Family Networks and Transfers of Time and Money: New Evidence from the 2013 Panel Study of Income Dynamics

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Abstract

The 2013 Panel Study of Income Dynamics (PSID) includes a new Family Roster and Transfer Module in which respondents and their spouses are asked to enumerate all living parents and children over 18 and to report about recent and long-term transfers of time and money to these individuals. Respondents also provide information about key characteristics of their parents and adult children including age, educational attainment, marital (or partner) status, income, home ownership, health, employment status, and number of children. This poster provides the first description of extended family structure and transfers of time and money for young, middle-aged, and older adults using these new data, which will be available in early 2014. The new PSID module is the first to fully enumerate all biological, adopted, and step relationships of parents, parents-in-law, and adult children in the PSID and it is the first major data collection effort on transfers of time and money in the PSID since 1988.

Extended Abstract

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Intergenerational Transfers throughout Life

The extended family provides financial resources, time, housing assistance in the form of co-residence, and emotional support to its members to benefit individuals' well-being over the life course (Bianchi, Hotz, McGarry and Seltzer, 2008). Parents are a primary source of financial support for their children's post-secondary education (Lovenheim, 2010) and also may provide support to help their children launch careers and purchase homes (Engelhardt and Mayer, 1998; Cox and Stark, 2005). Grandparents assist in the care and rearing, and sometimes the financial support, of their grandchildren (Bryson and Casper 1999; Pebley and Rudkin, 1999). Adult offspring help elderly parents manage their lives at older ages and serve as care providers at the end of life (Wolf, Soldo and Freedman, 1996; Wolf 1999). And, family members may resume living with one another when a family member has a health problem, loses a job, or copes with marital problems or divorce (Kaplan, 2010; Ward et al., 1992). How family members help each other weather the vagaries of life can have lasting consequences for individuals' health and general well-being. Our poster will use newly collected data from the 2013 PSID Family Transfers module to provide a first look at the incidence and amount of transfers between parents and adult children for families in the contemporary United States. An early release version of these data will be available in February 2014. These data allow for an analysis of transfers between parents and children across adult ages, an analysis of transfers in the last year *and* larger transfers over a longer period of time, and an analysis of transfers in complex family structures.

Intergenerational transfers may be especially important at the transition to adulthood and in later life when aging parents become infirm. As children become adults, parents help launch them, in part by giving them money or paying their expenses and by providing housing. Schoeni and Ross (2005) show that these transfers are significant—in the late 1980s an adult child age 18-34 received a total of $38,340 (in 2001 $) in combined financial transfers and benefits from co-residence with parents. Time, money, and co-residence are also important ways family members provide for the needs of elderly members. About 40% of older adults with disabilities rely on unpaid help (Spillman and Pezzin, 2000). Adult children are the most common source of informal care, particularly for the unmarried elderly; 44% of primary caregivers are adult children (Center on an Aging Society, 2005). Time help is also an important way that children can help aging parents maintain independence (Kahn, McGill, and Bianchi, 2011). In our poster we describe transfers between parents and children across adult ages but pay close attention to transfers to young adults as they transition to adulthood and transfers to parents as they age.

Parents may treat each of their offspring differently in young adulthood and even earlier in life, transferring more to some than to other children in their family. The received wisdom is that parents make greater inter vivos transfers to their children in greater need, although bequests tend to be equal across children (Altonji et al. 1997, 2000; Light and McGarry 2004; McGarry and Schoeni 1995; McGarry 1997). However, findings by Zissimopoulos and Smith (2009) suggest that this conclusion is premature. Using Health and Retirement Study (HRS) longitudinal data, they find that parents' financial transfers among children in the same family may be more equal than researchers previously thought: when tracked over a 16 year period, 43% of parents who have given money to at least one child also gave money to all of their children, compared to only 11% in a two year period. In addition, amounts tended to become more equal across

children over a longer time horizon. Some of the equalization in giving across children over time is due to large transfers, probably for college and buying a home, which occur at different times for different children. The distinction between short-term and long-term, life cycle transfers is a significant contribution of our proposed poster.

Family instability due to divorce and repartnering affects family members' capacity to transfer time, money, and co-residence across generations, the need for these transfers, and the willingness to participate in family exchanges. High rates of union dissolution and repartnering make stepfamilies and families formed by cohabitation more common now than in the past (Bumpass and Lu, 2000; Kennedy and Bumpass, 2008). Divorce may reduce parents' ability to help children and increase parents' need for help in old age (Furstenberg et al., 1995). Remarriage may further weaken the family safety net. Stepchildren are less likely than biological children to live with or provide help to older parents (Pezzin et al., 2008; Seltzer et al. 2013). Americans feel less obligation to care for stepparents than biological parents (Coleman and Ganong, 2008) and parents who have both step and biological children receive less help overall than do parents who have only biological children (Eggebeen, 1992; Pezzin and Schone, 1999). The new PSID data on family networks and transfers provide unique data on transfers of time and money in stepfamilies of all ages.

