

COMPARATIVE RESEARCH ON HOUSEHOLD PANEL STUDIES

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**Looking at Intergenerational Relations
in Longitudinal Panel Studies
on Individuals and Households**

by

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INTRODUCTION

A background of demographic, economic and social change and ... challenges.

In our advanced countries some (not so recent) trends now take, by their very strength, interferences and interactions, the shape of major challenges: **the ageing of the population**, - which after World War II took place in the context of **a three decades long wave of economic growth** and development of wealth and welfare -, is going on now in a very different context, marked overall by **massive structural changes** which affect both the economic and the social tissue.

* A growing number of active people already leave the labor market at the age of 50. In most countries and in most cases these early exits are in fact exclusions, operated in connection with growing unemployment. In some countries it may be different, as it is in Luxembourg, where in a situation of very low unemployment and remarkably high income, early exits from work are mostly due to personal decisions.

* But early exits from work (whether forced, as in an economy in trouble, or voluntary, as in an economy of plenty) **and** ageing of the population, in their combined effects, lead to a significant change in the proportion of active versus non-active people within the global population - a change coming close to a revolution and leading to an explosive growth of the cost of social protection.

* Simultaneously significant changes take place within the population of the elderly, which is steadily growing in importance, socially, economically and politically. This highly diversified part of the population, **at the same time**,:

- has **significant and manifold resources**, neither correctly perceived nor fully understood by society as a significant **potential** for its own future,
- raises **serious problems**, in as much as ageing may and does mean frailty, dependency, precariousness, exclusion,
- gains in **autonomy** and **relevance** in a way that will force the political actors to pay greater attention to older people, their potential, their values and needs, and to the place to which they are entitled within the larger society.

These may be the reasons why we are gathering here...

PART ONE

Intergenerational exchanges as they appear in recent ad hoc studies

This section reproduces, in a summary way, the empirical findings presented in a working paper by **Beth J. Soldo** and **Martha S. Hill**: "INTERGENERATIONAL TRANSFERS: Economic, Demographic, and Social Perspectives", prepared for the US Health and Retirement Survey (Principal Investigator F. Thomas Juster). The authors kindly gave me permission to make use of it in the present context. Indication of pages in brackets refer to the revised version of their working paper.

SETTING THE SCENE

There is not only growing interest in looking at exchanges between generations, there are also more opportunities to do so, because, in fact, **there are more people of different generations alive at the same time than in the centuries before**.

Growing longevity and lowering fertility bring about some demographic changes which could be presented in the following way:

- adult children and their parents are simultaneously alive (co- survive) for a greater number of years than before,
- the average married couple may have more surviving parents than children.

Multiple generations of a family being alive at the same time, how do they interact and exchange, how do they live together?

Soldo and Hill consider **three types of exchanges or "currencies"** (p.1):

- time (provision of services),
- money (goods and dollars),
- space (usually measured by co-residence).

And they chart the **exchanges as flows**: up the generational ladder from children to parents, down the generational ladder from parents to children.

And for good reasons of presentation they take as **reference generation** the middle-aged adults (53-61); this is convenient for many purposes.

EMPIRICAL FINDINGS

1. THE FLOWS

Looking first at **time** and **money**:

1.1. Reviewing recent empirical research, the authors see a striking pattern emerging in most of the studies: **More help flows from parents to children than the reverse**; and this holds both for time and money. Money rarely goes from children to parents. Flow in both directions is more likely for time help than for money help.

1.2. When looking for **motivation** of transfers, the reviewers find little evidence for considering **reciprocity** as a motivating force in transfers of time, money or space- sharing between parents and children. From the limited evidence they gained, it appears to them that **past patterns of transfers tend to repeat themselves**, persisting over time rather than exhibiting reciprocity (p.11)

1.3. **The largest part of financial transfers clearly flow from parent to child**: about 20 % of the children receive money versus 5 % of parents - as measured over a year's time in the late 80s (pp.11-12). See below also data from the Luxembourg Panel Study, for direction of flow and amounts involved.

1.4. **Time transfers are much more likely than money to flow in both directions**, with about 25 % of the children receiving services from a parent or parent-in-law; and just over 25% of children giving services to a parent or parent-in-law (p.12).

1.5. **In the US, co-residence of older parents and adult children is distinctly more common than other forms of parent-child transfers** (p. 12). Nevertheless the proportion of elderly parents coresiding with adult children has declined.

2. VARIATIONS OF INTERGENERATIONAL TRANSFERS IN RELATION TO LIFE-STAGES

Variations are considerable: patterns of flows **differ by the age** of both parents and children and do so

2.1. both for money and services:

- transfers to children are much more frequent and larger than transfers to parents **at almost any stage of the life-cycle**, except extreme old age;
- **from middle-aged children to extremely old parents** transfers appear to be non- negligible;
- both **receiving and giving of help declines after middle-age**, so many elderly are missing transfers, possibly when their needs for assistance are greatest (pp.11-12). See also, below, evidence from the Luxembourg Panel Study.

2.2. for co-residence

- **overall co-residence is much more common than other forms** of parent-child transfers:
- there are **strong age-related patterns**: from the point of view of children, **co-residence is high up to the mid-twenties**, then declines from 50% to 5%, and then, from about age 60 rises to some 10%;
- **younger cohorts now tend to stay longer** with their parents, in their 20s.

