

Money and Time Transfers from Parents to Adult Children in the United States: New Evidence
on Between and Within Family Differences from the June 2012 Survey of Consumers

Suzanne M. Bianchi, UCLA

Judith A. Seltzer, UCLA

Xi Song, UCLA

Robert Schoeni, University of Michigan

Abstract

September 2012

Parents and adult offspring may provide each other with material support by transferring money, goods, and shared housing. They also provide time and attention, for instance when adult children provide practical help running errands or helping around the house or when grandparents provide child care while their daughters and sons are at their paid jobs. These transfers between parents and children, sometimes called “currencies” of exchange (Soldo & Hill 1993), contribute to inequality between families in who gets ahead (Swartz 2009).

Public discourse on parent-child relationships pays considerable attention to stories in which a child complains to a sibling that “Mom always liked you best.” Yet evidence on intergenerational transfers shows that the picture is more complicated. Parents tend to give unequally to children during life but parents give equally to children at the time of their death. Parents give greater *inter vivos* assistance to their offspring in greater need. For example, parents are more likely to give money to a child whose income is lower than his or her siblings’ incomes (Altonji et al. 1997; McGarry & Schoeni 1995). Bequests, on the other hand, overwhelmingly divide estates equally among children. In the minority of families where bequests are unequal, somewhat unusual circumstances are often at play (e.g., one child has a serious disability, a history of divorce and remarriage has produced a mix of biological and step-children, etc.) (Light & McGarry 2004).

Evidence from the Health and Retirement Study (HRS) points to the importance of the time frame in which *inter vivos* transfers are observed. Zissimopoulos and Smith (2009) use data on older adults to replicate earlier research showing that parents do not treat their children equally in the short term, for instance by giving each child the same amount of money in each year. When parents are observed for a longer period, however, their financial transfers to

offspring become more equal. In families with two or more children¹, slightly less than 12% gave money to all of their children in a 2-year period, but over a 16-year period, 43% gave to all of their children. Parents give money to children at key points in the life cycle, for instance when they make the transition to post-secondary schooling or are trying to set up an independent household. Offspring reach these critical junctures at different points in time. Thus, some of the measured inequality among siblings may be a function of the reporting window for the transfers that are imposed by the data collection.

In this paper, we use new survey data to investigate inequality between and within U.S. families in short term and long term transfers from parents to their adult children. This extended abstract briefly describes the new data and reports preliminary descriptive results.

Data

We use data from the June 2012 Survey of Consumers (SC), a telephone survey of a national probability sample of U.S. adults age 18 and older. The SC includes questions that we designed on the availability of kin and intergenerational transfers. We asked respondents to enumerate all of their children, including stepchildren, and then we asked about 1) time and money the respondent had transferred to the child in the past year (in the short term) and 2) financial assistance the respondent had given each adult child since the child had turned age 18 (longer term transfers). The questions about longer term transfers asked about three domains: help with educational expenses, help with housing, and other large financial transfers.

The survey collected data from 495 respondents. Approximately two thirds of respondents, 314, had adult children. These parent respondents provided information on 792 adult children. Although the sample is not large, it is the only data collection for a cross section of the adult population of parents in recent years to obtain a complete roster of children and to

¹ This percentage is among those who gave at least once to a child.

ask about both short and long term transfers. The HRS only includes older parents, over the age of 50. The Panel Study of Income Dynamics (PSID) has not asked this type of short-term transfer question since 1988, and even then the PSID did not ask specifically about each child.²

Preliminary Descriptive Results

We describe preliminary results to illustrate the potential richness of the data and to give a flavor of the content of the full paper. The full paper addresses three questions: First, how prevalent are intergenerational (parent-to-child) transfers of time and money, and how large are these transfers? In this part of the paper we pay particular attention to differences in estimates depending on whether we adopt the parent's point of view or the adult child's point of view. Second, what characteristics of parents, children and families affect who helps adult children with time or money? Third, how much inequality is there within families in transfers from parents to adult children, and what factors predict within family inequality?

In table 1, we describe the percentage of parents (i.e., potential donors) who give a transfer of a particular type and the average amount given (across all parents, including those who do not give). We also use adult children as the unit of analysis and show the same estimates from the point of view of adult children (i.e., the potential recipients). Table 1 shows the percent who received a short term transfer in the past year or a long term transfer since age 18 and average amounts of these transfers (as reported by the respondent, the children's parent).

