level of partnering homogamy based on parents’ place of residence, such selective surges in housing prices will drive up parental wealth homogamy, even if partnering behavior does not change.

Therefore, the increases in parental wealth homogeneity in Denmark might be an indication of selective changes in the distribution of wealth in society rather than changes in partnering behavior. This does not make the increases in parental wealth homogeneity less concerning from an inequality perspective. Even though partnering behavior might have remained relatively stable over time, existing homogeneity on other unobserved characteristics seems to lead to an increased concentration of parental wealth within couples under the current development of the wealth distribution. In other words, partnering has become more consequential for the distribution of parental wealth across couples over time, with consequences for the intergenerational transmission of wealth and its concentration in society. Our recommendation for future research is to investigate whether and which selective periodic changes in wealth are driving parental wealth homogeneity and to quantify the consequences of parental wealth homogeneity for wealth inequality and its transmission more generally.

Another hint pointing towards the underlying mechanisms comes from the observation that homogeneity based on parental assets has been increasing steadily over time, whereas homogeneity in parental net wealth (including liabilities) fluctuates more. In addition, homogeneity based purely on assets is consistently stronger (See Figure 7). This suggests that assets may be a better indicator of the social circles and groups that individuals belong to and interact with than net wealth. For example, it could be that owning a home in a certain neighborhood conditions social circles. Whether a home is mortgaged or owned outright might matter relatively less for partnering, conditional on living in that area. In other words, partner homogeneity in parental wealth might to a larger extent be ascribed to how parental assets structure the opportunities to meet certain partners rather than being a result of explicit preferences for individuals with wealthy parents (Kalmijn, 1998). This opens up interesting questions for further research on indicators of social stratification.

To sum up our results, this study has shown that parental wealth homogamy in Denmark is lower than previous research on the US has shown it to be, but disproportionately strong at the top of the parental wealth distribution, which might be particularly consequential for wealth inequality across households and intergenerational transmission of wealth. Furthermore, we provide indications that parental wealth homogamy has been increasing over time. We thereby shed light on how one of the major processes generating wealth inequality between households has been evolving. Finally, we think that important insights are to be gained from a continued study of homogamy in parental wealth as wealth inequality continues to rise in many places and as we try to understand how social boundaries between groups co-evolve with inequality trends.

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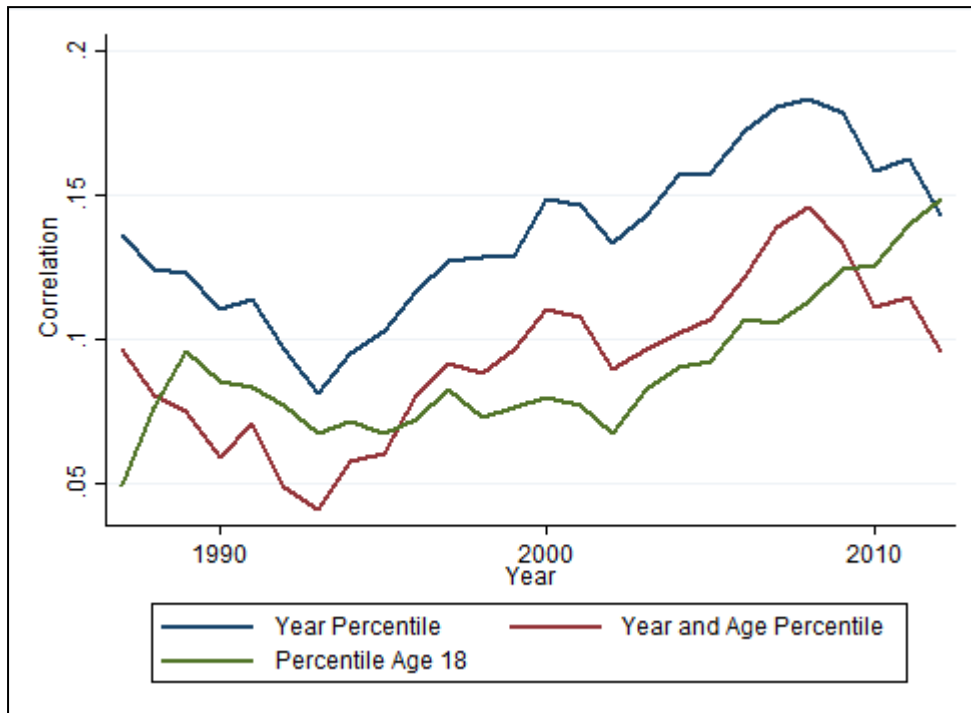
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## Online Appendix

Appendix A. Extending age range considered to 18-39 years.

Figure A1. Replication of the main result with a different age cut-off



Note. Replication of Figure 6 expanding the age range of partners included in the sample to 18-39 years



## Appendix B. *Presence of Parental Identification Numbers and Parents in the Registry Data*

The requirement for inclusion in the sample of our study was the identification of both parents in the wealth data. Parents were not identified in the data if: 1) Parental identification numbers were not available that allowed us to link parents to children in the registry data. Such parental identification numbers were provided for all individuals born after 1960 but were incomplete for earlier birth cohorts (Boserup et al. 2013). 2) Parents had passed away before 1980, moved away from Denmark before 1980, or never lived in Denmark. Given that our information on wealth is available for the period 1980-2013, we do not have information on parental wealth in such cases.

In this Online Appendix, we present robustness checks that reduced concerns that the exclusion of these cases affected our conclusions. Figure B1 shows the percentage of unions formed each year for which we did not identify all four parents in the dataset. The thick blue line represents the final sample used in the main analysis. The non-identification of parents can arise due to two main reasons:

- 1) Parental identification numbers are not available for one of the four parents involved. The red dashed line indicates the share of cases that has parental id's available for all parents. Between 12 and 21 percent of cases do not have parental identification numbers, and this is relatively stable across calendar time.
- 2) Parents might have passed away or do not live in Denmark, and we did not manage to recover information on parental wealth from earlier years. The dashed blue line indicates cases where parents were not present in the data in the year of union formation. This applies to a bit less than 20% of the overall sample (the difference between red and blue dashed lines). Whenever we were able to recover parental wealth from earlier waves (the last wave both parents were still alive), we pulled this wealth information forward after normalizing wealth within the distribution of the original year and included it in our wealth rank at union formation. This applies to less than 5% of cases. Robustness checks including these cases generated identical results (Figure 7).

Even though the distribution of cases where parents were not identified is relatively stable across calendar time, this is not the case once looking at the distribution according to age. The left panes of Figures B2-B4 show how the availability of parental identification numbers declines steadily with age. Given that parental identification numbers were available for all individuals born after 1961 only, the age profile of missing parent id's changes with calendar time. Especially in 1987, the start of our observation window, availability of parent id's declines steeply with age. Given that the availability of parent IDs drops to practically zero after age 35, we restricted our sample to unions formed before age 35. Things look a bit better in 1993, where we also have cases aged 40 with parental identification numbers available. Robustness checks extending the analysis to unions formed before age 40 (See Figure A1) should be therefore most reliable from 1993 onward. The changing age profile of missing parental identification numbers might influence our estimates of correlations in parental wealth

across time. If older (or younger) couples are more likely to be homogamous, their underrepresentation in older cohorts might drive down (or up) the parental wealth correlation. To check whether this was of concern we re-ran our analysis where we reweighted couples based on the probability that the couple had all four parent identification numbers available in the data. This probability was calculated based on the percentage of individuals of a given birth cohort (by year) that had both parental identification numbers available. For each union formed, we multiplied the probability of both partners with each other and divided 1 by that quantity (i.e.  $1/(\text{probability male} * \text{probability female})$ ). These results were used to reweight the analysis in robustness checks. The second panes of Figures B1-B4 show how missing parental identification numbers are more equally distributed across calendar time and age once reweighting. Figure B5 shows how including these weights in our analysis reproduces our main results of Figure 7 very well.