3. FACTORS CONSIDERED TO AFFECT TRANSFERS

The reviewers find across the various social science disciplines a remarkably similar list of factors that are thought to affect transfers (pp.12-13):

- 1) **size and composition of extended family**;
- 2) **resources and needs** (income, health, number of dependents) **of each household unit within the extended family**, more specifically those of the parents themselves, each of their children, and the children's spouses and their parents;
- 3) **competing obligations to other kin and to work**; the relative's need for assistance and/or the strength of the individual's preference for the relative receiving the service, make it more likely for the individual to provide transfers to the relative and to provide larger transfers.

- Factors such as
 - family structure
 - relative resources and needs of family members definitely affect transfers,
 - but the reviewers remind that they **do not fully account for the dominant patterns of transfers** flowing from parents to children.

4. TRANSFERS FROM PARENTS TO ADULT CHILDREN/GRANDCHILDREN (pp.13-15):

4.1. Parents give their adult children substantial help in terms of time and money help

- **when** the children are establishing households and families and
- **when** the parents themselves are middle-aged.

Especially likely to receive assistance are adult children with young children of their own.

4.2. As for **time**:

4.2.1. a large part of the help takes the form of **child care** (nearly 40 % of adults with a child under age 5 received this type of help from their parents);

4.2.2. as with all time/services transfers, **women are the main providers of these services** and, among women, the **grandmothers**; very often care is provided at the grandparents' home.

4.3. As for **money**:

4.3.1. **parents' income affects financial transfers to children**,

- as to the **level** of transfer: the higher the parents' income, the larger the transfer to their children and
- as to the **type** of transfer: the higher the parents' income the more likely the parents are to provide money transfers rather than to co- reside with the children;

4.3.2. **the income or earnings of the children** present a particular interest to economists and demographers because their possible effect on parental transfers could provide a test for motivation underlying intergenerational transfers (altruism versus exchange theories). **Thus far, available empirical findings are not conclusive in regard to theoretical assumptions on motivation** (pp.14-15).

5. TRANSFERS FROM ADULT CHILDREN TO ELDERLY PARENTS (pp.15-16):

5.1. **Financial transfers from children to elderly parents are relatively rare**. Estimates from the Panel Study on Income Dynamics (PSID, see below) indicate that among adults with an older non-institutionalized parent, **only about 5 % make any monetary transfer**. Among those making financial transfers during the calendar year 1987, about half transferred \$ 1000 or more. The authors consider that this amount is sufficient for possible effects on adult children's labor force behavior, but existing data are still inadequate for investigating this issue (p.16).

5.2. **Time transfers from adult children to elderly parents are considerably more common than financial transfers in the same direction.**

5.3. **Range of care**: care goes from episodic, non-labor intensive service (such as transportation to appointments) to nearly full-time personal care for a frail old parent with substantial comorbidities.

5.4. **Likelihood of being a care-giver** (to a disabled parent) (pp.16-17):

- the **spouse**, when available, **comes first and "buffers"** the adult children from responsibilities of primary caregiving; children are held in reserve as back-up or secondary caregivers, providing less frequent and less intensive care;
- when the **disabled parent is widowed or divorced**, an adult child is likely to have a considerably more active role;

- the probability of **child involvement in caregiving** increases with the age and the needs of the surviving older parent.
- **Are there typical recruitment patterns** of a particular child to caregiving ?

Unfortunately most study samples are not appropriate for estimating probabilities of a given child's recruitment, but early studies suggest:

- in the absence of a spouse, adult **daughters** are far more likely to assume primary care than sons,
- **unmarried sons**, when available, also have a high probability as primary care provider,
- sons and daughters do **not** appear to be **interchangeable** resources,
- therefore the **caring order** appears to be the following: unmarried daughters - unmarried sons - married daughters - married sons,
- **mothers of married sons or married daughters** have considerably higher odds of having as their primary caregiver **either paid helpers or another unpaid relative, such as a daughter-in-law**,
- so among siblings in **larger families, the presence of married sons** lowers the odds of involvement for all other types of adult children and **increases the probability for paid helpers and unpaid helpers other than children**

5.5. Effect of caregiving on employment and work behavior:

here we will not give numbers or proportions but just **patterns** of what may be found with children involved in caregiving

- * **in order to accommodate care demands**: quit job - reduce number of hours worked - take time off - rearrange work schedule - take unpaid leave - turn down a promotion - take a demotion - miss a training opportunity -
- * **or in the other direction**: take up more work in order to offer paid care.

5.6. Aspects as yet insufficiently explored: direct and indirect economic effect on aspects of labor market activity

- direct effect: exit from the labor force,
- indirect effects: compromising long-term asset accumulation, reduction of earnings base for private or public pension coverage (pages 17-18).

Some theoretical considerations ... on data gaps

Although Soldo and Hill in their thoroughly documented and elaborated paper pay due attention to theoretical approaches and modelling essays developed in the major social science disciplines (economics, sociology, socio-gerontology, psychology...), I will **not, in this presentation**, insist on these aspects; not for reasons of disrespect for theory, but for the largely acknowledged fact that for thorough theory and model testing the available data - though interesting and suggestive - are not sufficient.

As Soldo and Hill point out, all disciplines "have been constrained by the lack of data necessary to capture all of the relevant dimensions of transfer behavior, including the direction, magnitude, and currencies of flows" (page 21). Up to now, **most analyses rely on datasets that have been produced with a limited design**, e.g. limited to one kind of transfer, or to a particular period of the life-cycle or to a particular age group, or using a sample from a particular geographical area ...

