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IZA DP No. 16620

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Recipient Matter?**

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ABSTRACT

Unexpected Inheritances and Household Labor Supply: Does the Identity of the Recipient Matter?*

Traditionally, the data of inheritances in surveys are analysed assuming that they are equally shared within households. However, inheritances are individual assets, regardless of the marital property regime adopted at the time of marriage. In this paper, we examine the impact of individual unexpected inheritances on the household labor supply. To do so, we use data from the SHARE for the years 2006-2015 from 13 European countries and adopt a collective perspective to analyze whether inheritances are equally distributed within the household or, on the contrary, the identity of the recipient matters. We reject the inheritance pooling hypothesis, in favour of the intrahousehold approach. Our results suggest that females decrease their labor force participation by 5.3 percentage points if they have received an unexpected inheritance since the prior interview. We find no impact of inheritances on the labor supply of males. These results suggest that estimates based on the inheritance pooling hypothesis, a pure unitary perspective, may be biased downwards.

JEL Classification: D13, D31, G51, J14, J22

Keywords: inheritances, intrahousehold allocation, inheritance pooling hypothesis, SHARE

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1. Introduction

Wealth and its components are typically collected at the household level in household surveys (Grabka et al., 2015; Schneebaum et al., 2018; Doss et al., 2020; Frémeaux and Leturcq, 2020; Meriküll et al., 2021; Kukk et al., 2023). As a result, inheritance data are commonly studied at the household level in most analyses (Brown et al., 2010; Eder, 2016; Ravazzini and Chesters, 2018; Doorley and Pestel, 2020; Wei and Yang, 2022; Suari-Andreu, 2023), given the difficulty in untangling asset ownership of particular household members, thus considering all inheritances received by all household members, or restricting the analysis to single households.

By exploiting household inheritance receipt, the household is seen as a single economic unit and inheritances are assumed to be pooled and shared equally within the household. However, a significant amount of household economic studies has noted that households do not share their resources fully and the theoretical framework of household economics studies has progressed from unitary to bargaining models (see Chiappori and Meghir (2015), Chiappori and Mazzocco (2017) and Chiappori et al. (2022) for comprehensive overviews). Consequently, simply allocating assets across the household may bias results toward an underestimation of the actual effect of inheritances, leading to incorrect and unrealistic policy implications.

In contrast to the assets or capital returns obtained during the marriage, assets acquired before marriage and inheritances during marriage remain individual assets, regardless of the matrimonial property regime adopted at the time of marriage. Therefore, in the case of divorce, spouses do not equally share inheritances since they pertain exclusively to the recipient, and only assets acquired during the partnership are divided between partners according to the chosen matrimonial property regime (i.e., community vs. separate ownership by either spouse). In our study, we consider an inheritance to be an assignable individual wealth shock, that may affect the bargaining position of each spouse and their relative Pareto weight (i.e., the bargaining power of each household member) in household decision-making. That is, we interpret the receipt of an inheritance as a distribution factor (Browning and Chiappori, 1998), that increases the value of the

outside option from the marriage for a specific spouse and could affect the intrahousehold allocation of time.¹

Given the current ageing process of the population and its consequent economic pressures on the social welfare regimes, the labor decisions of older individuals have an increasingly important influence on the economy. Many reforms have been implemented in recent years, mainly focusing on enlarging the economic activity of older individuals (European Commission, 2021). Hence, it is important to understand the factors that explain the labor decisions of adult populations, the core of the social security reform agenda. Within this context, Europe is a policy-relevant setting to study because is the continent with the highest proportion of older citizens among developed economies (Eurostat, 2020).

One of the consequences of the dominant demographic trend toward ageing populations is that significant numbers of workers will receive intergenerational wealth transfers from their cohorts at advanced stages of their working careers, where decisions regarding workforce tend to be discrete (Blau and Goodstein, 2016). Basic economic theory would suggest that increases in wealth increase access to normal goods, such as consumption or leisure. A similar argument is formulated by the Carnegie hypothesis, which suggests that inheritances depress work effort among recipients. As a result, the current design of social policy measures requires rigorous evidence of older individuals' responses to wealth shocks.

This paper addresses the question of how unexpected variations in wealth, through the receipt of an inheritance, influence the household labor supply of older individuals in Europe. To do this, we adopt a collective model (Chiappori, 1988, 1992). Collective models are based on the hypothesis that household time allocation is the outcome of an internal bargaining process of spouses with distinct preferences, who cooperate to take advantage of marriage and reach Pareto-efficient outcomes. In our empirical strategy, we assume that inheritance receipt is an exogenous source of variation in the Pareto weight (i.e., the spouse's bargaining power) that may affect the allocation of household resources through observed time use choices, but not individual preferences or the joint budget set. Intuitively, the receipt of an inheritance for a specific spouse should shift the balance of

¹ In household collective models, divorce is assumed to be the outside option (i.e., the market the spouses fall back on if the marriage dissolves).

power within household decisions in her/his favor and, given that leisure is a normal good, own spousal labor supply should decrease. We identify the recipient (i.e., the legal owner) of each inheritance within the household, which is a distinction from current research, and check whether inheritances are equally distributed (i.e., the inheritance pooling hypothesis) or, by contrast, the identity of the recipient is important and inheritances affect the bargaining power of spouses within the household. To test these hypotheses, we use household survey data from the Survey of Health, Ageing and Retirement in Europe (SHARE), for a total of 13 European countries, for the period 2006 to 2015.

Our results cast significant doubt on prior estimates from a unitary perspective, that ignores intrahousehold distribution of resources. We find that the identity of the recipient changes household decisions, so that inheritances are not shared equally. We find that receipt of an inheritance, irrespective of the recipient's identity, has no impact on the probability of being in the labor force for men, while women decrease their probability of being in the labor force by 5.3 percent, if they have received an unexpected inheritance since the prior interview. For the hours of work, the receipt of an unexpected inheritance since the prior interview reduces the females' labor supply by 1.312 hours per week, while males increase their labor supply by 2.036 hours per week two periods after the women had received an inheritance, suggesting that intrahousehold effects are long-lasting over time (i.e., about four years). All in all, the receipt of an inheritance leads to women leaving the labor force.

The contribution of the paper is twofold. First, we study the impact of unexpected inheritances on household labor supply in Europe, for the first time in the literature, using data from SHARE. So far, the literature has focused on individual labor outcomes, and our study is close to Blau and Goodstein (2016), who examine the effects of unexpected inheritances on household labor supply in the US.² Furthermore, considerable uncertainty exists regarding prior labor supply estimates on inheritances, since many studies omit indications of anticipation, signs that preclude those earlier studies from treating inheritances as unexpected variations in wealth (Elinder et al., 2012; Sila and Sousa, 2014; Bø et al., 2019; Niizeki and Hori, 2019; Malo and Sciulli, 2021). Our dataset contains information regarding individual inheritance expectations, which minimizes

² These authors use inheritances to test for commitment, although such a test does not clearly distinguish between certain commitment regimes. See Theloudis et al. (2023).

potential omitted-variable biases regarding pre-receipt effects, and allows us to interpret the receipt of an inheritance as an individual wealth shock.

Second, we identify the recipient within the household who inherits between survey waves, and test whether the identity matters. That is, we provide a direct test of the inheritance pooling hypothesis for older adults in Europe. This approach is a significant departure from the current literature and permits us to examine whether prior unitary estimates, which directly assume that households pool all the inheritances so that the identity of the recipient does not matter, are biased. There are few studies examining the intrahousehold allocation of inheritances (Blau and Goodstein, 2016; Niizeki and Hori, 2019) and prior estimates using SHARE have found no effects of household inheritance receipt on individual labor supply (Tur-Sinai et al., 2022; Suari-Andreu, 2023). However, if household labor supply depends on the inheritance of each household member, this would suggest that prior estimates suffer from the unitary mis-specification.

The rest of the paper is organized as follows. Section 2 gives an overview of the related literature on inheritances and labor outcomes. Section 3 explains and justifies the theoretical framework we use for our analysis. Section 4 presents the data, sample criteria and variables. Section 5 describes the econometric strategy. Section 6 provides the main empirical results, together with a comparison with prior estimates. Finally, Section 7 concludes with a summary of our findings and their policy implications.

