

Extended Abstract
**Changes in Financial and Time Transfers with Parents over 25 Years:
Evidence from the 1988 and 2013 PSID**

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American families have undergone dramatic changes in their generational structure and composition over past three decades. The long-run decline in fertility, the delay in childbearing until older ages (Matthews and Hamilton 2014), and the increase in life expectancy (Miniño et al. 2011) have altered the potential for intergenerational relationships in families. At the same time, couple relationships have become less stable; the rise of births outside of marriage (Curtin, Ventura, and Martinez 2014) along with increases in cohabitation, union dissolution and marital separation coupled with re-partnering mean that more children today are likely to grow up with biological and step parents than in the past (Bumpass and Lu 2000; Kennedy and Bumpass 2008). At the same time, the transition to adulthood has become elongated, in part, due to increases in college enrollment (Wightman et al. 2013).

The changes in family structure may have important consequences for the financial resources, time, housing assistance, and emotional support that families provide to their members throughout life (Bianchi, Hotz, McGarry and Seltzer 2008). For example, parents provide financial support for their children's post-secondary education and to launch careers and purchase homes (Cox and Stark, 2005, Engelhardt and Mayer 1998, Lovenheim 2010). And, adult offspring help elderly parents manage their lives at older ages and provide care at the end of life (Wolf, Soldo and Freedman 1996; Wolf 1999).

These transfers depend crucially on both the existence of family ties and the strength of these ties. Increases in life expectancy, declines in fertility, and the delay in childbearing have changed the availability of kin and the numbers of children among whom parents divide resources (Wiemers and Bianchi 2014; Henretta et al., 2018). Increases in 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 (Wiemers et al., forthcoming). Step children are less likely than biological children to live with or provide help to older parents (Seltzer et al., 2013; Pezzin et al., 2008). Americans feel less obligation to care for step than biological parents (Coleman and Ganong, 2008) and parents who have both step and biological children receive less help than parents who have only biological children (Eggebeen, 1992; Pezzin and Schone, 1999).

In this paper, we use data on family relationships and transfers for households in the Panel Study of Income Dynamics (PSID) in the 1988 Time and Money Transfer Module and in the 2013 Roster and Transfers Module to examine changes over the 25-year period in financial and time transfers between children and parents. We begin with a basic description of the samples in 1988 and 2013 and the financial and time transfers that PSID families engage in with their parents in each year. We use a decomposition model to estimate the extent to which changes in the incidence and amount of transfers over time are a result of changes in family structure, or changes in the relationship between family structure and transfer behavior. We present below preliminary results from a simple decomposition model, but for the PAA

meetings, we will focus on three changes in family structure over time, the change in parental mortality including changes in the age and number of living parents, the change over time in family size including the number of children that parents have, and the increase in step parent ties.

Sample and Measures

Our sample in each year consists of PSID households appropriately weighted to be population representative. In 2013 we exclude families from the immigrant subsample to maintain sample comparability over time. In 1988 we have a sample size of 6,542 families and in 2013 we have a sample size of 7,801 families.

We use data from the main PSID interview and from the 1988 Time and Money Transfer Module and the 2013 Rosters and Transfers Module to construct measures of transfers between parents and children and to construct characteristics of PSID households and their parents.

In both 1988 and in 2013, heads and spouses in PSID households were asked the vital status of their parents and parents-in-law and the current spouses of these parents. Respondents also described some characteristics of each set of parents and reported about transfers of given to and received from each set of parents in the past year.

The 1988 Time and Money Transfer Module and the 2013 Rosters and Transfers Module are similar but not identical. The 2013 module was designed to be comparable with 1988 for three measures of transfers with parents and for several characteristics in the family roster. The questions on transfers of time given to and received from each set of parents are comparable in 1988 and 2013 as is the question on financial transfers PSID households *receive* from each set of parents. The question on financial transfers that PSID households *give* to each set of parents is not comparable across the two transfer modules so we do not use this measure in our analysis. In both 1988 and 2013, individuals were asked about money transfers over \$100 (nominal)/year. We clean the data to remove any reports of transfers under this amount. In both 1988 and 2013 there was no lower bound on the hours of time transfers that respondents were asked to report.

We measure the incidence of transfers from all parents combined. A PSID household gives (receives) a time (or financial) transfer if either the household head or spouse gives (receives) a time (or financial) transfer to (from) any of their parents or parents-in-law. For money transfers, we include only transfers of \$100/year or more. For time transfers we use two measures. The first includes all transfers of time regardless of the number of hours. The second only counts time transfers greater than 100 hours/year to assess change in more intensive time help. We measure the amount of time or money exchanged with parents by summing across all parents for transfers of the same type (time given, time received, money received).

