

Smoking Hurts Wealth As Well As Health, Study Suggests

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A new study suggests that typical non-smokers' net worth is roughly 50 percent higher than that of light smokers and about twice the level of that of heavy smokers. And that wealth gap grows by about \$410, or 4 percent, each year that a person continues to smoke, said Jay Zagorsky, author of the study and a research scientist at Ohio State University's Center for Human Resource Research.

Federal statistics on cigarette spending suggest that the wealth reductions are roughly equal to how much smokers spend on their habit.

“We don't have any direct proof, but taking the study results and the federal statistics together, it seems that the money smokers spend on cigarettes comes out of income that normally would be saved,” Zagorsky said.

“It may be that smokers spend as much as others on everything else, and pay for smoking out of potential savings.”

The study was published in the current issue of the journal *Tobacco Control*.

The study used data involving about 8,900 people who participated in the National Longitudinal Survey of Youth, which is funded primarily by the U.S. Bureau of Labor Statistics. The NLSY is a nationally representative survey of people nationwide conducted by Ohio State's Center for Human Resource Research.

The people in this study were interviewed in 1985, 1992, 1994, and 1998 about a variety of issues, including smoking and wealth.

In this study, light smokers were defined as those who reported smoking less than a pack a day on average, while heavy smokers used more than a pack a day. Wealth included home values, cash savings, stocks, bonds, and auto values, among other assets. Outstanding debts were subtracted from that total.

The participants in this study were between 33 and 40 years old in 1998, the last year of this study, Zagorsky said. By that time in their lives, they had not accumulated much wealth. The average net worth of all participants in 1998 was about \$50,000.

While it was obvious that smokers had less wealth, Zagorsky said smokers also tend to come from lower socioeconomic categories, which may influence how much wealth they accumulate. So he analyzed the data taking into account many factors that may influence wealth, including education, race, and even income.

Even after these factors are taken into account, heavy smokers had a net worth that was about \$8,300 less than non-smokers, while light smokers' net worth was about \$2,000 lower.

In 2001, the typical smoker spent \$715 per year on tobacco products. Multiplying this by the 7.5 years young baby boomers typically have smoked shows that the average baby boomer has spent more than \$5,300 during their adult life on this habit. This figure is roughly right between the amount net worth falls for light smokers vs. heavy smokers, he said.

Zagorsky noted that the participants in this study were relatively young adults, with the oldest being 40 years old when the study concluded. That suggests the wealth gap could grow even larger if smokers continue their

habit.

“Every year of smoking causes net worth to fall by almost 4 percent, so the effects add up over the years,” he said.

“Since the typical family in the United States currently has relatively little wealth and saves relatively little money, the financial implications are clear – if you smoke and want to increase your wealth, stop smoking.”

Source: Ohio State University

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