2. Literature review

Several studies have analyzed the impact of inheritances on labor supply, with contrasting results. The idea underlying the study of this relationship is that a substantial increase in wealth, due to an inheritance receipt, may discourage individuals from working, and this effect should be manifested through their labor supply, especially among older individuals who are at an advanced stage of their working life-cycle, close to retirement, and for unexpected and large inheritances. This is known as the “Carnegie conjecture” or “Carnegie effect” in the economic literature (Holtz-Eakin et al., 1993; Cox, 2014; Bø et al., 2019). This hypothesis has received substantial attention in recent years, using survey and administrative data from the US, Europe or Japan.

For instance, Brown et al. (2010) use data from the 1994-2002 Health and Retirement Study (HRS) in the US, 5 survey waves (waves 2 through 6) from the original HRS cohort

born during 1931-1941, finding that household inheritance receipt increases the probability of retirement, especially for unexpected inheritances and increasing with the size of the inheritance. Similar results were reported by Elinder et al. (2012), Sila and Sousa (2014) and Eder (2016). Elinder et al. (2012) focus on administrative data from Sweden for recipients in 2004 during 2000-2008, finding negative effects on labor income, during the 4 years after the receipt, suggesting that the negative impact on labor income lasts a long time, and are concentrated among those aged 50-59 years old. Sila and Sousa (2014), using data from the European Community Household Panel (ECHP) for a sample of 15 countries from 1994 to 2001, find that the receipt of an inheritance (using a dummy variable defined at the household level) reduces working hours for large inheritances by 2.08 hours per week for men aged 25-60. Nevertheless, that response is small, and the impact of inheritances is stronger at the extensive margin, through individuals leaving the labor force and reducing the probability of being employed by 3.06 percentage points for men. Eder (2016) uses data from waves 1 and 4 of the SHARE, in 10 countries, focusing on retirement adjustments following inheritances in a sample of initially employed (employed or self-employed) individuals, and finding that the receipt of an inheritance significantly increases the probability of retirement.

Recently, Bø et al. (2019) use administrative data from Norway (1997-2010) and focus on wage earnings, early retirement, and working hours, using a sample of wage earners aged 18-66 years old. The authors show that wage income decreases among inheritors above the mean (300,000 Norwegian Krone) one year after the receipt, and this effect persists until 5 years later, and is concentrated in the female subsample. The changes are small for working hours and do not dissipate until 3 years after the event. For early retirement (available from age 62 in Norway), the probability of retirement increases for inheritors four and five years after the receipt of a large bequest.³ Niizeki and Hori (2019) exploit Japanese microdata from the second wave of the Family and Lifestyle Survey, conducted in 2012, for a small sample of individuals aged 26-51 (i.e., 205 respondents), showing that inheritances decrease the women's probability of work by around 10 percentage points, but that is not the case for men. In addition, the peak of the decline occurs three periods after. They also reject the unitary model, since the identity of the inheritance recipient matters in the women's labor supply. Specifically, the wife only reduces her probability of working when she receives an inheritance, whereas there is no

³ In Norway the formal retirement age is set at 67 years old.

effect on her probability of being in the labor force when her husband receives an inheritance.

Doorley and Pestel (2020) examine the German case by analysing the 2001-2016 German Socio-Economic Panel Study (SOEP). Like Niizeki and Hori (2019), they obtain gender-specific effects, since only women decrease their probability of working full-time and their working hours after the receipt of an unexpected inheritance. Quantitatively, women reduce their hours of work by about 1-2 per week in response to unexpected and expected inheritances, whereas they would decrease their desired hours of work by around 1.3 to 1.7 per week in response to an inheritance, and this effect is stronger for unexpected inheritances and persists for at least three years. On the other, the probability of a woman working full-time decreases by 5 percent after an inheritance. Malo and Sciulli (2021) use cross-sectional data from the 2014 Household Finance and Consumption Survey (HCS), for 14 European countries and individuals aged 25-59 years old, finding a negative relationship between the receipt of an inheritance (during the 2008-2013 window), at the household level, from a nonfamily donor, and women's labor force participation. Specifically, the receipt of an inheritance from a nonfamily donor during the last six years is associated with a decrease of 7.86 percentage points in the probability of being in the labor force for women.

Other recent studies in Europe include those of Tur-Sinai et al. (2022) and Suari-Andreu (2023). They relate individual labor supply to household inheritance receipts, using data from the SHARE. Both studies conclude that household inheritances have no effects on current labor force participation (Tur-Sinai et al., 2022) and hours of work, retirement, and early retirement (Suari-Andreu, 2023), for men and for women (Tur-Sinai et al., 2022) or for the overall sample (Suari-Andreu, 2023).

3. Conceptual framework

This paper is built on the grounds of collective models of household economic behavior. The collective model (Chiappori, 1988, 1992) aims to analyze unobserved intrahousehold decisions, such as the allocation of household resources, through observed household behaviors such as consumption or labor supply. The collective model has become the workhorse theoretical framework in studying household behavior. It is based on the hypothesis that intrahousehold decisions are Pareto-efficient (Chiappori and Mazzocco, 2017; Chiappori et al., 2022). This assumption is realistic when we consider that the

household is formed by spouses who interact very often and cooperate to take advantage of the existing opportunities from the marriage.

The fact that the collective model aims to analyze intrahousehold behaviors is a clear superior to the neoclassical unitary framework, which assumes that the household is a representative economic unit (i.e., a single decision maker maximizing a unique utility function) and ignores the distribution of economic resources such as income and wealth within households. Consequently, the collective model provides a well-suited conceptual framework to analyze the intrahousehold allocation of inheritances, which constitutes the aim of this paper. Specifically, we use the collective model to test whether inheritances are equally distributed within the household, which would imply support for the inheritance pooling hypothesis, or, by contrast, the identity of the recipient within the household matters, so that there exists an unequal distribution of inheritances within households. These competing hypotheses will be analyzed through labor supply decisions, which are observed for each spouse in the SHARE.⁴

Inheritances may lead to a bargaining process within the household, since they remain as individual assets and are not equally distributed in the case of a divorce. Consequently, inheritances may favor the distribution of household resources toward the recipient, increasing the recipient's Pareto weight that summarizes the relative bargaining power of each spouse within household decisions, and leading to a reduction in her/his labor supply. A key feature of SHARE is that the survey enables us to identify the recipient within the household, so we can test whether inheritances have bargaining effects on the household labor supply depending on the recipient's identity. Prior research has omitted potential intrahousehold effects behind the receipt of an inheritance and, in this context, the main contribution of this paper is to test whether inheritances may lead to bargaining processes within the household.

4. Data and variables

4.1. Data

In this paper, we use data from the Survey of Health, Ageing and Retirement in Europe (SHARE), equivalent to the HRS in the United States and the English Longitudinal Study

⁴ Estimating a collective model requires a lot from the data and consumption information is only available at the household level in SHARE (Suari-Andreu, 2023). This is a frequent feature of many household consumption surveys that rarely collect data on individual consumption (Calvi et al., 2023).

of Aging (ELSA) in the United Kingdom, surveys with which it is closely harmonized and modelled.⁵ SHARE is a representative cross-national household panel survey conducted regularly in Europe every two years, on average, since 2004, ex-ante harmonized to ensure cross-country comparability (Börsch-Supan et al., 2013), that contains microdata on employment, health, social and family networks, behavioural risks, financial transfers, and expectations for respondents aged 50 or over at the time of the survey and their partners regardless of age.⁶ Individuals must speak the national language(s) of each country and not live abroad during the entire survey period.