To raise our hope, Soldo and Hill announce **two new data bases** promising, for the US, to remedy these data gaps: (a) the Health and Retirement Survey, and (b) the Survey of Asset and Health Dynamics. I quote from their working paper (pages 21-22):

A. " THE HEALTH AND RETIREMENT SURVEY (HRS) targets persons aged 51 to 61 in 1992. Because of concerns that intergenerational obligations may have important consequences for the retirement patterns of middle-aged adults (and particularly for women), the HRS contains unusually rich data on the composition of the extended family and transfer behaviors. All children of respondents are described in terms of their demographic characteristics and indicators of opportunity costs. For those respondents with one or more surviving parent or parent-in-law, the residential status of the parent is described as is his or her need for personal care and supervision. In combination with detailed data on the siblings of the HRS respondent, it will be possible to fully describe the option set of older parents for both care and financial assistance. The characteristics of each sibling are linked with variables identifying the contribution of each to a parent's caregiving and financial assistance network. Even with the first wave, the HRS data will provide analysts with opportunities to describe and model both the competing extended family demands on middle-aged adults and the division of labour among adult children in support of their frail parents. Subsequent waves will yield data necessary to test reciprocity hypotheses. Ultimately it will be possible to characterize whole families in terms of life-time differences in orientations towards intergenerational transfers, possible a source of heterogeneity which persists throughout the life course. The first wave of the HRS entered the field in April 1992 and will be made available to the general research community by mid-summer 1993."

B. "THE SURVEY OF ASSET AND HEALTH DYNAMICS (AHEAD) draws on the HRS screening of some 70 000 households to identify those aged 70 to 84 in 1993. Like the HRS, the AHEAD survey will provide extensive data on the characteristics of the extended family structure of its respondents. All family providers of care and financial assistance also will be described in terms of intensity and frequency of their involvement. In combination with data on both inter-vivos transfers

and bequests given by older parents to each of their offspring, it will be possible to markedly extend analyses of reciprocity. The AHEAD survey is scheduled to enter the field in October 1993 and to be distributed to the research community approximately a year after data collection begins."

PART TWO

Intergenerational Aspects of Family Help Patterns on the basis of new and complex panel data

SECTION A

This section presents information from the US Panel Study of Income Dynamics, as reported in a paper on "Intergenerational Aspects of Family Help Patterns", by **Martha S. Hill, James N. Morgan** and **Regula Herzog**, (Survey Research Center, Institute for Social Research, University of Michigan, Ann Arbor). Indication of pages in brackets refer to the paper as presented in April 1993, Population Association of American Meetings.

The authors use new quantitative information from the 1988 wave of the Panel Study of Income Dynamics (PSID). Data pertain to inter-family transfers for adults aged 25 or older, "**with clear identification of both donor and recipient**".

The paper focuses

- (a) on parent-child transfers,
- (b) particularly with regard to time and money flows, and
- (c) uses the empirical evidence to test existing theories and models of the processes which generate parent-child transfers.

The 1988 wave of the PSID, with a sample size of 6,542 family units, includes a **specific module on intergenerational help patterns**,

- asking about time and money assistance given or received in the previous calendar year and
- a series of questions about living parents and

- their circumstances with regard to health, wealth, income and location.

Distinct questions were asked about help flows involving parents (both parents and parents-in-law) and help flows with non-parents (friends or relatives besides parents or parents-in-law).

N.B.: the PSID basic data have a broad coverage of the resources of the sample families:

- measures of resources and circumstances: wealth, income, health, gender and marital status of the head, ...,
- indicators of time constraints: presence of young children and work commitments, ..., measures of structure and circumstances of the extended family: number of living parents, parents' health problems, number of living siblings, and number of children...
- and a variety of cultural measures...(pp.4-6).

EMPIRICAL PATTERNS IN TRANSFER FLOWS (pp.7-10)

* The figures which follow use **7 age groups of ten years each**

* Sample size of age groups:

25-34	2 316
35-44	1 637
45-54	788
55-64	817
65-74	596
75-84	321
85+	67

Figure 1

Flows of Time Help

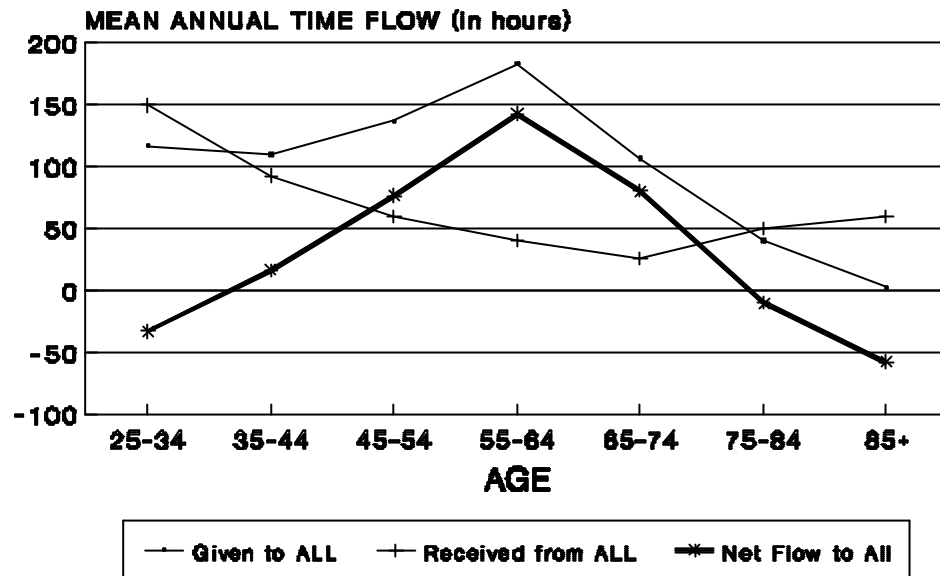
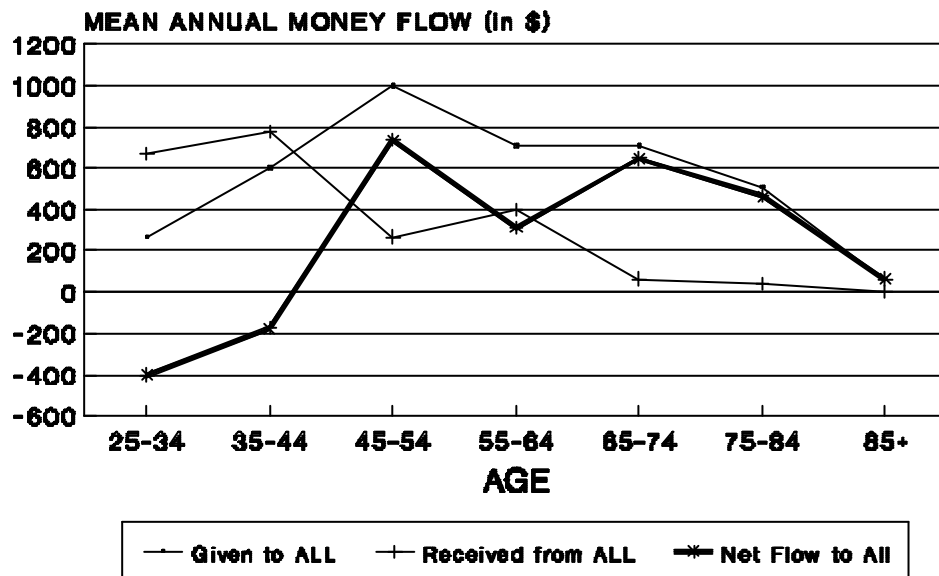