[Table 1 about here]

With respect to short term transfers, approximately 62 percent of parents report giving time assistance to at least one of their children in the past year, with the average amount being about 15 hours per month. Almost half of respondents report giving money to at least one of

² The PSID will ask questions like those in the SC in 2013. In fact, the SC data will inform the design of the 2013 module for the PSID.

their adult children in the previous year, with the average amount over \$3,000. From the perspective of the adult children recipients, about 41 percent receive time assistance and 30 percent receive financial assistance, with average amounts similar but somewhat lower than the amounts averaged over the respondent, the parental donor. To the extent that parents give to some but not all children in a given year, we would expect transfers to be lower when averaged over adult children recipients than when averaged over parent donors.

When we look at long term transfers (given/received at any time since children turned age 18), 55 percent of parents report helping children with educational expenses and 39 percent of children receive this type of assistance. Housing assistance is much less common, with 23 percent of parents saying they have ever given this type of assistance to a child and with 14 percent of adult children receiving help with home purchase. Finally, other large transfers of money (i.e., ever giving/receiving financial assistance of \$500 or more for things other than education or housing), are intermediate with about one third of parents saying they have given this type of assistance to a child and almost one-quarter of children receiving this type of financial assistance.

We next investigate who gives transfers to none, some or all of their children, using both the short term questions and the longer term questions. Table 2 shows these estimates. Looking at the first column in Table 2, there is a suggestion that time transfers may be somewhat more equal across children in the same family than transfers of money, with 38 percent of respondents saying they have given help in the form of time to all adult children in the past year compared with 27 percent who say they have given money to all children in the past year.

[Table 2 about here]

In terms of longer term transfers, help with educational expenses is the most likely type of transfer to be given to all children. Consistent with the arguments in Zissimopoulos and Smith (2009), financial transfers for educational expenses are more often given to all children (42%) than are short-term time (38%) or money (27%) transfers. Financial transfers for housing or other expenses are less likely to be given to all of the children in the family than is help with educational expenses. Finally, these results suggest that equal giving is more likely in small families than in larger families, another finding in line with those of Zissimopoulos and Smith (2009). This may reflect greater variation in large families in characteristics associated with the transition to home ownership, such as marital status. In our full paper we will investigate correlates of transfers and inequality in transfers.

Table 3 provides a look at transfers from the adult children's, or recipients', perspective. We explore not only whether a child is reported to receive a transfer but also whether the child lives in a family where other siblings receive a particular type of transfer. In Table 3, we categorize recipient children by whether all or only some of the siblings receive a transfer and we disaggregate the group of non-recipient children into those residing in families where no children receive a transfer and those in families where some children receive a transfer.

[Table 3 about here]

This table represents our preliminary look at the levels of unequal giving across the sample of children. For example, with respect to time, about 4 in 10 children are in families where no child receives time assistance, 3 in 10 are in families where every child receives time assistance, and the remaining 3 in 10 are in families where time is given to some but not all children. With respect to money from parents in the preceding year, half of children are in families where no child receives financial assistance, one fifth are in families where all children

receive financial help, and the remainder are in families where some but not all children receive help of this type. In further analysis, we intend to explore factors that distinguish these groups of adult children.

Multivariate Analysis.

We will conduct multivariate analyses using parents (or families) as the unit of analysis for the research questions on between family variation in transfers of time and money. We will also estimate models using children as the unit of analysis. To assess within family variation, we will use children in families with two or more children as the unit of analysis. For the within family analysis, we can predict not only whether the child receives a transfer of a particular type but also whether the child is a recipient or non-recipient in a household where at least one child receives a transfer. Covariates in the between and within family models include both a parent's and children's characteristics.

Parent Characteristics. We have information on the parent respondent that includes current demographic and socioeconomic characteristics (e.g., gender, age, educational attainment, marital status, number of children including children younger than age 18, occupation, and income). We also know whether the parent respondent faces competing demands for time and money transfers to their own older parents (grandparents of the adult children who are the focus of our analysis). The SC data collection included a roster of living parents of the respondent and obtained reports about transfers to and from the older generation. Finally, we know whether or not the respondent received support from his or her parents

(whether or not the parent is still living) since age 18 for educational, housing or other expenses.³

We also know amounts of all transfer flows. These data allow us to examine continuity across generations in help with schooling, housing, and other expenses that may contribute to the perpetuation of inequality between families (Swarz 2009).

Children's Characteristics. The roster of adult children includes a limited set of descriptive characteristics for each adult child, all reported by the parent respondent. As shown in Table 4, child characteristics include whether the child was a biological or step child of the respondent, gender, age (not shown), educational attainment, current marital status, (subjective) health status, and income. Also included are measures of distance from the parent – both geographic distance and emotional closeness.