Each wave of SHARE includes individuals who were already interviewed as well as new individuals, so the SHARE is technically a longitudinal (unbalanced) dataset. The survey currently contains information from a total of eight waves in 29 countries (28 European countries and Israel), from wave 1 conducted in 2004-2006 to wave 8 conducted in 2020, and is publicly available.⁷ For our study, we use data from waves 2 to 6, which cover the period 2006 to 2015, excluding the third, seventh and eighth waves (we refer to Bergmann et al. (2019) for response rates during those survey waves). Waves 3 and 7, known as SHARELIFE, collect retrospective data and focus on reconstructing life histories of SHARE participants and their partners regarding housing, health, health care, children, marriage, divorce, employment, financial hardships, and living conditions at the age 10, while wave 8, which began in October 2019, had to be suspended, gradually country by country, in the middle of its data collection at the outbreak of the health

⁵ This paper uses data from SHARE Waves 2, 4, 5 and 6 (<https://doi.org/10.6103/SHARE.w2.800>, <https://doi.org/10.6103/SHARE.w4.800>, <https://doi.org/10.6103/SHARE.w5.800>, <https://doi.org/10.6103/SHARE.w6.800>) see Börsch-Supan et al. (2013) for methodological details. The SHARE data collection has been funded by the European Commission, DG RTD through FP5 (QLK6-CT-2001-00360), FP6 (SHARE-I3: RII-CT-2006-062193, COMPARE: CIT5-CT-2005-028857, SHARELIFE: CIT4-CT-2006-028812), FP7 (SHARE-PREP: GA N°211909, SHARE-LEAP: GA N°227822, SHARE M4: GA N°261982, DASISH: GA N°283646) and Horizon 2020 (SHARE-DEV3: GA N°676536, SHARE-COHESION: GA N°870628, SERISS: GA N°654221, SSHOC: GA N°823782, SHARE-COVID19: GA N°101015924) and by DG Employment, Social Affairs & Inclusion through VS 2015/0195, VS 2016/0135, VS 2018/0285, VS 2019/0332, and VS 2020/0313. Additional funding from the German Ministry of Education and Research, the Max Planck Society for the Advancement of Science, the U.S. National Institute on Aging (U01_AG09740-13S2, P01_AG005842, P01_AG08291, P30_AG12815, R21_AG025169, Y1-AG-4553-01, IAG_BSR06-11, OGHA_04-064, HHSN271201300071C, RAG052527A) and from various national funding sources is gratefully acknowledged (see <https://www.share-project.org> for a full list of funding institutions).

⁶ Contrary to other household panel surveys, such as the BHPS, SHARE is a household survey at the couple level.

⁷ The number of countries participating in the survey has been increasing over time and the first wave was implemented in Austria, Belgium, Denmark, France, Germany, Greece, Israel, Italy, the Netherlands, Spain, Sweden, and Switzerland.

emergency in March 2020. This dramatically affected the posterior interviews carried out from June to September 2020.⁸

Specifically, our sample consists of individuals from the original SHARE cohort born in 1954 or earlier and interviewed in wave 1, plus refreshment samples included in each wave to compensate for the reduction in panel sample size due to attrition and non-response, and to maintain representativeness of the target population, potentially serious problems in panel data in general, and panels of older people in particular. This includes people born in 1956 or before in wave 2, and those born in 1960 or before in wave 4.⁹ As for the empirical analysis we need at least two consecutive waves per respondent, refreshment cohorts added in wave 5 and 6 are not considered, due to specific questions that were dropped from the survey after wave 4 (see below).

Our analysis focuses on couples and labor decisions, so we restrict the sample to married heterosexual couples – married and living together with a partner – aged 45-70 years old, who are likely to still be in the labor force at the time of the inheritance, observed for at least two consecutive waves and with no missing value for any of the set of variables we use.¹⁰ This leaves us with a panel of 10,118 couple-wave observations, consisting of 4,224 couples and covering 13 European countries, namely: Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Italy, The Netherlands, Slovenia, Spain, Sweden, and Switzerland.¹¹ See Table A1 in the Appendix for sample composition. These couples are thus observed on average for 2-3 waves.

⁸ During the COVID-19 period, it became necessary to revise the way the SHARE data were collected. Specifically, face-to-face Computer Assisted Personal Interview (CAPI) questionnaires were uniformly conducted before the COVID-19, while the final information of wave 8 was collected through Computer Assisted Telephone Interview (CATI) in respondents' homes from June to September 2020 (Scherpenzeel et al., 2020). This affected the response rates (Bergmann and Börsch-Supan, 2021). A subsequent second wave of the SHARE Corona Survey was conducted between June and August 2021. These last two waves contain very specific questions regarding the COVID-19 pandemic.

⁹ Wave 3 did not contain any refreshment samples.

¹⁰ We consider wave 2 and wave 4 as consecutive waves. Individuals younger than 50 years are spouses of the sampled person.

¹¹ We start with a sample of 198,452 pooled observations from waves 1-6. We lose 40,694 observations from individuals who are not married, or are same-sex couples (i.e., a total of 74 observations) or there is no information for the counterpart, which leaves us with a sample of 78,879 observations (couples X wave) from 37,235 couples. After imposing the age sample criteria (we lose 28,763 observations), dropping missing values for the variables of interest (35,922 observations) and retaining couples who are observed for at least two consecutive waves (4,076 observations), we have a final sample of 10,118 observations (couples X wave) from 4,224 couples.

4.2. Variables

Our outcomes of interest are labor force participation and the number of hours worked weekly. For labor force participation, we use the information regarding current labor market status, reported by the respondents through the question “*In general, which of the following best describes your current employment situation?*”. The categories are “*Retired*”, “*Employed or self-employed (including working for family business)*”, “*Unemployed and looking for work*”, “*Permanently sick or disabled*”, “*Homemaker*”, and “*Other (Rentier, Living off own property, Student, Doing voluntary work)*”. From these six categories, we create a dummy variable that takes value 1 if respondent declares being employed, self-employed or unemployed, and value 0 otherwise (Blau and Goodstein, 2016; Disney and Gathergood, 2018; Tur-Sinai et al., 2022).

The hours variable refers to weekly hours of work in the current main job. Specifically, respondents were asked the following question: “*Regardless of your basic contracted hours, how many hours a week do you usually work in this job, excluding meal breaks but including any paid or unpaid overtime?*”. Hence, that recall question excludes meal breaks, but includes unpaid hours. From this question, we also define two dummy variables for full-time and part-time workers. The full-time status is measured by a dummy variable that takes value 1 when the individual currently works for at least 30 hours per week in the main job, 0 otherwise, while the part-time status dummy variable takes value 1 for those respondents who devote more than 0 hours but less than 30 hours per week to work on the main job, 0 otherwise (Jolly and Theodoropoulos, 2023).¹² At this point, an extensive body of research has acknowledged the superiority of diary-based data, through time use surveys, over stylized questionnaires of time use, such as the SHARE (Juster et al., 2003; Bonke, 2005; Klevmarken, 2005; Kan and Pudney, 2008) due to greater recall bias. However, we are not aware of any time diary-based data that contains information on inheritances, together with time use information for the same couples over time.¹³

¹² There is support for that arbitrary cut-off based on other household panel surveys. For instance, in the BHPS full-time work consists of working at least 30 hours per week on the main job.

¹³ A well-known issue of time use surveys is the inability to perform analysis of household behaviors, since there is no information for both members of the couple and only one member per household is the target respondent (Gimenez-Nadal and Molina, 2022).

The key explanatory variable for the study is the receipt of an inheritance since the previous interview. To define this variable, several questions from SHARE on the financial situation of the family are used, all of which are answered by the so-called financial respondent per couple, who is considered the most financially knowledgeable member, for the entire household. First, we use the question: *“Not counting any large gift we have already talked about, have you or your husband/wife/partner ever received a gift or inherited money, goods, or property worth more than 5,000 Euros?”* with the potential answers being *“Yes”* and *“No”*. For those who answer *“Yes”* to this question, the following questions are asked: *“In which year did you or your husband/wife/partner receive this gift or inheritance?”*, and *“From whom did you or your husband/wife/partner receive this gift or inheritance?”*.¹⁴

The question regarding the year of inheritance receipt is used to properly define the receipt of inheritances between survey waves, and avoid double counting of specific wealth transfers, while the question regarding the origin is used to define the inheritance receipt at the partner level, through the legal owner of each inheritance within the household. In this context, if the financial respondent claims that he/she received an inheritance from his/her *“Mother”*, *“Father”*, *“Stepmother”*, *“Stepfather”*, *“Brother”*, or *“Sister”*, we assign the receipt of an inheritance to that specific spouse. Conversely, if he/she claims that the inheritance was received by his/her *“Mother-in-law”*, or *“Father-in-law”*, we assign the receipt of the inheritance to his/her spouse. Other potential answers to this question, such as *“Son-in-law”*, *“Daughter-in-law”*, *“Grandchild”*, *“Grandparent”*, *“Aunt”*, or *“Uncle”*, do not provide us with sufficient detail to explicitly identify which spouse within the couple received that inheritance, so we assign those to another variable that represents unknown inheritances.¹⁵

We use the question *“Thinking about the next ten years, what are the chances that you will receive any inheritance, including property and other valuables?”* to control for the (past) inheritance expectation of each spouse in the household. Controlling for this variable is crucial to properly interpret the receipt of an inheritance as an unexpected

¹⁴ This last question was not used by Eder (2016), Tur-Sinai et al. (2022) and Suari-Andreu (2023), who also use SHARE. This leads these authors to assume the inheritance pooling hypothesis (i.e., inheritances are equally shared within the household).