*Figure B1. Percentage of couples with at least one parent not identified; split by reason (missing parent id, the parent not present in data in the year of union formation)*

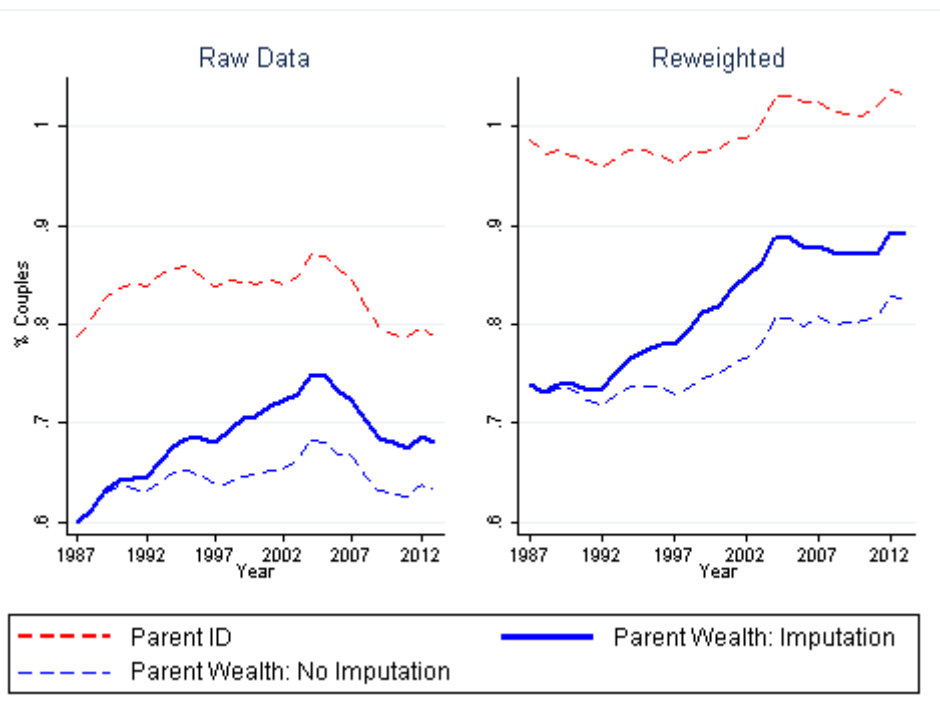


Figure B2-B4. Percentage of couples with at least one parent not identified; split by reason (missing parent id, the parent not present in data in the year of union formation). By age for all the sample, 87 and 1993.

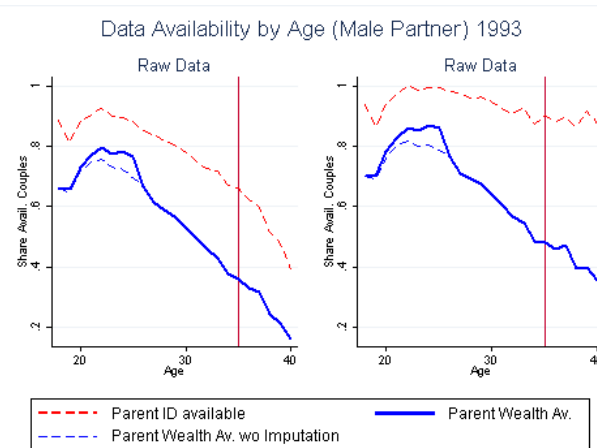
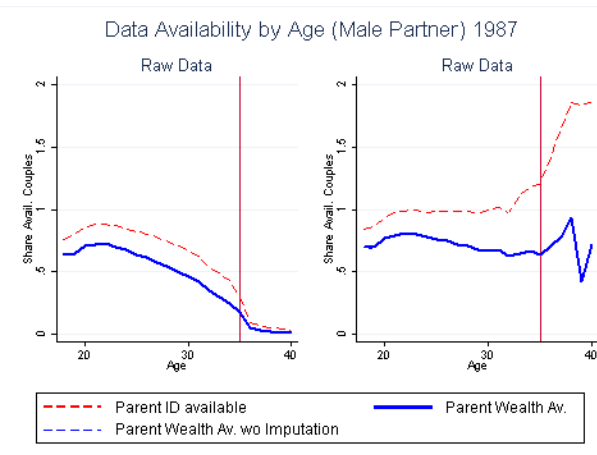
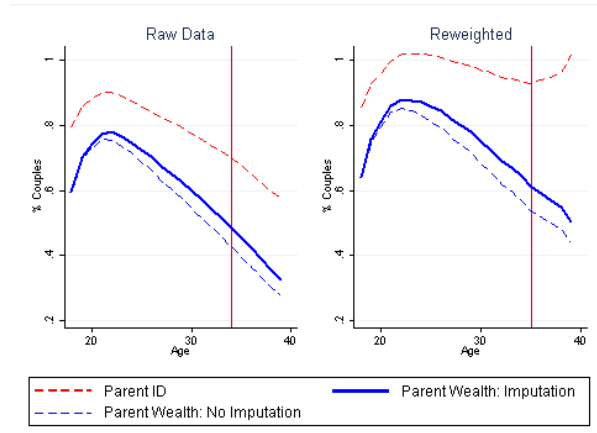
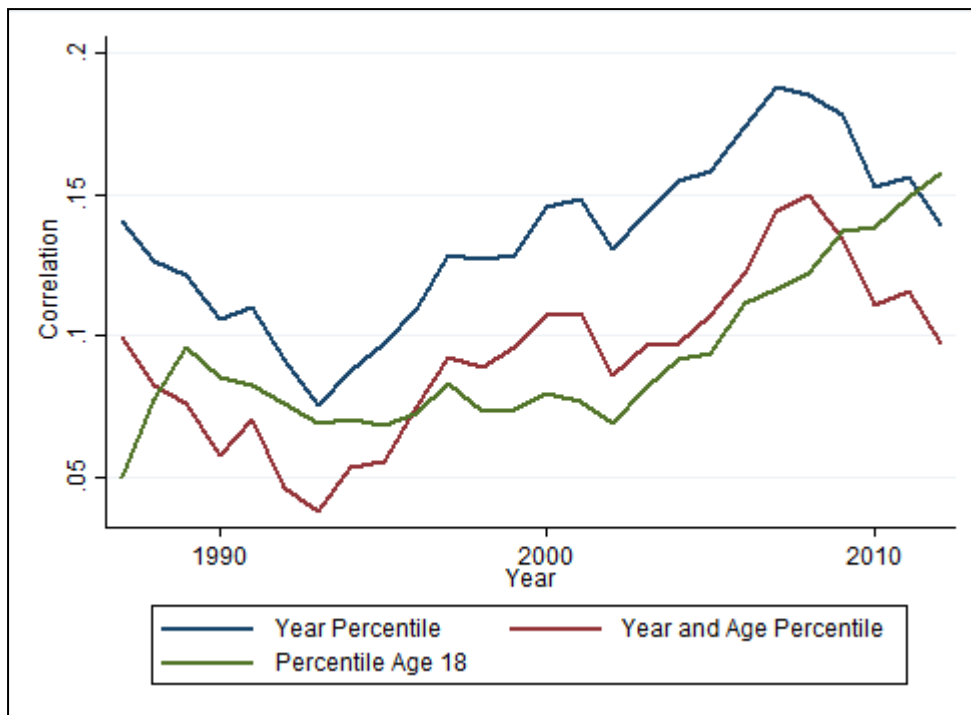
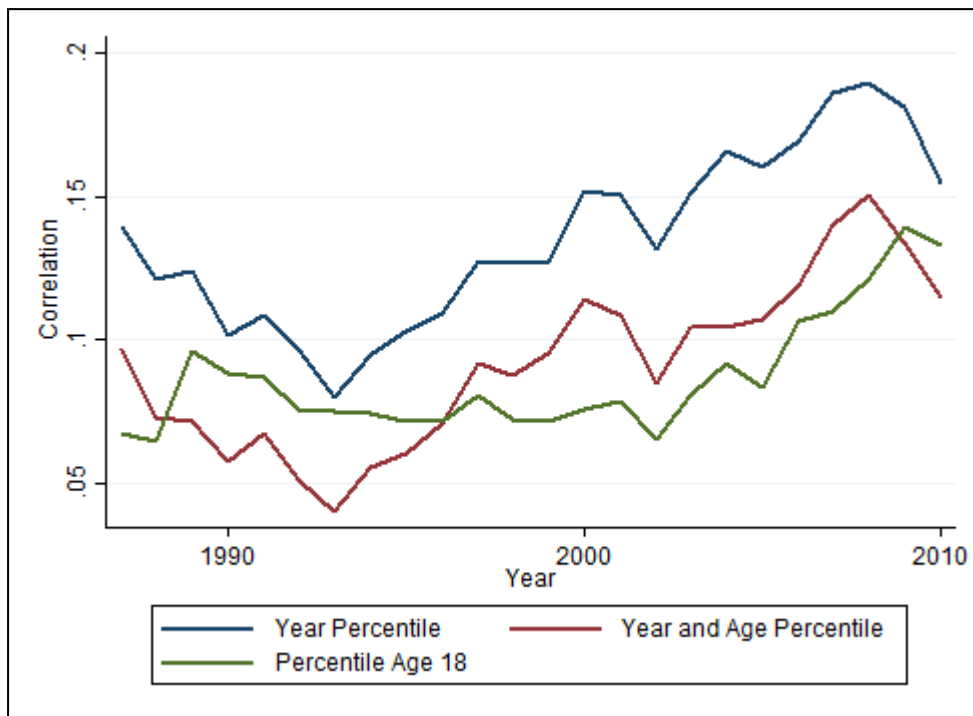


