

Labor Market Returns to Delaying Pregnancy

Abstract

We study the career and family outcomes of women who become pregnant while using long-acting reversible contraceptives (LARC), in particular, intrauterine devices (IUDs) and birth control implants. These methods of birth control work passively and are extremely effective, but not perfect – about 0.5% of women using a LARC will get pregnant in a year, resulting in a natural experiment in which women who had hoped to delay childbirth become pregnant earlier than planned. We find that relative to women who are able to successfully delay childbirth (the control group), those who have an unplanned pregnancy while using a LARC suffer persistent earnings losses of about 20% even six years after becoming pregnant, relative to the control group. Accounting for fertility behavior in the control group, we estimate a motherhood penalty for unplanned births which has the same magnitude as estimates of the long-run motherhood penalty from an event study analysis of planned births. The negative impacts of unplanned pregnancy on careers are driven by younger women and are primarily explained by differences in their longer-term occupational trajectory.