¹⁵ In our case, there is only one financial respondent per couple (against multiperson households, formed by both couples and singles, who have various financial respondents in the same household). We restrict the sample to married couples during the timespan, so split couples are not considered in the analysis.

wealth shock, since prior research has documented larger effects for unexpected inheritances than for expected ones (Brown et al., 2010). The potential answers to these questions range from 0 to 100, where 0 indicates no chance of inheriting and 100 that the respondent is absolutely certain that an inheritance will be received in the next 10 years. This question was dropped from wave 5 onwards. However, as SHARE is a panel dataset, we assign the last observation per individual to the next waves (waves 5 and/or 6) we observe for that specific partner. Given that each wave is implemented every 2 years, on average, and the question looks at expectations over the next 10 years, we are suitably covering that period, although we may assume that specific personal circumstances could change expectations regarding the receipt of an inheritance.

In addition to labor market and inheritance variables, a rich set of sociodemographic and socioeconomic variables that influence the individual labor market status are defined from SHARE (Brown et al., 2010; Blau and Goodstein, 2016; Suari-Andreu, 2023). Specifically, from the information provided by the survey, we include the following variables that are important in explaining labor market outcomes: age (in years) at the time of the interview, maximum educational attainment (on the basis of the 1997 International Standard Classification of Education, ISCED-1997),¹⁶ self-employment status (value 1, 0 otherwise), health status (self-reported on a 5-point scale: *excellent*, *very good*, *good*, *fair*, and *poor*, which we condense into a dummy taking value 1 for *excellent* and *very good*, 0 otherwise), recent changes in health status (a dummy taking value 1 if health has improved or worsened between interviews, 0 otherwise), parents' vital state (two dummy variables taking value 1 if the father or mother died between survey waves,

¹⁶ We recode education into three levels: primary education (ISCED-1997 scores 0-2), secondary education (ISCED-1997 scores 3-4), and tertiary education (ISCED-1997 scores 5-6).

0 otherwise),¹⁷ household earnings (defined as the sum of the annual earnings of each spouse), household non-labor income,¹⁸ household size, and number of children.¹⁹

4.3. Descriptive statistics

Table 1 presents summary statistics for our sample. The average labor force participation of husbands in our sample is 38.3 percent, while the average for wives is 39.5 percent. For work hours, the average in the sample is 16 for husbands and 12 for wives (conditional on positive amounts, the average weekly hours of work are 38 and 31 for husbands and wives, respectively). In our sample, 4 percent of husbands receive an inheritance between survey waves, while the percentage of wives is 3.7. Wives declare larger inheritance expectations, 23 percent in our sample on average, against 21 percent for husbands. The average age of husbands is 62 years, while the average age for wives is 60 years. Husbands have a slightly higher level of education (42 and 25.1 percent have achieved a secondary and tertiary education level on average, respectively) than wives (39.7 and 23.2 percent). Furthermore, 7.4 percent of husbands and 3.7 of wives are self-employed. Around 31.3 percent of husbands and 30.1 percent of wives declare an excellent or very good health status, while around 22.4 and 22.3 percent of husbands and wives, respectively, declare that their health status has improved between survey waves (vs. 27.1 and 25.8 percent of husbands and wives who declare worse health status since the previous wave). Further, 2.4 percent and 5.5 percent of husbands on average have lost their father or mother between interviews, respectively, while the percentages for wives

¹⁷ These variables control for time use reallocations due to the death of a parent.

¹⁸ Household non-labor income comprises all income sources of the household except for the annual labor earnings of the spouses (annual old age or early retirement pension, survivor and war pension, annual private occupational pension, annual disability pension and benefits, annual unemployment benefits and insurance, annual payment from social assistance, sickness benefit and pension, other regular payments from private pension or private transfers, annual income from rent or sublet, annual income from other household members, and interest/dividend from bank account, bond, stocks, and mutual funds). Given that inheritances are a crucial component of the net worth of families (Klevmarken, 2004; Crawford and Hood, 2016; Karagiannaki, 2017; Elinder et al., 2018; Wei and Yang, 2022; Gandelman and Lluberas, 2023; Nekoei and Seim, 2023) and we do not have information regarding inheritance values to exclude them from household wealth, we do not include household net worth because that variable would partially control for the impact of inheritances, underestimating the current effect.

¹⁹ We initially omit wages from the econometric specification, since our sample includes spouses who are not in the labor force, so wages are missing for certain spouses. In a posterior robustness check we control for wages (defined in Euros per hour) and predict hourly wages using a Mincer-style equation in terms of age, education, self-employment status, household size, number of children, and country and wave effects. The results are unchanged.

range from 3.7 to 5.8 percent. The other household variables we control in the regressions are household size (average is 2.463), number of children in the household (average is 2.222), unknown inheritance receipt (average is 1.2 percent), household earnings (17,260.770 Euros is the average) and household non-labor income (1,011,320 Euros on average).

Table 2 shows the estimates from a linear probability model of the determinants of inheritance receipt, for each spouse. We then relate individual inheritance receipt for each spouse on individual and household characteristics, plus country and wave fixed-effects. We observe that inheritance receipt is strongly correlated with individual characteristics, such as the death of either the father or the mother since the prior interview and past inheritance expectations.²⁰ Quantitatively, the death of a parent is associated with an increase of around 17.1 to 21.1 percent in the probability of inheriting for husbands, and of around 12.3 and 15.6 percent for wives. The past inheritance expectation is positively related to the current inheritance receipt, suggesting that the variable contains useful information regarding future inheritance receipt. Numerically, an increase of one percent in the past inheritance expectation is related to an increase of 8.6 and 7.4 percent in the probability of inheriting for the husband and the wife, respectively. For the wives' equation, we find that having achieved a tertiary education level is correlated with an increase of 3.1 percent in the probability of inheriting, and this coefficient is statistically significant at the 1 percent level.

Figure 1 displays the histogram for the inheritance expectation variable for each spouse. We observe that the expectation variables are characterized by rounding responses and certain focal points, as is frequent with this type of variable that measures personal expectations (Kleinjans and Soest, 2014; Huynh and Jung, 2015; Bissonnette et al., 2017; de Bresser, 2019). Specifically, there are peaks at multiples of 50, at the first, middle and last option of the response scale. The observations are concentrated at 0 percent by far, as the probability ranges at 61.29 and 58.33 percent for husbands and wives, respectively. The next large focal points are at 100 percent for husbands, declared by around 6.41 percent of husbands in our sample, and 50 percent for wives, declared by around 7.91 percent of wives in our sample. Figure 1 also shows some signs of rounding

²⁰ We also include other household characteristics, such as household size, number of children, household earnings, household non-labor income, and (past) household net worth. However, these variables do not display statistically significant values, and we omit them from the reported estimates, for brevity. These estimates are available from the authors upon request.

towards inheritance expectations of 50 and 100 percent, since the probabilities reported around these percentages are relatively low. Furthermore, not all values are used by the respondents when rating their inheritance expectations for the next 10 years.