Figure B5. Replication of Figure 7 including weights



Appendix C. Exclusion of cohabiting unions of short duration (<3 years)

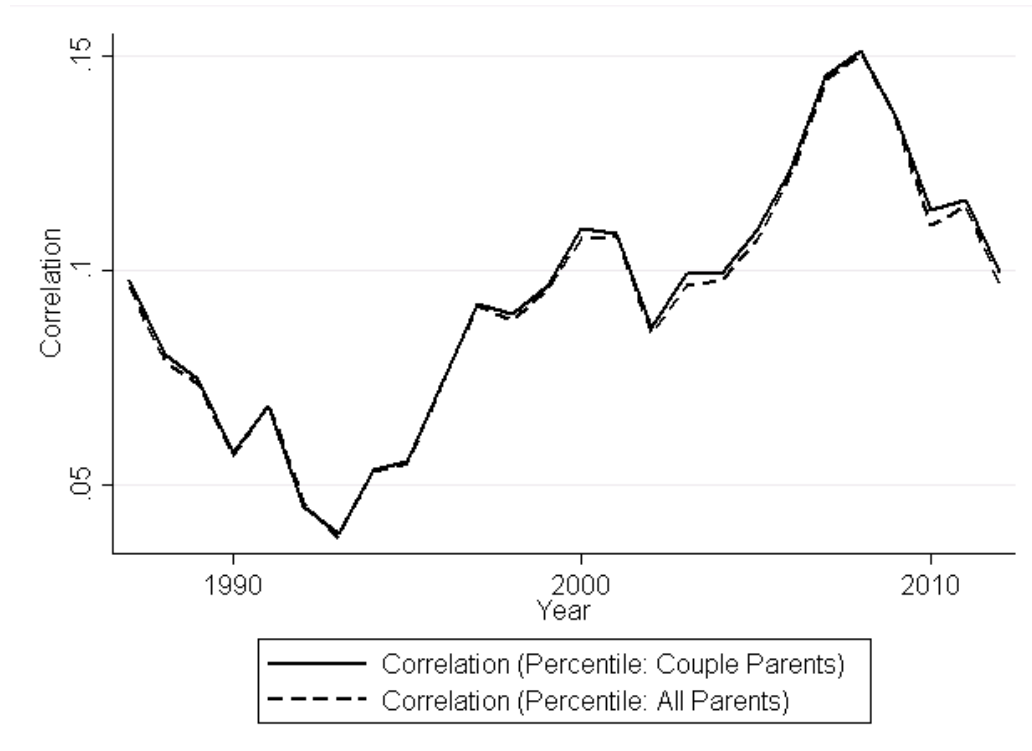
Figure C1. Replication of the main result excluding short-lived relationships



Note. Replication of Figure 7 excluding cohabiting unions that lasted less than three years

Appendix D. Alternative calculation of parental wealth percentile

Figure D1. Robustness check calculating parental wealth as a percentile of all parents with children aged 18-34