Figure 2

Flows of Money Help



1. OVERALL FLOWS

Figures 1 and 2 show **mean annual levels of flows** (in hours and in dollars respectively), across all households, regardless of any blood or marital ties between members, - and including flows of help between friends and neighbors as well as flows between relatives.

1.1. Flows of Time help (Figure 1)

* **Mean values** for households headed by someone at least 25 years of age: 120 hours of help given, 86 hours of help received

* **Looking now at figure 1:**

- age variation is high both for giving and receiving
- middle-aged adults are well above average in giving and well below average in receiving
- less time help is given by the younger than by the middle-aged groups
- the least amount of time help is given by the older age groups
- the age pattern for receipt of time help is u-shaped: both age extremes receive more than average time, but the young adults receive most in comparison to the elderly.

* Let us consider now **the net flow line of figure 1.**

Comment:

- the net flow of help is the amount of help given **minus** amount received
- positive values indicate net giving
- negative values indicate net receiving

Middle-aged adults (55-64) present the highest level of net giving of time help: they give more and receive less.

1.2. Flows of Money help (Figure 2)

- **Mean values** for households headed by someone at least 25 years of age: \$ 567 of help **given** versus \$ 468 of help **received**
- The mid-range age groups show the highest level of net giving.
- The younger groups tend to be net receivers of help.

1.3. Comparing time flows and money flows, one notices some differences:

* comparing the net flow lines, we see that the younger age groups **take longer to switch from net money receiving to net money giving** than is the case for time: between the ages 35-44 and 45-54 instead of between 25-34 and 35-44;

* **the top time-giver group (ages 55-64) is not the top money-giver group:** in comparison to the next younger group, on average, they give less money and they receive more money; their net money flow is weaker than that of their immediate age neighbors. **Is there an effect linked to retirement? Additional analysis is needed**

* Although the elderly are net receivers of time help, they are not net receivers of money help.

1.4. Overall involvement in giving and receiving

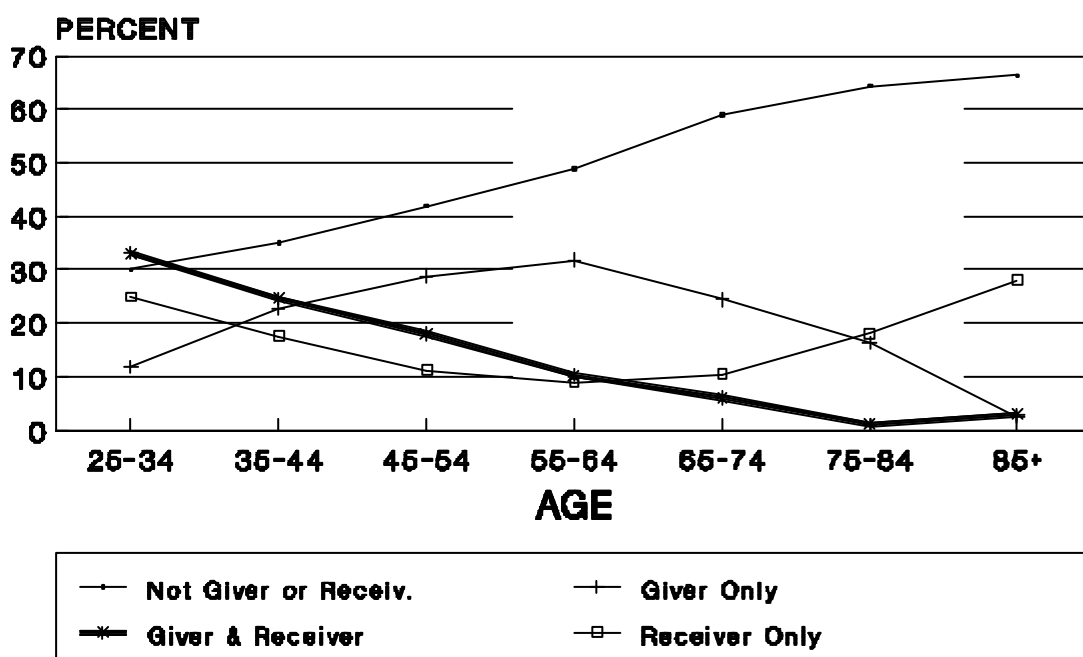
The values given on the flow charts are **mean annual values** for time and money flows. As such the mean values do not tell us how the individual flows relate to the mean. **Is everyone in the sample/population involved in these exchanges to the same degree, i.e. showing values close to the mean?** Or are these mean values made up by a very large proportion of small or close to zero contributions and by a small proportion of very high contributions? What is the proportion of people involved in these exchanges?