5. Econometric strategy

To analyze the impact of unexpected inheritances on labor force participation, we estimate linear regression models using Ordinary Least Squares (OLS). Formally, we estimate the following model, separately for husbands ($j = 1$) and wives ($j = 2$):

$$Y_{it}^j = \beta_0^j + \sum_{k=0}^1 (\beta_{1k}^j I_{it-k}^1 + \beta_{2k}^j I_{it-k}^2 + \beta_{3k}^j I_{it-k}^u + \delta_k^j y_{it-k} + \alpha_k^j A_{it-k}) + \gamma_1^j E_{it-1}^1 + \gamma_2^j E_{it-1}^2 + \eta^{j'} X_{it}^j + \tau_1^j Y_{it-1}^1 + \tau_2^j Y_{it-1}^2 + \theta_c + \mu_t + \varepsilon_{it}^j, \quad (1)$$

Where i represents the household ($i = 1, \dots, N$) in which spouse j lives, t denotes the survey period (the 4 survey waves), and c the country of residence ($c = 1, \dots, 13$). The dependent variable Y_{it}^j represents the labor market outcome of interest for spouse j in household i at time t . The main outcome of interest is labor force participation, but we also consider the number of hours worked weekly. I_{it-k}^j is a dummy variable that takes value 1 if spouse j in household i receives an inheritance since the previous period at time $t - k$, for $k = 0, 1$, and value of 0 otherwise, while I_{it-k}^u is a dummy variable that takes value 1 if household i receives an inheritance since the previous period at time $t - k$ for $k = 0, 1$ and the recipient within the couple cannot be determined, and value 0 otherwise. y_{it-k} represents the log household earnings and A_{it-k} denotes the log household non-labor income at time $t - k$, for $k = 0, 1$. E_{it-1}^j represents the inheritance expectations in the previous interview, for either the husband or the wife. In our identification strategy, we rely on the assumption that, conditional on the past inheritance expectation and labor outcomes, the receipt of an inheritance is exogenous.

X_{it}^j represents a vector of time-varying individual and household observable characteristics and includes spouse's age and age squared (divided by 100), maximum educational attainment (omitted category: primary education), self-employment status, health status, recent changes in health status, death of a parent (either the mother or the father) since the previous interview, the number of household members, and the number

of children. θ_c is a vector of country fixed-effects that controls for the time-invariant characteristics that vary among countries (e.g., national legislation, institutional features), μ_t denotes wave fixed-effects which control for factors that vary uniformly across countries over time (e.g., macroeconomic circumstances, specific survey issues), and ε_{it}^j is the error term. Given that there are multiple observations per household, we additionally cluster the standard errors at the household level to account for heteroskedasticity and arbitrary serial correlation over time in the error term between observations referring to the same household in all our estimations. The parameters of interest are β_{1k}^j , β_{2k}^j and β_{3k}^j , which capture the impacts of own, spouse, and unknown inheritances on the current labor outcome of a given spouse j .

Because of the nature of the dependent variables, we use the OLS estimator for the hours of work, and the Linear Probability Model (LPM) estimator for the labor force participation, because these estimates are relatively easy to deal with (i.e., they can be directly interpreted as marginal effects in the outcome of interest). Therefore, this estimator is preferred in this study to facilitate interpretation, but the analysis of labor force participation is also conducted using ordinal models, through the Logit or Probit model. These alternative methods of estimation produce rather similar marginal effects to the OLS findings and are available upon request from the authors.

6. Results

Table 3 shows the main estimates for the impact of unexpected inheritances on household labor force participation. For husbands, the results suggest that inheritances, irrespective of the recipient and the time of receipt, have no significant impacts on their labor force participation. Nevertheless, we obtain significant estimates for wives. Specifically, for inheritances received since the prior interview, the estimates suggest that own inheritances reduce the probability of being in the labor force by 5.3 percentage points for wives, with this magnitude being statistically significant at the 1 percent level. Since the proportion of women who are in the labor force is 39.5 percent in our sample, this reduction is sizeable and represents a decrease of about 13.42 percentage points on average in our sample. In addition, the coefficient for unknown inheritances since the previous wave is up to 4.8 percent, and this magnitude is statistically significant at the 10

percent level. Additional lags for inheritances receipt do not display any statistically significant effect on current wives' labor force participation.

Consequently, although husbands do not change their labor force status due to the receipt of an inheritance within the household, wives decrease their probability of being in the labor force by 5.3 percentage points if they have received an unexpected inheritance since the prior interview. This suggests that receiving an inheritance changes the bargaining power of wives within household decisions, by increasing their relative decision power and reducing their observed labor force participation. On the other hand, inheritances do not change the behavior of husbands. These results can also be related to prior labor supply estimates, which have documented that women are less attached to the labor market and their labor supply is more elastic in general, in comparison to men (Blau and Kahn, 2007; Keane, 2011). This result has also been found using data for inheritances in European countries (Bø et al., 2019; Doorley and Pestel, 2020; Malo and Sciulli, 2021) and Japan (Niizeki and Hori, 2019) and contrasts with prior estimates based on SHARE (Tur-Sinai et al., 2022; Suari-Andreu, 2023), the ECHP (Sila and Sousa, 2014) and the HRS (Blau and Goodstein, 2016).

Table 4 displays results for the weekly hours of work of each spouse. In this case, we obtain that husbands increase their current weekly hours of work by 2.036 if their spouse received an inheritance two periods before, while current inheritances have no significant effects on their weekly hours of work. For the wives' equation, we obtain that they decrease their weekly hours of work by 1.312 if they have received an unexpected inheritance since the previous interview. In comparison to the estimates reported in Table 3, the response in the intensive margin is smaller for wives, which suggests that women mainly respond by leaving the labor force, rather than by modifying their current hours of work.²¹

All these estimates significantly contrast with prior estimates reported from SHARE. Specifically, Tur-Sinai et al. (2022) report no statistically significant effect of inheritances on labor force participation, while Suari-Andreu (2023) obtains similar results. One limitation of these approaches is that they relate household inheritance receipt to

²¹ For full estimates, we refer to Appendix Table A2. These results remain identical when we control for household net-worth (one survey wave lagged). There may be doubt regarding whether household non-labor income could include any information that captures the impact of inheritance receipt, but the results remain identical when we omit that variable.

individual labor outcomes. By estimating that relationship, they implicitly assume that inheritances are equally shared within the household (i.e., the inheritance pooling hypothesis), so the identity of the recipient does not matter. However, it is likely that inheritances may lead to bargaining effects within the household allocation process, as our results point out. Specifically, inheritances belong exclusively to the recipient, so in the event of divorce they are not shared regardless of the marital property regime chosen at the time of marriage. The bargaining process may occur in that inheritances increase the value of the outside option for the recipient within the current marriage (i.e., divorce is more credible), so he/she attracts larger percentages from current household resources. In a purely collective interpretation, this should lead to an increase in the Pareto weight for the spouse's recipient, which should decrease her/his labor supply assuming that leisure is a normal good. This is what we effectively obtain in the data, but only for wives. Consequently, inheritances empower older women within European households, and this results in a lower labor force participation among them.

Like the previous estimates based on the inheritance pooling hypothesis, we examine the impact of household inheritances receipt on labor supply. Table 5 shows the estimates of the unitary model for husbands and wives in our sample. Similar to those prior works, we obtain no statistically significant effect of household inheritances on labor supply at standard significance levels. This points to the superiority of our approach for the distribution of economic resources within households, and that inheritances effectively lead to a bargaining process. Prior estimates have omitted that issue, and have reported imprecise results assuming full sharing of inheritances, at least from the married couples' perspective.