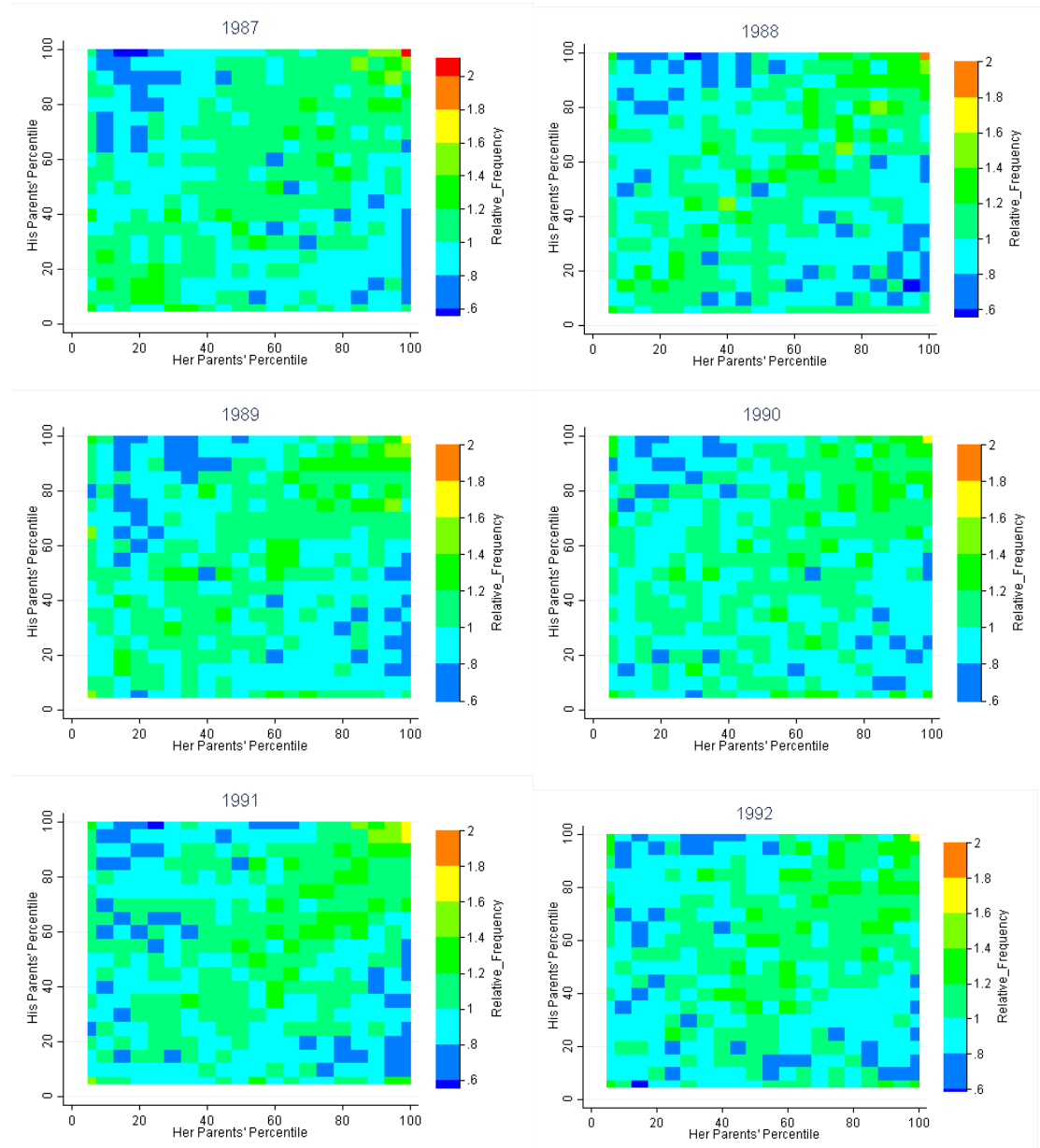
Note. Solid line reproduces dashed line of Figure 7 indicating the correlation in parental wealth at union formation (percentile calculated by union cohort and father's age). Dashed line is equivalent but this time the percentile of parents' wealth is calculated based on the distribution of wealth among all parents of the same age with children between ages 18 and 34 (and not only among those whose child formed a new union in that year).

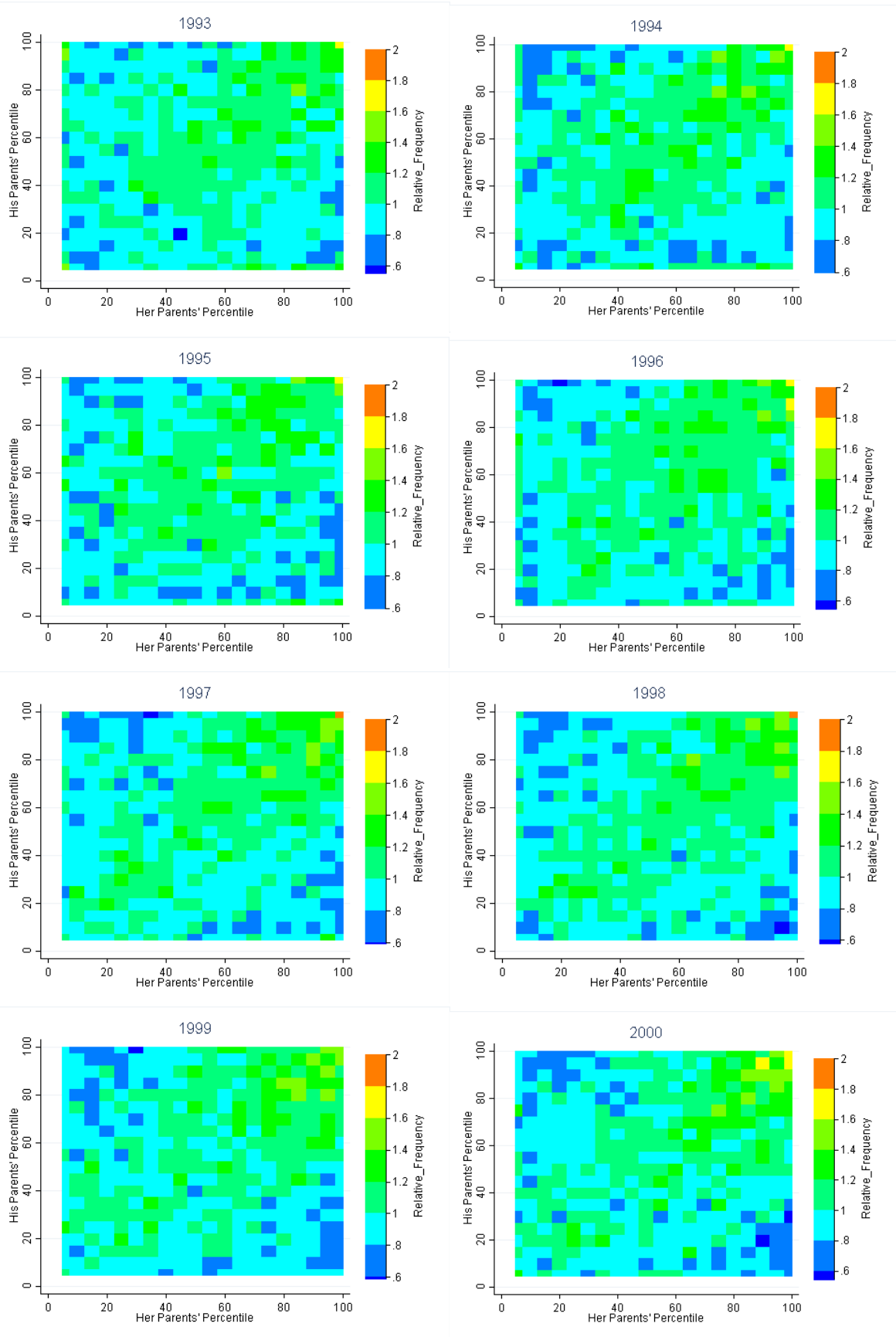
Appendix E. Changes over time

Figure E1. Animated heatmap of the relative frequency of particular couple combinations based on parental wealth 1987-2013