The analysts divided the age sub-groups into four categories according to their participation in time and money flows:

- (a) **giver but not receiver** of either time or money help,
- (b) **receiver but not giver** of either time or money help,
- (c) **both giver and receiver** of either time or money help,
- (d) **neither giver nor receiver** of either time or money help.

Figure 3

Involvement in Time or Money Help Flows



The Involvement Figure 3 shows:

- the **highest proportion of giver only does not cross the 33% line for any age group;**
- the '**neither**' proportion (d) **increases regularly** with age, up to the 66% level;
- the '**both**' proportion (c) **decreases regularly** with age, from the 33% line down to below 5%.

2. FLOWS BETWEEN PARENTS AND CHILDREN:

these are the flows observed between one generation **above** or one generation **below** the given sampled family:

2.1. Volume of flows

- ° Flows between parents and children represent 2/3 to 3/4 of the annual flow for time and money help.

2.2. Direction of flows

Figure 4 Net Time Flows

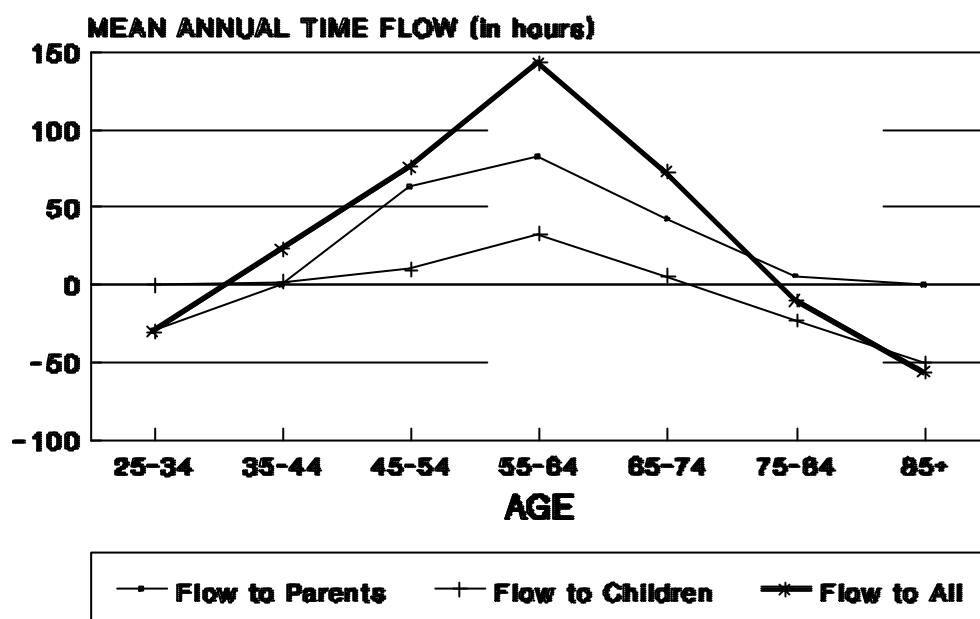
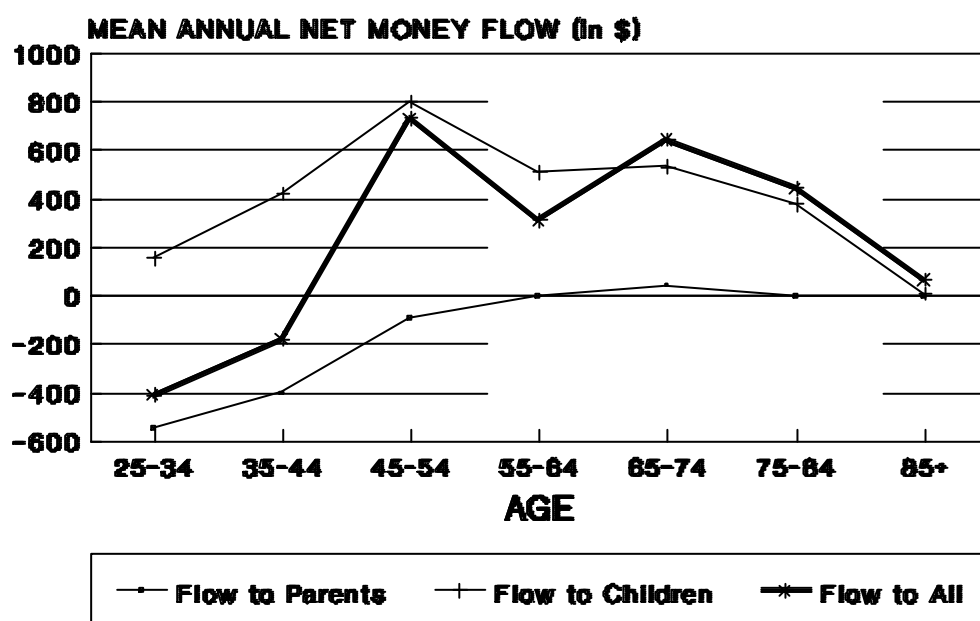