We perform a set of robustness checks. First, we omit wage rates from the main specification, and we acknowledge that our estimates may suffer from omitted variables biases. We omit this variable because we have included in our sample partners who are not employed, so their hours of work and earnings from employment are equal to zero and we cannot calculate hourly wage rates. Hence, we use a Mincer equation to predict hourly wages for the respondents in our sample, where we relate wage rates to individual and household characteristics. Table 6 shows the estimates when we control for wage rates for spouses (both contemporaneously and one survey wave lagged). The results remain fairly identical. In Table 7 we include other distribution factors that have been used by prior works, such as age and education level differences between spouses (Hwang

et al., 2019; Belloc et al., 2022). The results are similar to those previously presented in Tables 3 and 4.²² In our identification strategy, we interpret the receipt of an inheritance as unexpected after controlling for past inheritances expectations. In Table 8 we omit that variable from the specification and obtain similar coefficients, although the magnitudes appear to be downward biased, so that measure contains useful information in our approach. Finally, in Table 9 we exclude self-employed workers, given their well-known greater labor flexibility, and obtain similar qualitative conclusions. Nevertheless, the magnitudes suggest that a large part of our results may be driven by self-employed workers.²³

7. Conclusions and policy implications

This article examines the impact of inheritances on household labor supply in Europe. To do this, we use data from the Survey of Health, Ageing and Retirement in Europe (SHARE) for the years 2006-2015, for a total of 13 European countries. We consider the receipt of an inheritance as unexpected after controlling for past inheritance expectations and labor outcomes. While most of the prior research used inheritance data at the household level, the survey allows us to identify which partner explicitly receives an inheritance within the household (i.e., the legal owner). We then test whether the identity of the recipient matters and analyze the impact of individual inheritances on household labor supply behaviors. We denote this the inheritance pooling hypothesis. Our results suggest that the identity of the recipient matters, so these results cast doubt on prior research based on the inheritance pooling hypothesis which assumes that inheritances are equally distributed within the household, and consider the household as a representative economic unit. Consequently, we find that inheritances lead to bargaining effects within the household.

The main shortcoming of this study is that SHARE does not regularly collect information about inheritance values. Although this information was available in the first

²² Note that the estimates for age difference and education level difference between the husband and wife fit the bargaining assumption, since older age and higher education level relative to the partner reduce the hours of work, conditional on individual age and education level.

²³ Appendix Table A3 shows the results for the impact of inheritances on the full- and part-time status. Women do not change their full- and part- time status due to the receipt of an inheritance. Individual fixed-effects estimates are fairly similar, but they are imprecisely estimated due to a lack of statistical power.

two waves of the survey, additional waves suppressed this question. In addition, the limited cross-country size prevents us from making a cross-country analysis, so we interpret our estimates as average impacts. Despite these limitations, this study can be useful for policy makers and researchers and certain implications can be drawn from it. Contrary to prior research, we find that inheritances depress work effort among older women in Europe by removing them from the labor force. The reduction is significant, about 5.3 percentage points, and these results are important for the design of inheritances taxes and in the evaluation of current social security reforms. On the other hand, unitary perspectives on inheritances are biased, and policy makers should consider the intrahousehold effects of exogenous wealth shocks. At this point, our results can help to simulate the impact of large variations in wealth among married couples late in their work cycle.

We suggest three important avenues for further research from this paper. First, we are limited here to household labor supply, a very specific time use category. The literature so far has been restricted to the impacts of inheritances on paid work, and future research could extend this analysis to other household time uses, such as unpaid work, with the appropriate household dataset (if it is available). The economic theory predicts that increases in income should increase the consumption of leisure, but there is no study that tests that prediction, so far as we know.²⁴ Second, the inheritance distribution approach developed in this study may be used by practitioners to re-estimate the effect of inheritances on the accumulation of household wealth, using either SHARE or other ageing surveys, such as the Health and Retirement Study (HRS) and the China Health and Retirement Longitudinal Study (CHARLS), since prior estimates based on male- and female-single households are not generalizable to the whole population, while those based on a unitary perspective suffer from downward biases. Finally, we know very little about the outside option of the husband and wife in bargaining models. The divorce may be anticipated by household behaviors, such as through changes in household labor supply, so our results may be interpreted as a sign of non-cooperation within the current marriage (i.e., a failing marriage) and the inheritance receipt should incentivize recipients to dissolve the current household, particularly among women (Basiglio, 2022). There is still

²⁴ We acknowledge that Doorley and Pestel (2020) examine the impact of household inheritances on unpaid work, education, and leisure time in Germany. However, the SOEP does not allow the authors to identify the legal recipient within the household and they implicitly assume the inheritance pooling hypothesis.

much to be learned about the threat point of marriage, and we suggest this line as a valuable contribution to the household economics field.

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Table 1. Summary statistics

	Husbands		Wives		Diff.
	Mean	Std. Dev.	Mean	Std. Dev.	
<i>Individual variables</i>					
Labor force participation	0.383	(0.486)	0.395	(0.489)	-0.012**
Weekly work hours at main job	16.068	(20.770)	12.760	(17.579)	3.308***
Weekly work hours at main job (conditional on > 0)	38.618	(12.881)	31.863	(12.764)	6.754***
Inheritance receipt	0.040	(0.197)	0.037	(0.190)	0.003
Inheritance expectation	21.804	(34.475)	23.223	(34.772)	-1.419***
Age	62.195	(4.708)	59.955	(4.990)	2.241***
Primary education	0.329	(0.470)	0.371	(0.483)	-0.042***
Secondary education	0.420	(0.494)	0.397	(0.489)	0.023***
Tertiary education	0.251	(0.434)	0.232	(0.422)	0.019***
Self-employed	0.074	(0.261)	0.037	(0.188)	0.037***
Good health	0.313	(0.464)	0.301	(0.459)	0.012**
Health improved since previous interview	0.224	(0.417)	0.223	(0.416)	0.001
Health worsened since previous interview	0.271	(0.444)	0.258	(0.438)	0.013**
Father death since the previous interview	0.024	(0.154)	0.037	(0.188)	-0.012***
Mother death since the previous interview	0.055	(0.228)	0.058	(0.234)	-0.003
		Mean	Std. Dev.		
<i>Household variables</i>					
# household members		2.463	0.839		
# children		2.222	1.121		
Unknown inheritance receipt		0.012	0.110		
Household earnings		17,260.770	27,520.330		
Household non-labor income		1,011,320	99,400,000		
# observations (couples X wave)			10,118		
# couples			4,224		

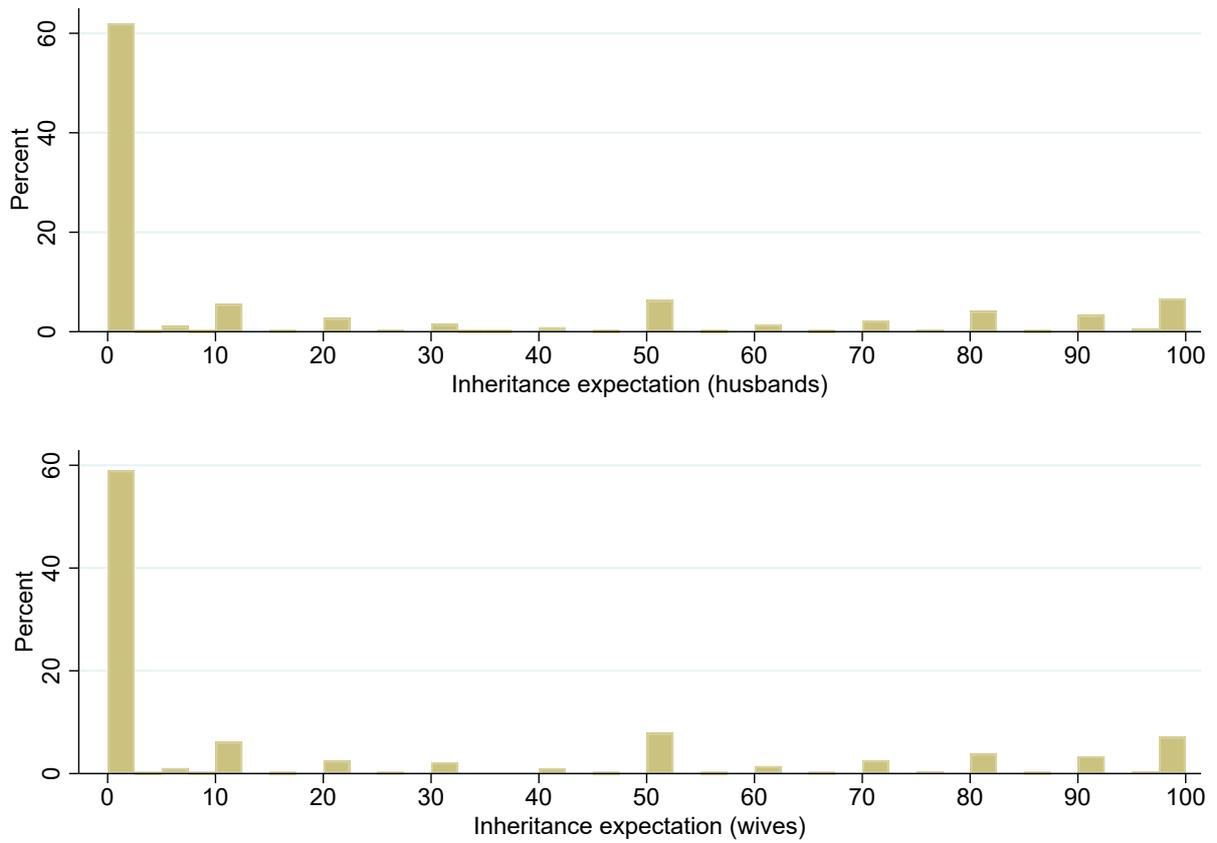
Notes: Data from Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 with at least two consecutive waves. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 2. Determinants of inheritance receipt: relationship between individual characteristics and the probability of inheriting