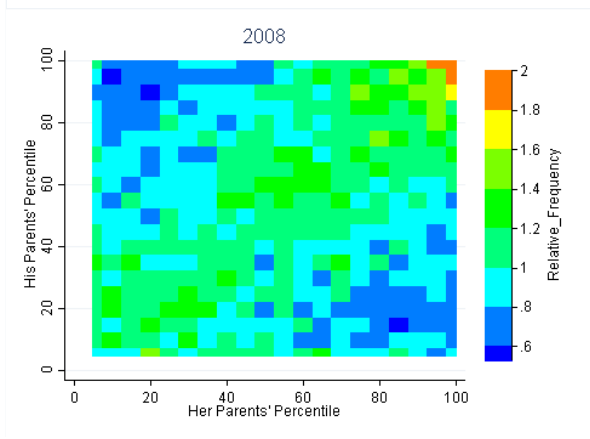
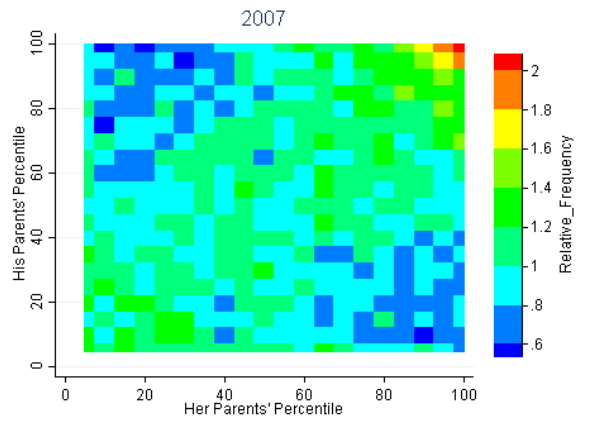
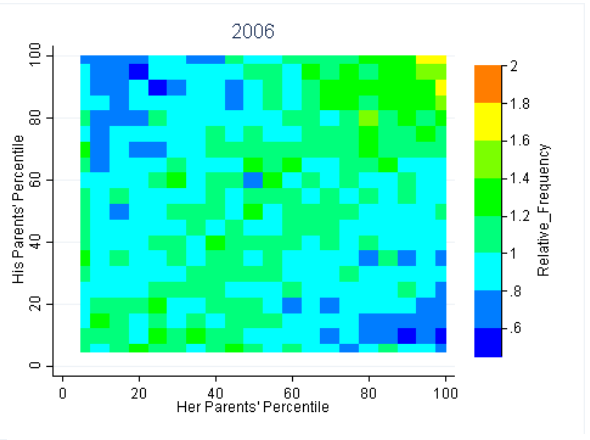
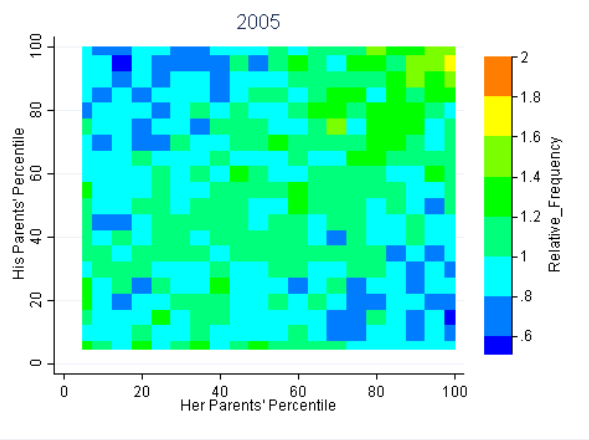
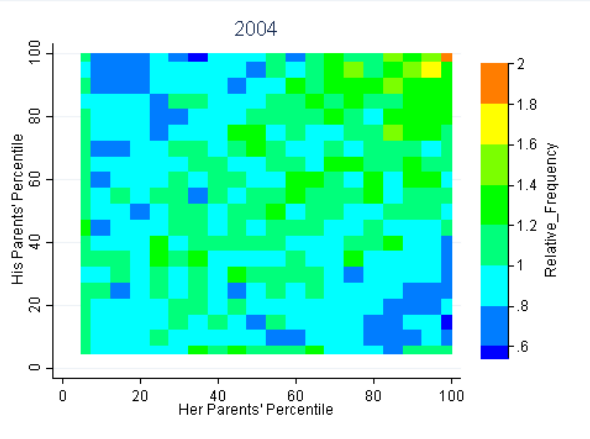
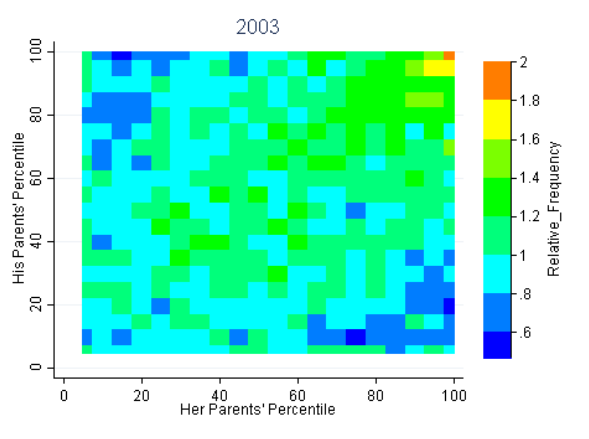
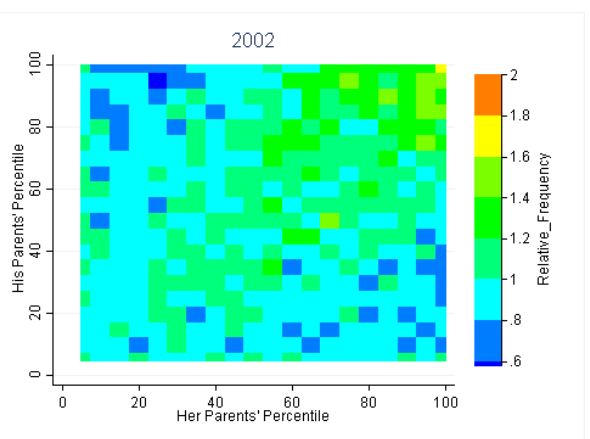
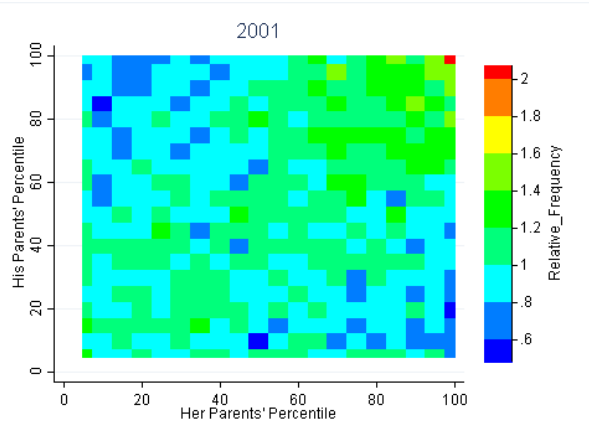
Animation: <https://media.giphy.com/media/64anFirdCTXZYWRirY/giphy.gif>