Measures of the marital status, age, health, and home ownership of parents are comparable in 1988 and 2013. We also construct comparable measures of the existence of stepparents, coresidence with parents, and the educational attainment of parents using data from the main PSID interview files and the two transfer modules. We measure the average age of all living parents and whether at least one parent is in poor health, owns a home, or has a college degree. We also measure the average number of siblings of the PSID respondents as a parent characteristic because it reflects changes in fertility of the parents over time.

Characteristics of the PSID respondents come from the main PSID interview. These include the age, race, marital status, employment status, health, educational attainment, and number of children of the head as well as family income, home ownership, and whether there are children under 18 in the household.

Descriptive Analysis

We begin by describing the characteristics of our sample in terms of the difference between 1988 and 2013 in the likelihood of having a living parent. Table 1 shows the percent of PSID respondents with at least one living parent or parent-in-law by age group of the household head in 1988 and 2013. Table 1 shows that particularly at older ages, PSID respondents are more likely to have at least one living parent or parent-in-law in 2013 than in 1988. The differences between the two periods are especially large between the ages of 55 and 64 where there is a 11 percentage point increase over time in the likelihood of having at least one living parent or parent-in-law.

Table 1. Percent of PSID Households with at Least One Living Parent or Parent-in-Law by Age of PSID Household Head, 1988 and 2013.

Age of PSID Household Head	1988	2013
25-34	0.98	0.99
35-44	0.94	0.96
45-54	0.85	0.83
55-64	0.46	0.57
65+	0.11	0.15

Notes: Weighted with PSID family weights.

Other characteristics of families also differ substantially between 1988 and 2013. Table 2 shows selected characteristics of PSID households and their parents in 1988 and 2013, conditional on the PSID household having at least one living parent or parent-in-law.

Table 2. Characteristics of PSID Households and their Parents, Conditional on Having a Living Parent, 1988 and 2013.

	1988	2013
<i>Characteristics of PSID Household</i>		
Age of head	40.82	44.88
Non-white head	0.18	0.24
Female head	0.21	0.24
Married or cohabitating head	0.64	0.55
Owns a home	0.64	0.59
Value of house (in 100K)	1.21	1.92
Has children under 18 in household	0.50	0.38
<i>Characteristics of Parents</i>		
Number of parents	2.54	2.59
Has at least one stepparent	0.21	0.30
Has a single parent	0.55	0.61
Mean number of siblings of PSID head (and spouse)	3.44	2.49
Parents' mean age	67.04	70.25
At least one parent has bad health	0.47	0.47
At least one parent owns a home	0.81	0.81
At least one parent coresiding in PSID head's household	0.07	0.07
At least one parent has college degree	0.23	0.39

Notes: Weighted with PSID family weights.

Table 2 shows that PSID household heads are more likely to be non-White, female headed, and unmarried, and are less likely to have children under 18 in their household or to own a home in 2013 than

in 1988. Conditional on having a living parent, PSID households have the same number of living parents in 2013 and 1988, but PSID households are 9 percentage points more likely to have a stepparent and are 6 percentage points more likely to have a single parent in 2013. The wealth, and health characteristics of parents are similar in 1988 and 2013 but parents are more highly educated in 2013 than in 1988. Family size declined between 1988 and 2013. In 2013, PSID heads (and spouses) came from families with 1 fewer sibling than in 1988 (2.49 vs. 3.44, respectively).

We also describe the incidence and amounts of each of the three types of transfers in 1988 and 2013 for the whole sample and conditional on having a least one living parent or parent-in-law in Table 3. Overall, the incidence of money and time received from parents is similar in 1988 and 2013. But, respondents are 7 percentage points more likely to give time help to their parents in 2013 than in 1988. Conditional on having a living parent, the incidence of transfers of money and time from parents to PSID respondents increased between 1988 and 2013 by 3 percentage points and 4 percentage points, respectively. The incidence of transfers of time from PSID respondents to their parents also increased by 13 percentage points, from 34% in 1988 to 47% in 2013. But, differences in the incidence of time transfers between the two years are much smaller when we only consider time transfers of 100 hours or more, which suggests that the difference we see over time in the incidence of transfers of time from PSID respondents to their parents is driven by small time transfers.

Table 3. Percent of Households with Transfers, 1988 and 2013.

	1988	2013
<i>All Households</i>		
Parent gave Money to R	15%	16%
Parent gave Time to R	19%	19%
R gave Time to Parent	23%	30%
<i>Conditional on Having at Least One Parent or In-Law</i>		
Parent gave Money to R	22%	25%
Parent gave Time to R	26%	30%
Parent gave Time to R (100+ Hours)	16%	15%
R gave Time to Parent	34%	47%
R gave Time to Parent (100+ Hours)	22%	24%

Notes: Weighted with PSID family weights.

The distributions of amounts of money and time transfers are also quite similar across waves. Table 4 shows the distributions of the amounts of money and time, conditional on a transfer being made for our three main measures of transfers. Money amounts are slightly higher in 2013 than in 1988 but these are in nominal dollars. The distributions of the amounts of time transfers are very similar across waves.