	Husbands	Wives
Lagged inheritance expectation (/100)	0.086*** (0.011)	0.074*** (0.010)
Age	0.020 (0.013)	-0.008 (0.014)
Age ² /100	-0.016 (0.011)	0.006 (0.012)
Secondary education	-0.005 (0.006)	0.010* (0.006)
Tertiary education	0.008 (0.008)	0.031*** (0.008)
Self-employed	-0.010 (0.011)	0.002 (0.016)
Good health	-0.003 (0.007)	0.012* (0.007)
Health improved since the previous interview	-0.007 (0.006)	-0.003 (0.006)
Health worsened since the previous interview	-0.002 (0.006)	0.001 (0.006)
Father death since the previous interview	0.171*** (0.038)	0.123*** (0.026)
Mother death since the previous interview	0.211*** (0.024)	0.156*** (0.020)
Constant	-0.658 (0.422)	0.258 (0.448)
Number of observations	5,894	5,894
Number of individuals	4,224	4,224
R-squared	0.138	0.100

Notes: LPM estimates. Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 with at least two consecutive waves. Robust standard errors, clustered at the individual level, are reported in parentheses. Estimates also include country and wave fixed-effects, together with household characteristics (household size, number of children, log of household earnings, log of household non-labor income, log of past household net worth), but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Figure 1. Histogram of inheritance expectation



Notes: Authors' calculations. Inheritance expectations in percent on horizontal axis. Response frequency in percent on vertical axis. Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 with at least two consecutive waves.

Table 3. Impact of inheritances on labor force participation

	Husbands	Wives
<i>Inheritance recipient</i>		
Self	0.023 (0.018)	-0.053*** (0.020)
Spouse	-0.009 (0.020)	-0.013 (0.020)
Unknown	0.018 (0.033)	0.048* (0.026)
<i>Lagged inheritance recipient</i>		
Self	0.005 (0.019)	0.017 (0.018)
Spouse	0.002 (0.020)	0.018 (0.016)
Unknown	-0.021 (0.034)	0.018 (0.031)
Number of observations (couples-wave)	5,894	5,894
Number of couples	4,224	4,224
R-squared	0.673	0.686

Notes: LPM estimates on the probability of being in the labor force. Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 4. Impact of inheritances on weekly hours of work

	Husbands	Wives
<i>Inheritance recipient</i>		
Self	-0.057 (0.756)	-1.312** (0.639)
Spouse	-0.901 (0.762)	0.124 (0.634)
Unknown	0.765 (1.360)	0.662 (0.951)
<i>Lagged inheritance recipient</i>		
Self	-0.266 (0.778)	0.420 (0.584)
Spouse	2.036*** (0.720)	-0.167 (0.578)
Unknown	1.100 (1.398)	1.193 (0.943)
		0.420
Number of observations (couples-wave)	5,894	5,894
Number of couples	4,224	4,224
R-squared	0.723	0.714

Notes: OLS estimates on the weekly hours of work. Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 5. Unitary model: impact of household inheritances on labor supply

	LFP		Weekly hours of work	
	Husbands	Wives	Husbands	Wives
<i>Household inheritance receipt</i>	0.008 (0.014)	-0.026* (0.014)	-0.353 (0.555)	-0.461 (0.448)
<i>Lagged household inheritance receipt</i>	-0.001 (0.014)	0.020 (0.013)	1.057* (0.547)	0.201 (0.411)
Number of observations (couples-wave)	5,894	5,894	5,894	5,894
Number of couples	4,224	4,224	4,224	4,224
R-squared	0.673	0.685	0.722	0.714

Notes: LPM estimates on the probability of being in the labor force in Columns (2-3), OLS estimates on the weekly hours of work in Columns (4-5). Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 6. Robustness check: predicting hourly wages

	LFP		Weekly hours of work	
	Husbands	Wives	Husbands	Wives
<i>Inheritance recipient</i>				
Self	0.023 (0.018)	-0.052*** (0.020)	-0.051 (0.754)	-1.317** (0.637)
Spouse	-0.008 (0.020)	-0.014 (0.020)	-0.871 (0.761)	0.070 (0.633)
Unknown	0.017 (0.033)	0.050* (0.026)	0.768 (1.362)	0.761 (0.944)
<i>Lagged inheritance recipient</i>				
Self	0.005 (0.019)	0.017 (0.018)	-0.287 (0.775)	0.396 (0.590)
Spouse	0.002 (0.020)	0.017 (0.016)	2.024*** (0.717)	-0.172 (0.576)
Unknown	-0.021 (0.034)	0.020 (0.031)	1.079 (1.401)	1.242 (0.937)
Number of observations (couples-wave)	5,894	5,894	5,894	5,894
Number of couples	4,224	4,224	4,224	4,224
R-squared	0.674	0.687	0.724	0.716

Notes: LPM estimates on the probability of being in the labor force in Columns (2-3), OLS estimates on the weekly hours of work in Columns (4-5). Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 7. Robustness check: including other distribution factors

	LFP		Weekly hours of work	
	Husbands	Wives	Husbands	Wives
<i>Inheritance recipient</i>				
Self	0.024 (0.019)	-0.052*** (0.020)	0.038 (0.755)	-1.290** (0.640)
Spouse	-0.010 (0.020)	-0.013 (0.020)	-0.917 (0.761)	0.093 (0.635)
Unknown	0.018 (0.033)	0.049* (0.026)	0.751 (1.358)	0.670 (0.950)
<i>Lagged inheritance recipient</i>				
Self	0.006 (0.019)	0.018 (0.018)	-0.195 (0.777)	0.416 (0.584)
Spouse	0.002 (0.020)	0.018 (0.016)	2.047*** (0.724)	-0.201 (0.579)
Unknown	-0.021 (0.034)	0.018 (0.031)	1.111 (1.398)	1.140 (0.946)
<i>Other distribution factors</i>				
Age differences	-0.003** (0.001)	0.001 (0.001)	-0.216*** (0.050)	0.152*** (0.050)
Education level differences	-0.003 (0.002)	-0.004 (0.003)	-0.163** (0.079)	0.011 (0.106)
Number of observations (couples-wave)	5,894	5,894	5,894	5,894
Number of couples	4,224	4,224	4,224	4,224
R-squared	0.674	0.686	0.724	0.715

Notes: LPM estimates on the probability of being in the labor force in Columns (2-3), OLS estimates on the weekly hours of work in Columns (4-5). Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. Age differences refer to the male's age minus the female's age, while education level differences refer to an index that takes higher values whether the husband has a greater level of education, relative to his wife. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 8. Robustness check: omitting past inheritance expectations

	LFP		Weekly hours of work	
	Husbands	Wives	Husbands	Wives
<i>Inheritance recipient</i>				
Self	0.020 (0.017)	-0.038** (0.017)	-0.107 (0.658)	-0.762 (0.539)
Spouse	-0.018 (0.017)	-0.010 (0.018)	-1.098* (0.655)	-0.214 (0.560)
Unknown	-0.005 (0.029)	0.047* (0.025)	0.579 (1.170)	1.184 (0.850)
<i>Lagged inheritance recipient</i>				
Self	0.016 (0.016)	0.028 (0.017)	0.562 (0.684)	0.561 (0.514)
Spouse	0.004 (0.018)	0.010 (0.014)	1.620** (0.655)	-0.107 (0.501)
Unknown	-0.027 (0.027)	0.016 (0.027)	1.408 (1.210)	0.793 (0.831)
Number of observations (couples-wave)	7,376	7,376	7,376	7,376
Number of couples	4,786	4,786	4,786	4,786
R-squared	0.670	0.677	0.722	0.716