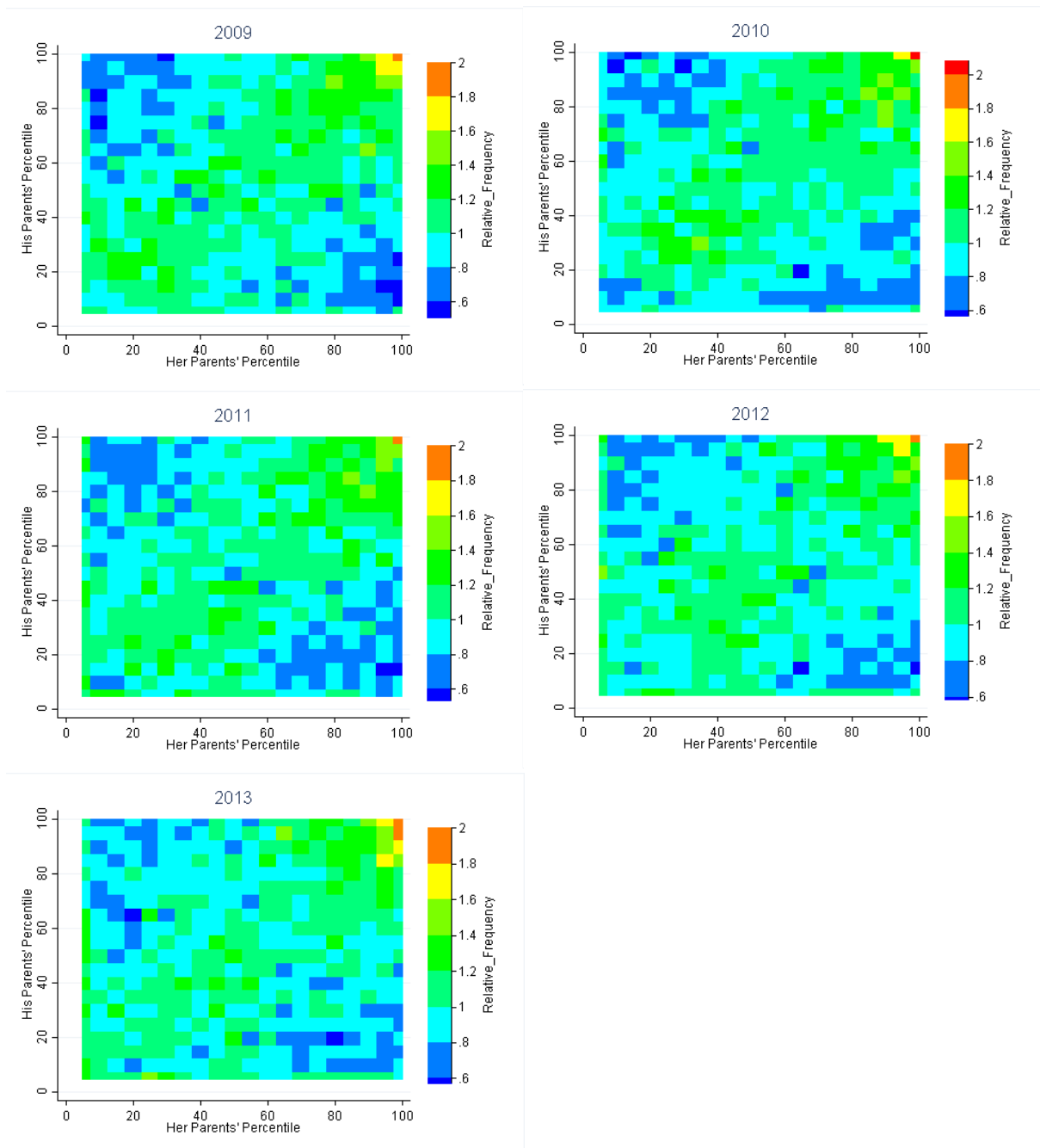
Yearly graphs not animated (in color):







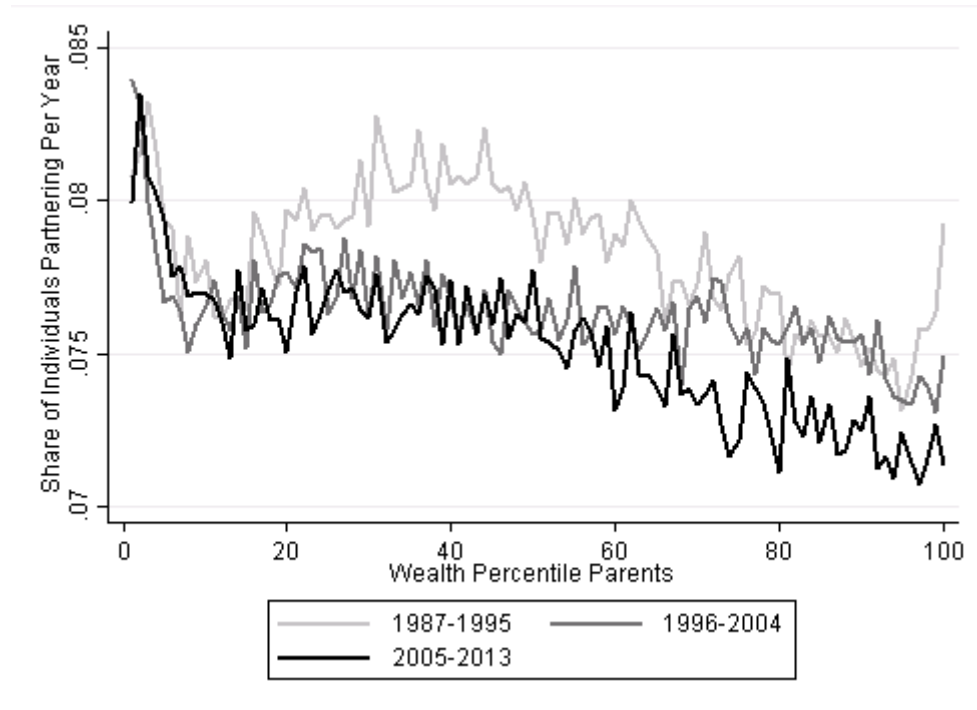




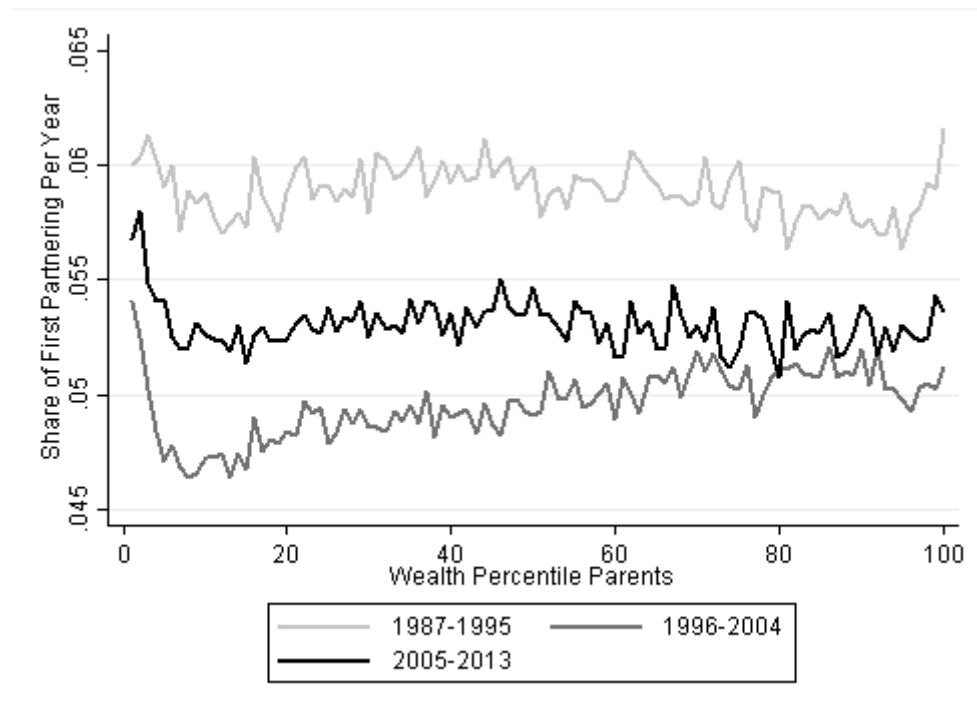
*Note.* Parental wealth percentile at union formation within the union cohort. Frequency indicates the relative frequency of each combination of parental wealth percentiles; a value of one indicates relative frequency as expected based on random mating.