Figure 5 Net Money Flows



* Figures 4 and 5:

- for time help: in all but the youngest age ranges the dominant net generational flow goes to parents (Figure 4)
- for money help: in all age ranges the dominant net generational flow goes to children (Figure 5)

Figure 6

Time Flows with Parents

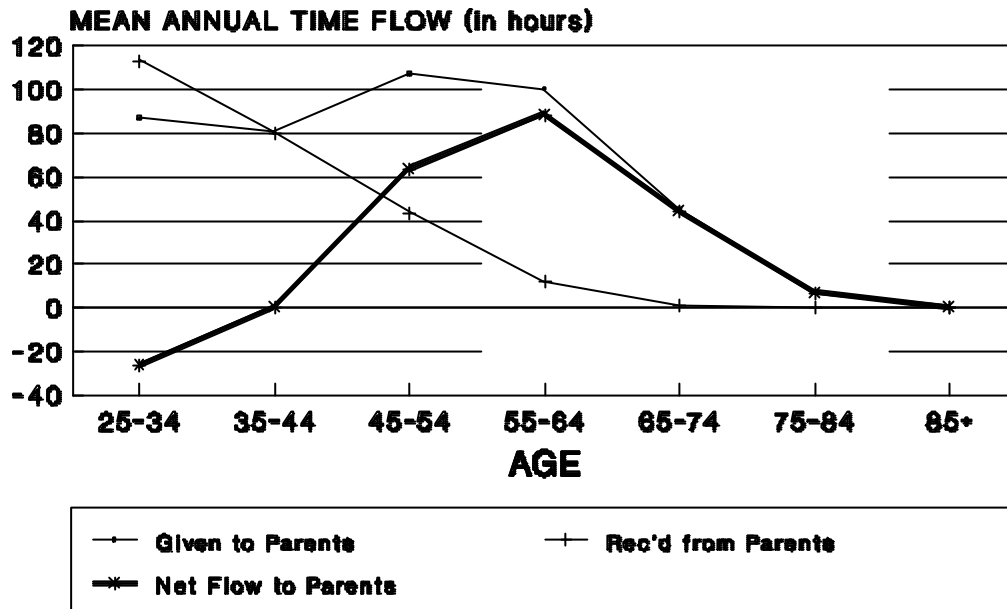


Figure 7

Time Flows with Children

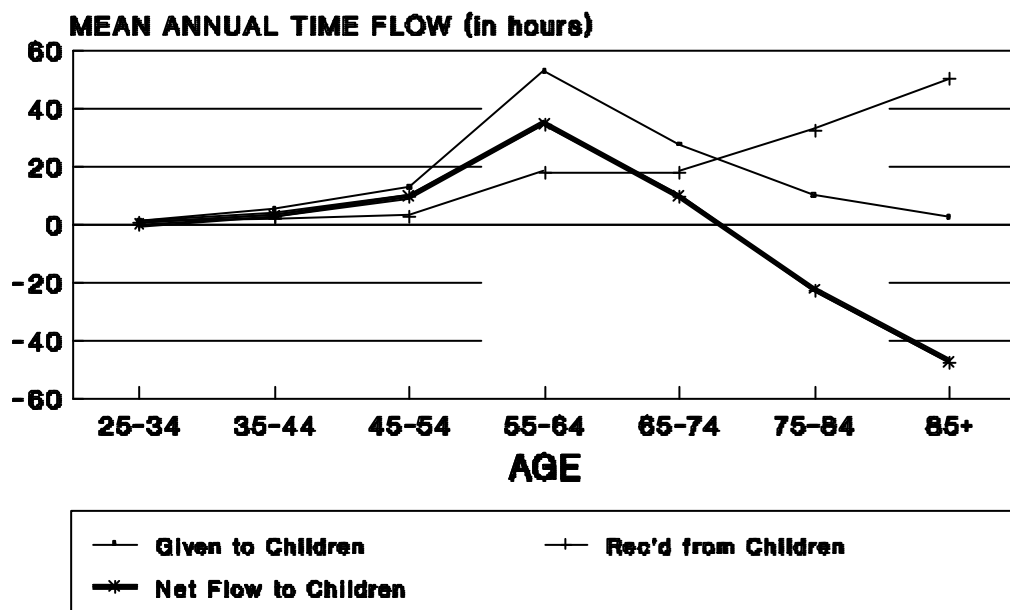


Figure 8

Money Flows with Parents

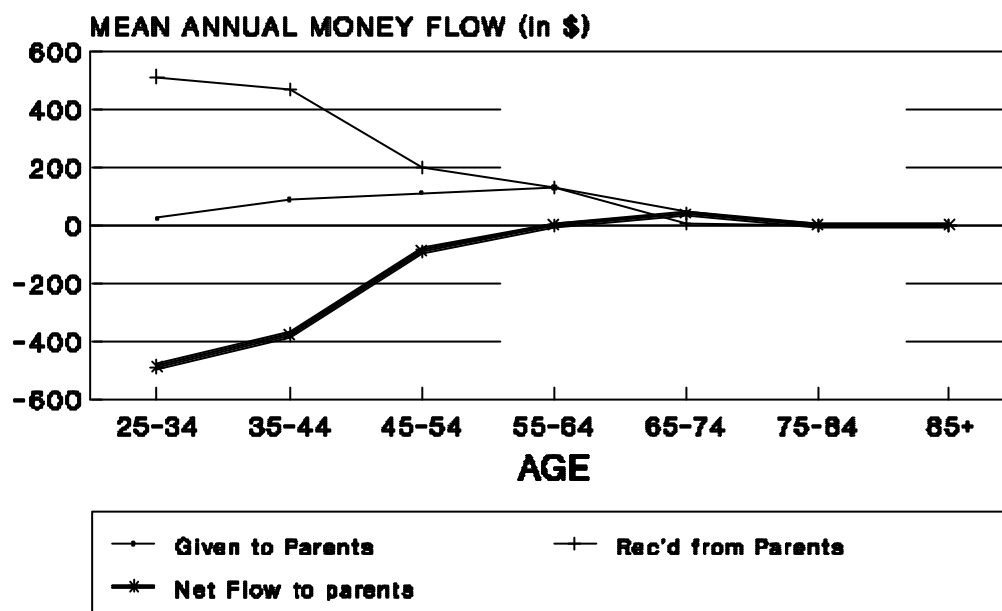
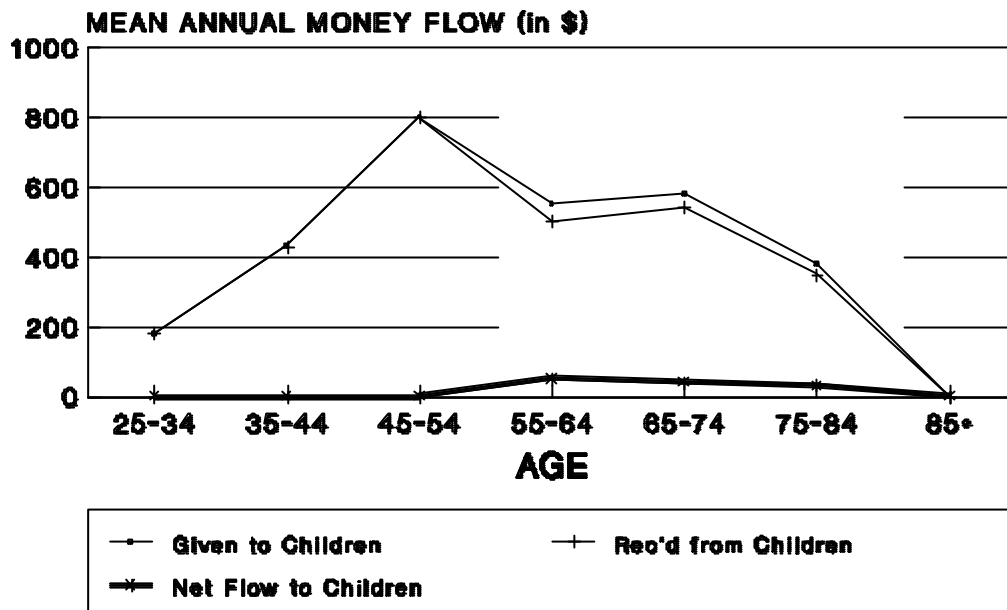


Figure 9

Money Flows with Children



* Figures 6 to 9:

2.3. Component flows underlying the net flows to each generation

- ° time help:
 - receipt of time help from parents **diminishes** steadily with age
 - receipt of time help **from children rises** steadily with age
- ° money help:
 - at all ages, **little money (net flow)** goes **from children** to parents (Figure 9)
 - in the age groups 25 -54 the **money net flow from parents** to children is substantial (Figure 8)
 - money flow from parents to children is highest when children are of ages 25-34 and the parents 45-54 (Gross flows, Figure 8 and Figure 9).

SECTION B

This section uses information from the Luxembourg Panel Study on Living Conditions

NOTE:

When shifting here from one national panel study (USA) to another one (Luxembourg), and choosing topics in a complementary way, we do not aim to provide complete coverage of the issues raised and the findings arrived at. Rather while presenting some hopefully interesting results

pertaining to the subject of this conference, we want to illustrate the potential of these massive studies and at the same time advocate much better and more timely coordination between them, in order to make the best use of their descriptive and analytic power and to achieve, progressively, **truly comparative** socio-economic research across countries.