[Table 4 about here]

In models using children as the unit of analysis, the individual characteristics of the child can be entered into the model. Models that use the parent as the unit of analysis require characterizing the “collective” of the parent’s children. So for example, gender might be operationalized as having at least one adult daughter. With respect to educational attainment, one might use the average educational attainment of adult children or perhaps classify the sibship by whether all, some or none of the children have a college degree.

Using logistic and OLS regression models to describe associations among children’s (recipient’s) characteristics, a parent (donor’s) characteristics, and family size and composition, we propose to explore correlates of receipt of various types of transfers, predictors of the amount transferred, and predictors of the likelihood of being a recipient versus a non-recipient in families where at least some transfers are made.

³ We also know whether adult children provide time and money assistance to the parent respondent and the amounts during the past year. In this paper, we focus on downward flows from parent respondents to adult children but we also have information on upward flows from those children.

We also plan to explore inequality among siblings in the amount of time (in hours) and financial assistance (in dollars) that are given to adult children – both short term and long term. Here the analysis is based on the family, with the respondent's characteristics and characteristics of the sibship entered as predictor variables. Given small sample sizes, these models are exploratory.

Our evaluation of the quality of this just-completed survey indicates that the distributions on key variables will support the analyses we propose. We have begun the descriptive analyses, as indicated by our preliminary tables. We will turn to the multivariate analyses shortly, and will have no difficulty meeting the deadline for a completed paper before the April PAA meetings.

References

- Altonji JG, Hayashi F, Kotlikoff LJ. 1997. Parental altruism and inter vivos transfers: theory and evidence. *J. of Polit. Econ.* 105:1121-66
- Light A, McGarry K. 2004. Why parents play favorites: explanations for unequal bequests. *Am. Econ. Rev.* 94:1669-81
- McGarry K, Schoeni R. 1995. Transfer behavior in the Health and Retirement Study. *J. Hum. Resour.* 30:S184-226
- Soldo BJ, Hill MS. 1993. Intergenerational transfers: demographic, economic, and social perspectives. *Ann. Rev. Gerontol. Geriatr.* 13:187-216
- Swartz, TT. 2009. Intergenerational family relations in adulthood: patterns, variations, and implications in the contemporary United States. *Annu. Rev. Sociol.* 35:191-212
- Zissimopoulos J, Smith JP. 2009. *Unequal giving: monetary gifts to children cross countries and over time*. RAND Labor and Population Working Paper, WR-723. Santa Monica, CA. Dec.

Table 1 Percent of Parents Who Give/Percent of Children who Receive and Amounts of Short Term and Long Term Transfers
(Unweighted estimates)

	PARENT DONORS		CHILDREN RECIPIENTS	
	Percent Giving	Average Amount*	Percent Receiving	Average Amount*
SHORT TERM TRANSFERS				
Time (hrs/month)	61.5	14.5	41.2	11.0
N	310	297	746	746
Money (\$/year)	46.8	3,311	30.2	2,559
N	301	291	744	744
LONG TERM TRANSFERS (\$)				
Educational Expenses	54.8	11,432	39.3	13,127
N	300	281	710	710
Housing Expenses	22.9	4,648	14.4	5,632
N	300	294	747	747
Other Large Financial Transfers	34.4	4,610	23.0	4,528
N	299	291	733	733
Overall Sample Size	314		792	

Source: June 2012 Survey of Consumers

* Includes zeros for those who do not give/receive. The metric for time is hours per month over the past year; for money the metric is total amount in the past year. For long term transfers amounts are total since child turned age 18.

NOTE: A filter question asked parents about whether they gave to any child. Responses to the filter used to determine percent giving. Average amount given, percent receiving, and amount received use child specific questions and have somewhat higher nonresponse.

Table 2 Percent Distribution of Transfers Within Families from Parents' Perspective
(Unweighted estimates)