Figure E2. Annual probability of partnering by parental wealth percentile

*All partners observed*



*Only first partners observed*



*Note.* Calculates for each year of the observation period (1986-2013) the share of individuals aged 18-35 that forms a cohabiting union/marries depending on parental wealth percentile. First partnering only includes the first union formation observed for each individual, whereas all partnering allows for repeated events. Shares averaged across three union formation periods (depicted by three different lines).

*Online Appendix F. Sensitivity of parental wealth correlations to the time of measurement*

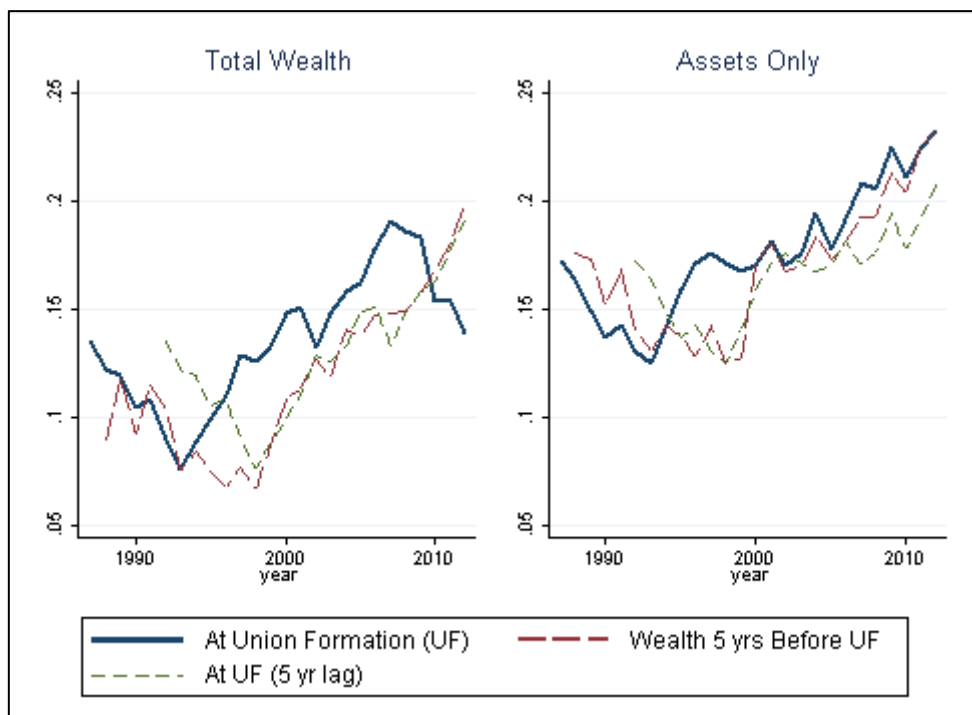
Figure F1 presents the analysis scrutinizing the sensitivity of our results to the time at which parental wealth is measured. The solid line reproduces our original correlations of parental wealth measured at union formation (as observed in Figure 7 in the paper; normalized by union cohort only). The long-dashed line displays parental wealth homogamy, but instead of measuring parental wealth at union formation, parental wealth is measured 5 years before union formation. If partnering behavior drives trends in parental wealth homogamy, the time of measurement should not change results and both lines should overlap. Instead, if trends in parental wealth homogamy are not driven by changes in partnering, but rather by other processes such as periodic changes in the distribution of wealth in society, measuring parental wealth five years earlier should lead to a postponement of the trends in parental wealth homogamy by about five years. The short-dashed line in Figure F1 lags to the original correlation of parental wealth homogamy measured at union formation by five years. If changes in the distribution of wealth (or other processes not captured by who partners whom) do not drive trends in parental wealth homogamy at all, we should observe a postponement of the time trend by exactly five years (i.e. both dashed lines should overlap).

It can be observed that for parts of the observation period measuring parental wealth five years before union formation does not change results. These are the decline in parental wealth homogamy during the early 1990s and the increases in parental asset homogamy during the 2000s (and 2010s). These trends are therefore driven by actual changes in partnering behavior and robust to the time of measuring parental wealth. For other parts of the observation period, the time of measurement does have an impact on results. The increases in parental wealth homogamy observed during the 2000s and the subsequent decline during the crisis or not robust to the time of measurement. Once measuring parental wealth five years earlier, the time trend gets postponed by almost exactly 5 years. This suggests that increases in parental wealth

homogamy during the 2000s are not driven by changes in partnering behavior but rather by changes in the distribution of wealth in society. In the discussion of the paper we give the following example of such a process:

*.. periodic changes in the distribution of wealth appear to benefit or penalize certain groups in society in such ways that if the parental wealth rank of a given individual goes up, the parents of that same individual's partner are likely to go up in the wealth ranking too. An example of such a process would be geographically selective increases in housing prices. For instance, if housing values surged in Copenhagen during the 2000s, and less so in other parts of Denmark, individuals with parents who live in Copenhagen (or with parents who have real estate there) will have experienced increases in their parental wealth rank over time. If there is a certain level of partnering homogamy based on parents' place of residence, such selective surges in housing prices will drive up parental wealth homogamy, even if partnering behavior does not change.*

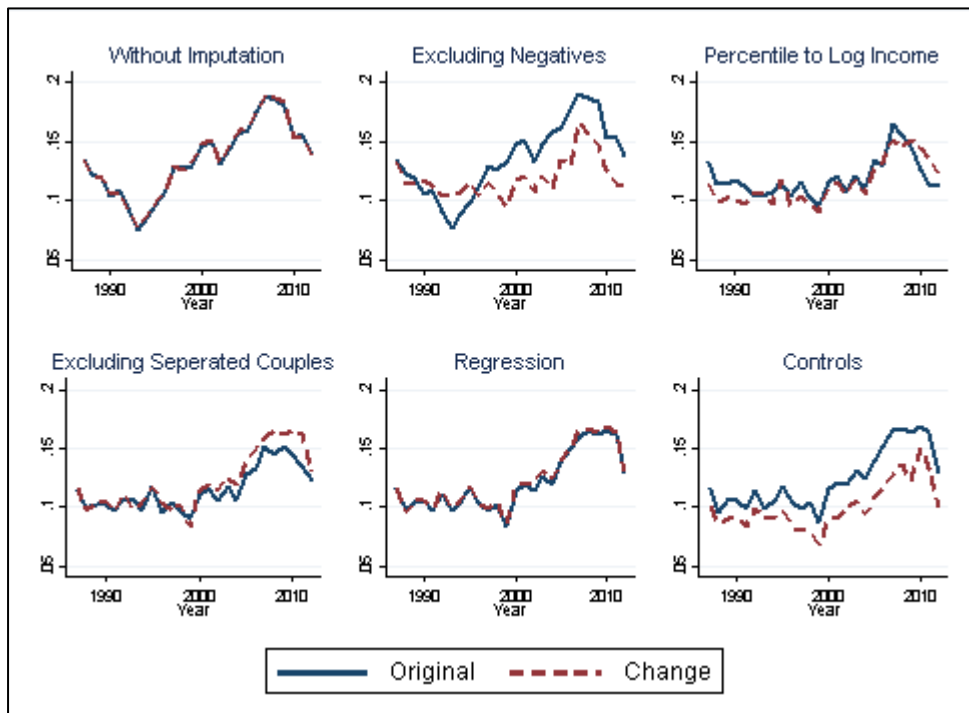
Figure F1. Sensitivity of parental wealth correlation to time of measurement



Note. Solid line = Correlation in parental wealth measured at union formation, rank within union cohort; Short dashed line = Solid line lagged by five years; Long dashed line = Correlation in “parental wealth five years before union formation”