In the previous section we referred to the use of PSID data to highlight inter-family and inter-generational exchange flows, focusing on **time help and money help**, and giving less explicit consideration to **co-residence**.

Here we will take a **complementary look** at parents and children residing together and on their respective contributions and exchanges within these **co-living arrangements**. The dataset is from the first panel wave.

The Luxembourg socio-economic panel study "Living in Luxembourg" started in 1985, with a sample of 6100 persons residing in the Grand-Duchy of Luxembourg, and living in 2012 households.

The sample is representative of the population residing in the country, with the exclusion only of those residents who have their social security covered by a different country. As such, the sample is considered to represent 97 % of the total population (it is checked periodically for representativeness).

The analysis we are presenting here was designed to focus on

- ° persons **aging and retiring from work**, particularly in regard
- ° to their **living arrangements**, their family environment and
- ° their **solidarity networks**.

(We are now preparing to proceed to the same analysis on a datawave that should give us the picture after an interval of 5 years and document possible changes.)

For the earlier study we decided not to look separately at people either **ageing** (whatever the definition of "old age" used) or **retiring** (whatever the limit for retirement considered). In fact, we were trying not to lose early and fuzzy relationships between ageing and retiring and we included in our analysis all sample-people 50 years of age and older, labelling them in a somewhat inappropriate and provocative way: aged and/or retired, stating explicitly that the composite subsample included people

- ° aged and retired,
- ° less aged but already retired,
- ° aged and yet still active on the labour market.