Table 4. Distribution of Transfer Amounts, Conditional on a Transfer Being Made, 1988 and 2013.

Year	Mean	P10	P25	P50	P75	P90
<i>Parent Gave Money to R (Nominal \$)</i>						
1988	2013	150	250	500	1500	5000
2013	3363	200	300	800	2500	7000
<i>Parent Gave Time to R</i>						
1988	305	15	40	104	312	850
2013	347	15	35	100	300	1000
<i>R Gave Time to Parent</i>						
1988	329	20	50	125	350	832
2013	335	16	36	100	300	780

Notes: Weighted with PSID family weights.

Decomposition Analysis

Despite quite large changes in the likelihood of having a living parent, in family size, and in the likelihood of having a stepparent, the incidence and distributions of transfers in 1988 and 2013 are quite similar. Changes over time in the incidence and amount of transfers between parents and children can come from three sources: first, a change in the capacity to give or the need to receive transfers because of changes in economic or health conditions; second, a change in the number or strength of parent-child ties because of demographic change such as increasing life expectancy the decrease in family size and the increase in step parent ties, and; finally, a change in the propensity to give transfers conditional on the number or strength of parent-child ties.

We propose to use a decomposition framework (e.g. Oaxaca or Kitagawa and Hauser decompositions) to quantify the extent to which changes in family structure and changes in the relationship between family structure and transfers explain changes in transfers over time. We are interested primarily in the role of increases in stepfamilies, in the likelihood of having a living parent, and of family size on the likelihood of transfers between parents and children. We will use characteristics of parents such as health, home ownership and income collected in the 1988 and 2013 supplements and characteristics of the PSID heads and wives collected in the main survey to control for changes over time in the capacity to give and the need to receive transfers. While we view these mainly as controls, we recognize the substantive importance of changes in needs and resource for understanding change in transfers over the 25-year period.

We have done some preliminary analysis on the source of changes in transfers over time. Our descriptive analysis suggests that conditional on having a living parent, the capacity for parents to give financial transfers to children may have increased between 1988 and 2013 as parents have become more educated and there are fewer offspring competing for parents' resources, and that the children's need for financial transfers may have increased as PSID households are more likely to be female headed and less likely to own a home. But, children's need for time transfers may have declined between 1988 and 2013 as children have fewer children and are less likely to have children under 18 in their household. And stepfamily ties have increased which reduces the likelihood of transfers.

In Table 5, we show the results from a set of linear probability models that predict the incidence of each type of transfer for the sample of 1988 and 2013 households with a living parent or parent-in-law. These are only a first step toward the decomposition. The first specification includes only an indicator variable for the year 2013, which measures mean differences in transfers across the two waves (these correspond to those in Table 3). The second specification adds controls for age of the PSID head and average age of the parents. The third specification adds controls for the characteristics of PSID respondents (from Table 2). Finally, the fourth specification adds controls for characteristics of parents (from Table 2), including whether the PSID respondent has a stepparent and the number of siblings of the PSID head and spouse. In each case, we report how the indicator for the year 2013 changes as we add controls. In this way, we can investigate whether differences in transfers can be explained by changes over time in the need for or capacity to give transfers or by changes in stepfamily structure. Table 5 reports the results from this simple analysis. At this stage we focus on significant transfers, that is transfers of at least 100 hours and financial transfers of at least \$100.

Table 5 shows that changes over time in age and the characteristics of the PSID household do not explain the increase in the incidence of financial transfers from parents to PSID households. Rather, changes in the characteristics of parents between 1988 and 2013 explains all of the change over time in the likelihood of parents giving money to PSID respondents. In contrast, the decrease over time in the likelihood of parents giving time to PSID respondents is more than explained by changes in the age of PSID respondents between the two periods. If the age distribution and characteristics of parents and children

had remained constant over time, we would expect time transfers from parents to PSID households to increase. Finally, the difference in the likelihood of time transfers from PSID households to their parents is explained entirely by changes in the age of parents and children over time.

Table 5. Coefficients from Linear Probability Model for Change in Prevalence of Transfers, Conditional on Having a Living Parent, 1988 - 2013

	Parent Gave Money to R				Parent Gave Time to R (100+ Hours)				R Gave Time to Parent (100+ Hours)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2013 Indicator	0.03*	0.06*	0.04*	0.005	-0.01	0.03*	0.04*	0.04*	0.02	0.006	0.007	-0.01
Age Controls		x	x	x		x	x	x		x	x	x
Head/Sp Character.			x	x			x	x			x	x
Parent Character.				x				x				x

Notes: Weighted with PSID family weights.

Before the PAA meetings, we will complete the decomposition analysis using the more complex decomposition models described above and we will complete a parallel analysis that includes changes over time in the likelihood of having a living parent as one way to explain changes over time in the likelihood of exchanging transfers and in the amounts of transfers with parents.

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