Notes: LPM estimates on the probability of being in the labor force in Columns (2-3), OLS estimates on the weekly hours of work in Columns (4-5). Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 9. Robustness check: excluding self-employed workers

	LFP		Weekly hours of work	
	Husbands	Wives	Husbands	Wives
<i>Inheritance recipient</i>				
Self	0.015 (0.019)	-0.042** (0.020)	-0.488 (0.751)	-1.124* (0.665)
Spouse	-0.017 (0.021)	-0.011 (0.021)	-0.995 (0.783)	-0.451 (0.578)
Unknown	-0.011 (0.032)	0.044 (0.027)	0.207 (1.223)	0.231 (0.965)
<i>Lagged inheritance recipient</i>				
Self	0.015 (0.019)	-0.003 (0.019)	-0.962 (0.761)	0.426 (0.627)
Spouse	0.006 (0.021)	0.013 (0.017)	1.884*** (0.666)	-0.099 (0.571)
Unknown	-0.060* (0.036)	0.017 (0.033)	0.027 (1.460)	0.893 (0.970)
Number of observations (couples-wave)	5,160	5,160	5,160	5,160
Number of couples	3,727	3,727	3,727	3,727
R-squared	0.684	0.706	0.724	0.745

Notes: LPM estimates on the probability of being in the labor force in Columns (2-3), OLS estimates on the weekly hours of work in Columns (4-5). Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves, excluding self-employed workers. Robust standard errors, clustered at the household level, are reported in parentheses. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

APPENDIX

Table A1. Composition of the sample

	# observations	Percentage
Austria	760	7.511
Belgium	1,361	13.451
Czech Republic	1,043	10.308
Denmark	878	8.678
Estonia	860	8.500
France	1,076	10.635
Germany	541	5.347
Italy	971	9.957
The Netherlands	527	5.209
Slovenia	266	2.629
Spain	805	7.956
Sweden	381	3.766
Switzerland	649	6.414

Notes: Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 with at least two consecutive waves.

Table A2. Full estimates

	LFP		Weekly hours of work	
	Husbands	Wives	Husbands	Wives
Self-inheritance receipt	0.023 (0.018)	-0.053*** (0.020)	-0.057 (0.756)	-1.312** (0.639)
Spouse inheritance receipt	-0.009 (0.020)	-0.013 (0.020)	-0.901 (0.762)	0.124 (0.634)
Unknown inheritance receipt	0.018 (0.033)	0.048* (0.026)	0.765 (1.360)	0.662 (0.951)
Past self-inheritance receipt	0.005 (0.019)	0.017 (0.018)	-0.266 (0.778)	0.420 (0.584)
Past spouse inheritance receipt	0.002 (0.020)	0.018 (0.016)	2.036*** (0.720)	-0.167 (0.578)
Past unknown inheritance receipt	-0.021 (0.034)	0.018 (0.031)	1.100 (1.398)	1.193 (0.943)
Past self-LFP	0.401*** (0.015)	0.527*** (0.014)	-	-
Past spouse LFP	-0.031*** (0.012)	-0.020 (0.013)	-	-
Past self-weekly hours of work	-	-	0.457*** (0.016)	0.571*** (0.021)
Past spouse weekly hours of work	-	-	-0.057*** (0.014)	-0.022* (0.013)
Age	-0.220*** (0.021)	-0.112*** (0.017)	-6.031*** (0.927)	-1.858*** (0.585)
Age ² /100	0.160*** (0.016)	0.078*** (0.014)	4.377*** (0.723)	1.232*** (0.472)
Self-employed	0.145*** (0.028)	0.215*** (0.038)	11.207*** (1.266)	12.810*** (1.952)
Secondary education	-0.005 (0.009)	0.009 (0.009)	0.497 (0.345)	0.823*** (0.287)
Tertiary education	0.029*** (0.010)	0.025** (0.011)	1.739*** (0.405)	1.403*** (0.408)
Good health	0.035*** (0.009)	0.018** (0.009)	1.261*** (0.356)	0.575* (0.312)
Health improved since last interview	-0.024** (0.009)	-0.019** (0.009)	-0.713* (0.366)	-0.174 (0.345)
Health worsened since last interview	0.002 (0.009)	-0.000 (0.009)	0.442 (0.339)	-0.065 (0.281)
Father death since last interview	0.011 (0.026)	-0.020 (0.020)	-0.037 (1.091)	0.219 (0.714)
Mother death since last interview	0.016 (0.017)	0.049*** (0.015)	-0.169 (0.605)	0.383 (0.462)
Past self-inheritance expectation (/100)	0.014 (0.012)	0.015 (0.012)	0.855* (0.473)	0.472 (0.417)
Past spouse inheritance expectation (/100)	-0.013 (0.012)	-0.007 (0.012)	-0.480 (0.453)	-0.215 (0.426)
Past own self-employment status	-0.035 (0.025)	-0.124*** (0.038)	-3.751*** (1.133)	-7.534*** (1.663)
Past spouse self-employment status	-0.074*** (0.025)	-0.009 (0.017)	-0.591 (1.034)	-0.896 (0.602)
Household size	0.013** (0.005)	-0.009 (0.005)	0.083 (0.205)	-0.081 (0.190)
Number of children	-0.001 (0.003)	-0.001 (0.003)	0.178 (0.137)	0.033 (0.111)
Log of household earnings	0.019*** (0.001)	0.021*** (0.001)	1.091*** (0.036)	0.851*** (0.034)

Log of household non-labor income	-0.016*** (0.001)	-0.003*** (0.001)	-0.661*** (0.047)	-0.161*** (0.040)
Log of past household earnings	-0.008*** (0.001)	-0.010*** (0.001)	-0.568*** (0.039)	-0.434*** (0.037)
Log of past household non-labor income	-0.001 (0.001)	-0.000 (0.001)	0.025 (0.049)	0.044 (0.040)
Constant	7.741*** (0.658)	4.061*** (0.537)	214.668*** (29.753)	70.927*** (18.157)
Number of observations (couples-wave)	5,894	5,894	5,894	5,894
Number of couples	4,224	4,224	4,224	4,224
R-squared	0.673	0.686	0.723	0.714

Notes: LPM estimates on the probability of being in the labor force in Columns (2-3), OLS estimates on the weekly hours of work in Columns (4-5). Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A3. Estimates on full- and part-time status

	Full-time status		Part-time status	
	Husbands	Wives	Husbands	Wives
<i>Inheritance recipient</i>				
Self	-0.007 (0.019)	-0.029 (0.020)	-0.013 (0.016)	-0.008 (0.019)
Spouse	-0.016 (0.021)	-0.008 (0.018)	0.030 (0.019)	0.022 (0.019)
Unknown	0.029 (0.034)	0.062* (0.033)	0.006 (0.030)	-0.042 (0.033)
<i>Lagged inheritance recipient</i>				
Self	-0.021 (0.019)	0.013 (0.018)	0.012 (0.016)	-0.014 (0.019)
Spouse	0.064*** (0.019)	-0.017 (0.019)	-0.016 (0.014)	0.020 (0.019)
Unknown	0.016 (0.031)	-0.002 (0.030)	-0.042* (0.023)	0.054* (0.032)
Number of observations (couples-wave)	5,894	5,894	5,894	5,894
Number of couples	4,224	4,224	4,224	4,224
R-squared	0.669	0.631	0.264	0.453

Notes: LPM estimates on the probability of being a full-time worker in Columns (2-3), and part-time worker in Columns (4-5). Data come from the Survey of Health, Ageing and Retirement in Europe (SHARE), waves 2-6. Sample is restricted to married (heterosexual) couples aged 45-70 years old with at least two consecutive waves. Robust standard errors, clustered at the household level, are reported in parentheses. Estimates also include country and wave fixed-effects, but not shown for brevity. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.