New Family Network and Transfer Data in the PSID

The Panel Study of Income Dynamics (PSID) is the premier U.S. dataset for studying intergenerational relationships over the life course. Yet much research on intergenerational transfers still uses data from surveys conducted in the late 1980s, such as the National Survey of Families and Households and the 1988 PSID module on transfers (Seltzer and Bianchi, 2013). The Health and Retirement Study (HRS) provides contemporary data on transfers for a selective

set of birth cohorts, all of whom are over age 50 when first observed. The HRS enumerates all of the respondent's children and asks the respondent about time and money given to and received from those children. However, the HRS does not interview the adult children, and the data about those children are limited both by reliance on proxy reports and the absence of data on the child's life history. The HRS also lacks the prospective life course economic and family data on respondents that the 45-year PSID panel provides. Thus, although the HRS data are valuable, they also have weaknesses that motivated the new 2013 PSID module on transfers.

The PSID began with a sample of roughly 18,000 people in 1968 and follows not only the original 1968 sample members, but also individuals who were born to or adopted by the original sample members. All individuals in households recruited into the PSID in 1968 are said to have the PSID "gene."[1] Individuals who are born to or adopted by someone with the PSID gene acquire the gene themselves and are followed and become members of the PSID sample for the rest of their lives. This design feature implies that the study provides data on a sample of extended families at each wave. Individuals without the PSID gene are also represented by PSID reports as long as they live with a PSID sample member. These individuals without the gene are not followed if they stop living with a PSID sample member.

While the design of the PSID provides for a sample of extended families at each wave, the design does not enable the construction of a complete set of parent and child relationships for PSID sample members. In particular, information on parents is missing for original PSID sample members who were not living with parents in 1968, for parents-in-law of most PSID sample members, and for PSID sample members who never lived with at least one parent. Information on children is more complete than information on parents, but information on non-co-resident

[1] In what follows we refer to individuals with the PSID gene as PSID sample members.

stepchildren of PSID sample members is not systematically available. Attrition of both parents and children has also affected the ability to construct complete extended family networks.[2]

A new Family Roster and Transfer Module was included in the 2013 PSID. The module asks respondents and their spouses to name and describe all living parents and children over 18. Information from this module allows for the construction of complete networks of parents and adult children. Figure 1 depicts parent-child relationships that were not available in the PSID but are now available in the Family Roster and Transfer Module. The figure shows the original 1968 PSID sample members in the first generation, the children of these sample members in the second generation, the grandchildren of these individuals in the third generation and their great-grandchildren in the fourth generation. Gray shading indicates co-residence. Individuals with the PSID gene are marked "G". In the blue circle are individuals for whom the PSID genealogical design includes systematic information. In the yellow circle are examples of individuals about whom new information will be available in the 2013 Family Roster and Transfer Module. In the second generation and third generation we have depicted some examples of new information from the module including children of original 1968 sample members who had left the home by 1968, parents of the spouses of PSID sample members, and stepchildren of PSID sample members. Information about all of these individuals will now be systematically available in the PSID. The new data also allow us to describe characteristics of all parents and adult children including characteristics that indicate socio-economic status, such as employment status, education, income, and home ownership; demographic characteristics, such as marital/partner

[2] The wave-to-wave response rate in the PSID is among the highest of any national survey in the world, with a rate of 95-98% in almost every wave since 1968 (Schoeni, Stafford, McGonagle, and Andreski, 2013), but even with very high annual response rates, cumulative attrition over the more than 45-year history of the PSID is substantial. Among the roughly 18,000 individuals participating in the PSID in 1968, as of 2009, 25 percent had died, 25 percent were alive and participating in the study, 12 percent were explicitly dropped from the study in 1997, and the remaining 38 percent had attrited.

status, and the number of children; and intergenerational transfers including transfers of time and money. Data from this module are not yet released but an early release file is planned for February 2014. This poster proposes to describe and analyze these new data.

We will begin by describing parent and child relationships in the 2013 PSID. Because the data include step-relationships we include biological, adopted, and stepfamily members in our description. We describe the extended family structure of PSID respondents including their parents, stepparents, parents-in-law, children, and stepchildren and we examine how these structures vary by race, age, and socio-economic status. We outline some of the complex family structures in the PSID focusing on families with stepchildren and stepparents. We also compare characteristics of parents and children across traditional and complex family structures. We pay particular attention to how socio-economic and demographic characteristics may be correlated among extended family members.