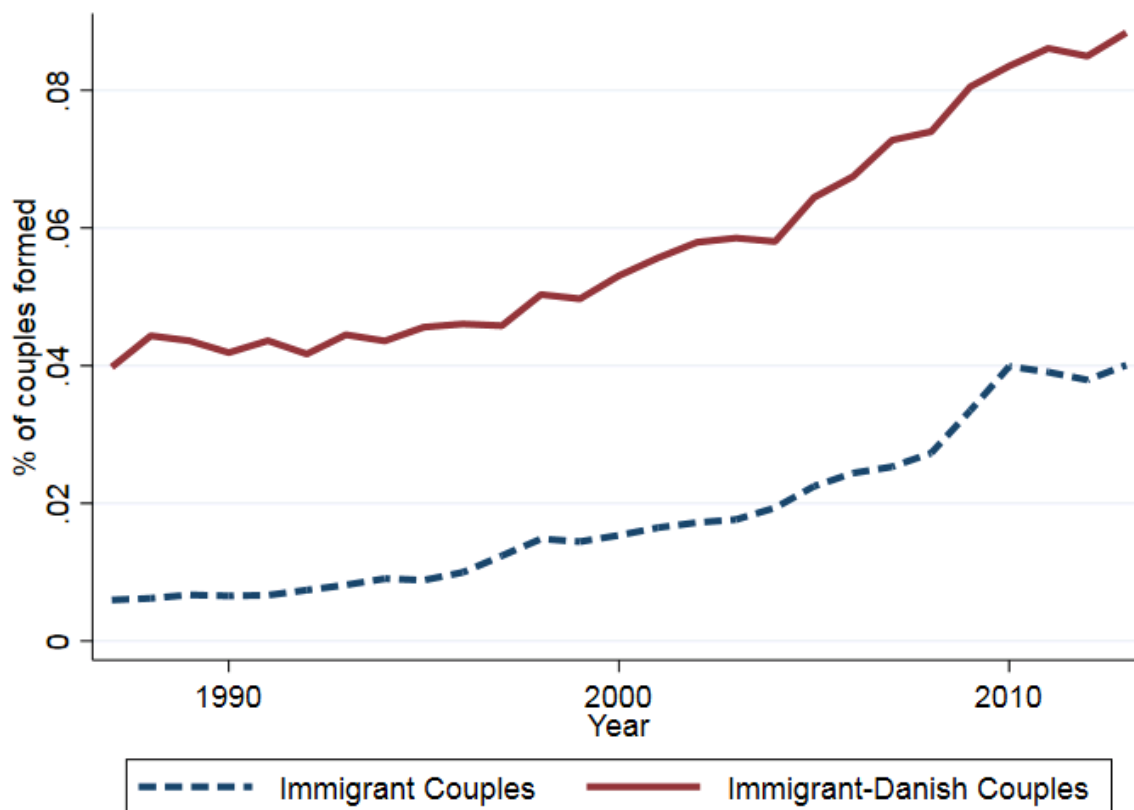
Online Appendix G. Further robustness checks

Figure G1. Replication of main results (Figure 6) using various specifications and sample restrictions



*Note.* Graphs gradually add sample restrictions or model specifications. Each graph displays reproduces the dashed line of the previous graph as a solid line and shows the additional change in estimates once adding the sample restriction/model specification referred to through the dashed line. Without Imputation = Solid line is correlation in parental wealth measured at union formation, rank within union cohort; Dashed line is as solid line but excluding cases where a parent passed away before union formation; Excluding negatives = Dashed line as without imputation but also excludes individuals with negative wealth from the sample; Percentile to Log Income = As Excluding Negatives but uses logged absolute parental wealth rather than parental wealth rank. Excluding Separated Couples = As Percentile to Log Income but excluding individuals whose parents re-married before union formation. Regression = As excluding separated couples but OLS regression coefficients rather than correlations. Controls = As Regression but including controls for mothers' age, fathers' age, his age, her age

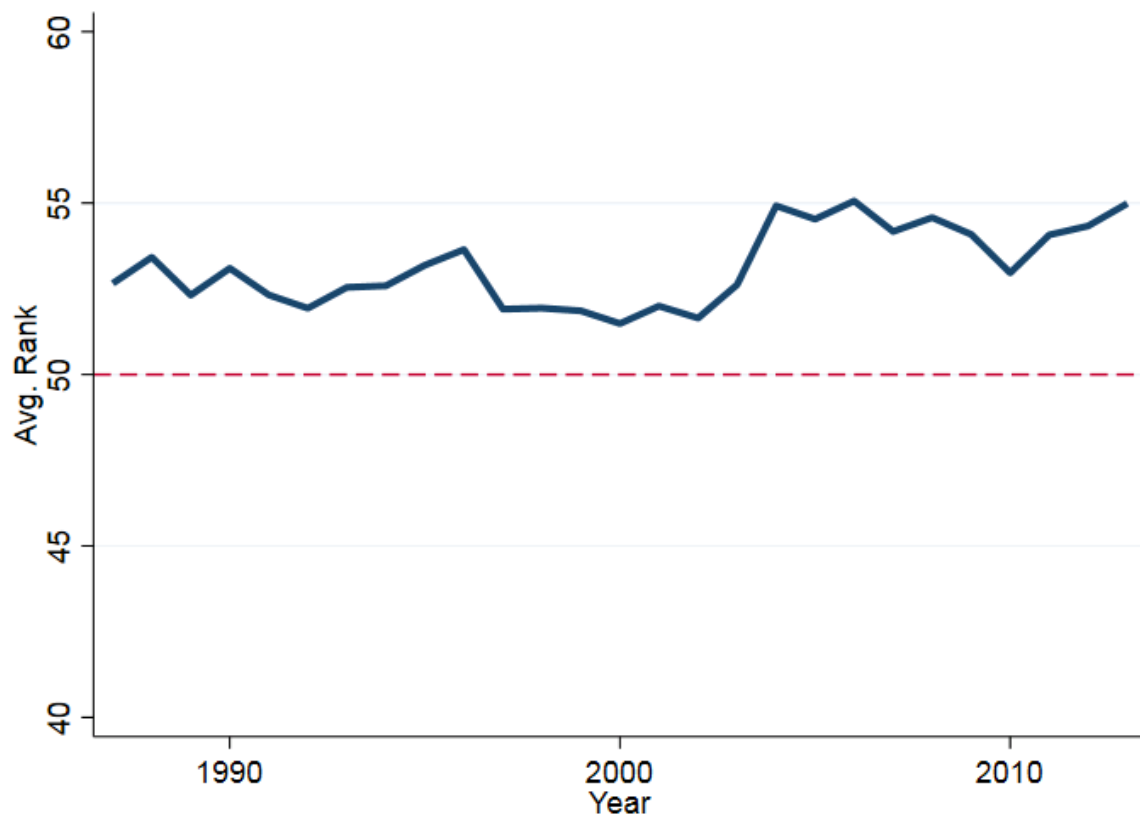
Figure H1. % of couples formed each year involving a foreign-born individual



Note. Immigrant couples are couples formed by two foreign-born individuals. Immigrant-Danish couples consist of unions formed by one person born in Denmark and one person born outside of Denmark.



Figure H2. Parental wealth rank of Denmark-born individuals partnering a foreign-born individual



Note. Indicates average parental wealth rank at union formation of the person born in Denmark, among all Denmark-born persons forming a union with a foreign-born person each year.