	Total (Any Child)	FAMILY SIZE			
		One Adult Child	Two Adult Children	Three Adult Children	Four or More Adult Children
SHORT TERM TRANSFERS					
Time					
Gave to no children	38.5	50.8	27.2	44.3	42.6
Gave to some children	23.2		20.0	32.8	41.2
Gave to all children	38.2	49.2	52.8	23.0	16.2
N	310	58	125	59	68
Money					
Gave to no children	53.2	57.6	45.6	55.7	60.3
Gave to some children	19.7		18.4	24.6	35.3
Gave to all children	27.1	42.4	36.0	19.7	4.4
N	301	57	122	57	65
LONG TERM TRANSFERS					
Educational Expenses					
Gave to no children	45.2	55.9	38.4	42.6	50.0
Gave to some children	12.4		8.0	19.7	25.0
Gave to all children	42.4	44.1	53.6	37.7	25.0
N	300	56	121	56	67
Housing Expenses					
Gave to no children	77.1	79.7	73.6	73.8	83.8
Gave to some children	8.3		6.4	16.4	11.8
Gave to all children	14.6	20.3	20.0	9.8	4.4
N	300	57	121	57	65
Other Large Financial Transfers					
Gave to no children	65.6	59.3	62.4	82.0	61.8
Gave to some children	10.8		12.8	4.9	22.1
Gave to all children	23.6	40.7	24.8	13.1	16.2
N	299	56	122	56	65
Overall Sample Size	314	59	125	61	68

Source: June 2012 Survey of Consumers

Table 3 Percante Distribution of Transfers Within Families from Children's Perspective
(Unweighted estimates)

	Total**	FAMILY SIZE			
		One Adult Child	Two Adult Children	Three Adult Children	Four or More Adult Children
SHORT TERM TRANSFERS					
Time					
Child Non-Recipient - No children receive	39.2	50.0	27.2	42.9	44.5
Child Non-Recipient - Some children receive	14.1	0.0	10.0	16.6	18.5
Child Recipient - Some children receive	15.7	0.0	10.0	17.7	22.1
Child Recipient - All children receive	31.0	50.0	52.8	22.3	14.3
N	788	58	250	174	306
Money					
Child Non-Recipient - No children receive	53.3	56.1	44.3	54.4	59.5
Child Non-Recipient - Some children receive	12.7	0.0	9.2	11.1	18.7
Child Recipient - Some children receive	13.1	0.0	9.2	15.2	17.3
Child Recipient - All children receive	21.0	43.9	36.9	19.3	4.4
N	766	57	244	171	294
LONG TERM TRANSFERS					
Educational Expenses					
Child Non-Recipient - No children receive	42.2	53.6	36.4	38.2	47.0
Child Non-Recipient - Some children receive	10.2	0.0	4.0	11.5	16.4
Child Recipient - Some children receive	8.1	0.0	4.0	10.3	11.7
Child Recipient - All children receive	39.4	46.4	55.4	40.0	24.8
N	761	56	242	165	298
Housing Expenses					
Child Non-Recipient - No children receive	76.9	78.9	72.7	71.9	82.9
Child Non-Recipient - Some children receive	6.0	0.0	3.2	10.5	6.8
Child Recipient - Some children receive	4.8	0.0	3.2	7.0	5.8
Child Recipient - All children receive	12.2	21.1	20.7	10.5	4.4
N	763	57	242	171	293
Other Large Financial Transfers					
Child Non-Recipient - No children receive	64.4	57.1	61.5	80.4	59.0
Child Non-Recipient - Some children receive	8.0	0.0	6.4	1.8	14.3
Child Recipient - Some children receive	6.8	0.0	6.4	3.6	10.2
Child Recipient - All children receive	20.8	42.9	25.4	14.3	16.4
N	761	56	244	168	293
Overall Sample Size	792	59	250	175	308

Source: June 2012 Survey of Consumers

**Sample sizes are slightly larger than in Table 1 because we retain cases where receipt is known but amount is missing.

Table 4 Percent Distribution Across Characteristics of Adult Children

	Total (N)	Total (%)
Relation to Parent Respondent		
Biological/adopted	711	89.8
Step	81	10.2
Gender		
Son	387	48.9
Daughter	405	51.1
Educational Attainment		
Below high school	18	2.3
High school graduates	219	27.7
Some college	214	27.0
Bachelor degree and above	334	42.2
Missing	7	0.9
Marital Status		
Married	421	53.2
Not married	362	45.7
Missing	9	1.1
Health Status		
Excellent/very good	516	65.2
Good/Fair/Poor	264	33.3
Missing	12	1.5
Distance to Parent		
Lives with Parent	47	5.9
Less than 10 miles	254	32.1
More than 10 miles	486	61.4
Missing	5	0.6
Income		
\$0-\$25,000	169	21.3
\$25,000-\$50,000	128	16.2
\$50,000-\$75,000	98	12.4
\$75,000+	174	22.0
Missing	223	28.2
Emotional Closeness to Parent		
Not at all close	23	2.9
Only a little close	31	3.9
Somewhat close	100	12.6
Quite close	131	16.5
Very close	498	62.9
Missing	9	1.1
Overall Sample Size	792	100.0

Source: June 2012 Survey of Consumers

NOTE: All characteristics of children as reported by parent respondent.