We then describe transfers of time and money in the last year. The Family Roster and Transfer Module asks respondents about transfers of time including errands, rides, chores, babysitting, or hands on care given to and received from parents and given to or received from adult children. Respondents are also asked about transfers of money including loans and gifts over $100 given to and received from parents and given to or received from children. Our description of transfers of time and money includes the incidence of recent transfers as well as amounts. We examine transfers to and from parents and offspring. We also describe parents' long-term transfers to offspring, that is, transfers since age 18 for educational, housing, and other expenses. Throughout we focus on differences in transfer behavior by broad age groups, race, socio-economic status, and family structure of the PSID respondent.

This poster will introduce the new data collected in the 2013 Family Roster and Transfer

Module in the PSID and provide a preliminary description of these data. The poster is the first part of a larger project that aims to describe family differences in intergenerational transfers of time, money, and co-residence and investigate the effect of economic conditions on these intergenerational transfers. The broader project on transfers relies on the unique features of these data including the ability to link to 45 years of economic and demographic information on individuals and their extended families in the PSID, and the ability to create complete information on the network of parents and children with whom transfers of time and money could be exchanged. The project also exploits the timing of data collection to coincide with the recovery from the 2008 recession. We use the geographic variation in macroeconomic conditions to assess the impact of wealth and unemployment shocks on intergenerational transfers. While work on the causes of transfers is beyond the scope of the poster and the capacity of the early release data file, our preliminary descriptions provide unique information about intergenerational ties that may contribute to inequality among families. The descriptive results will be important for researchers interested in the role of the family in important economic and demographic trends. Our aim is to provide a first broad-brush depiction of time and money transfers for contemporary U.S. families and to showcase the richness of the data and the possibilities for further research using these data.

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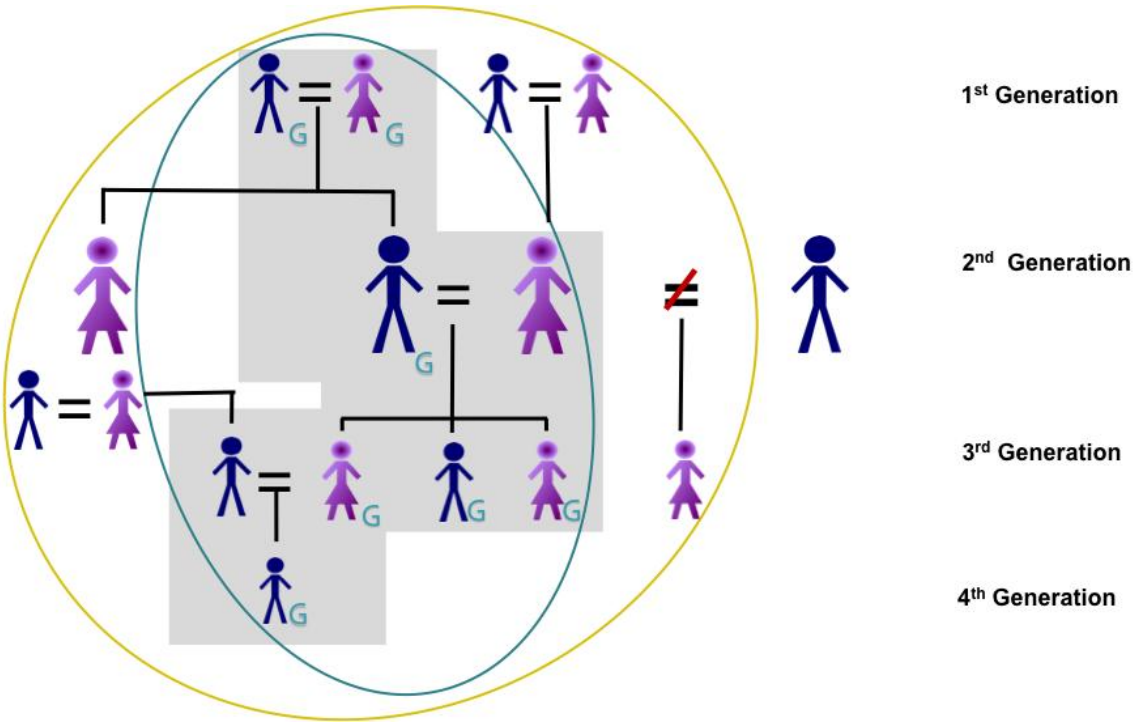

Figure 1. PSID Design and New Module Coverage