1. THE LIVING ARRANGEMENTS OF THE SAMPLE OF OLD OR RETIRED PEOPLE.

Table 1

Aged or retired persons, by age groups,
and according to number of **adult** persons in the household
(in %)

Number of adults in the household where aged/retired person lives	AGE						TOTAL
	- 60 years	60-64 years	65-69 years	70-74 years	75-79 years	+ 80 years	
Aged/retired person living alone	16.7	16.7	22.8	32.8	38.5	44.9	26.7
2 adults	49.2	58.9	56.9	49.2	44.4	24.5	51.5
3 adults or more	34.2	24.2	20.4	18.0	17.2	30.6	21.9
TOTAL	100.0	99.8	100.0	100.0	100.0	100.0	100.0

Looking at table 1, we see that

1.1. aged or retired persons living **alone** represent **26,7 %**,

1.2. aged or retired persons living **with another adult** person (not necessarily forming a couple) represent **51.5 %**,

1.3. aged or retired persons living in a household of **three adults or more** represent **21,9 %**

And we note in particular:

* in row 1: the frequency of '**living alone**' grows steadily from 16,7 % at age -60 to 44.9 % at age 80 and older,

* in row 2: the frequency of '**living with another adult**' decreases significantly from 58.9 % at age 60-64 to 24.5 % at age 80 and older,

* in row 3: the frequency of '**living with three adults or more**' decreases gradually from age group -60 to age group 75-79, then rises sharply at 80. Detailed analysis of living arrangements would show that in 'early' old age (under 60) the person takes into his/her own household other people (often active), but at 'high' old age (80 and over) the person moves to a house-hold with active people.

Table 2
Aged or retired people, by gender and age
and according to type of household

Household Age	Aged/retired person <u>alone</u>			Aged/retired person with spouse/ partner <u>(couple)</u>			TOT AL 100 %
	By himself herself	In house- hold of 2 or more adults	Subtotal alone	By themselves	With other adults	Subtotal couples	
	(1)	(2)	(1)+(2)	(3)	(4)	(3)+(4)	100.0
M E N							
- 60 years	5.4	12.4	(17.8)	47.1	35.1	(82.2)	100.0

60-64 years	7.9	4.9	(12.8)	59.9	27.3	(87.2)	100.0
65-69 years	9.4	8.2	(17.6)	69.4	13.0	(82.4)	100.0
70-74 years	13.8	8.4	(22.2)	65.1	12.7	(77.8)	100.0
75-79 years	19.7	20.8	(40.5)	52.6	6.9	(59.5)	100.0
+ 80 years	28.5	26.1	(54.6)	35.7	9.8	(45.5)	100.0
SUBTOTAL	11.8	11.3	(23.1)	56.7	20.1	(76.8)	100.0
W O M E N							
- 60 years	35.1	39.6	(74.7)	17.6	7.7	(25.3)	100.0
60-64 years	23.1	15.6	(38.7)	48.7	12.6	(61.3)	100.0
65-69 years	30.9	23.7	(54.6)	38.2	7.3	(45.5)	100.0
70-74 years	45.1	20.2	(65.3)	30.8	3.9	(34.7)	100.0
75-79 years	50.2	28.1	(78.3)	20.6	1.0	(21.6)	100.0
+ 80 years	53.9	39.7	(93.6)	5.8	0.6	(6.4)	100.0
SUBTOTAL	37.7	24.8	(62.5)	31.8	6.3	(38.1)	100.0
TOTAL MEN/ WOMEN	26.7	19.1	(45.8)	42.1	12.2	(54.3)	100.0

Comments:

1. Living arrangements by **gender**:

Women (aged/retired) are considerably more often alone than men.

1.1. Person alone (column 1): women, 37.7 % men, 11.8 %

1.2. Person alone, i.e. without spouse or partner, **but co-residing** in a household comprising 2 adults or two adults and more (column 2): women, 24.8 % men, 11.3 % **Men** (aged/retired) are considerably more often with a spouse or partner than women.

1.3. Living with spouse/partner **by themselves** (column 3):

men, 56.7 %

women, 31.8 %

1.4. Living with spouse/partner together **in a household comprising other adults**:

men, 20.1 %
women, 6.3 %

2. Living arrangements by **age**:

* The proportion of **persons 'alone'**, whether they live in one-person households or co-reside as singles in households with other adults, **increases steadily with age**, both for men and women, **but ... for women the increase is much more important**; see columns (1), (2) and (1)+(2).

In age-group 60-64, the difference in percentages is 26, in age-group 80 and above, this difference is 39.

Beyond age 79, 45 % of the men are still living with their spouse/partner - but only 6.4 % of the women are in this situation.

* When comparing columns (1) and (2), persons alone versus persons alone but co-residing in households with other adults, we note that for men the respective percentages are of similar size (11.8 % versus 11.3 %). For women the percentages differ considerably: 37.7 % live alone (col.1), 24.8 % live as singles in a household with other adults.

* Table 2 shows that within the group of aged or retired people as defined in the present study, **co-residence in a household with other adults** presents itself in the following way:

- co-residing as a single: 11.3 % of the men, 24.8 % of the women
- co-residing as a couple: 20.1 % of the men, 6.3 % of the women

* **The bottom line of table 2 shows (col.2 + col. 4) that 19.1% plus 12.2%, i.e. 31.3% of aged or retired persons co-reside in households with other adults.**

2. CO-RESIDENCE AS LIVING ARRANGEMENT

In order to put co-residence and family relations into context, let us consider the tables 3 and 4:

Table 3
Proportion of old or retired people
living in different types of households
but disregarding whether there are family links or not
in case of co-residence

Type of household		Proportion rounded
1.0	Aged or retired person living alone	26,7 %

1.1	Aged or retired person without a spouse/partner co-residing in a household of 2 or 3 adults	9.4 %
2.0	Aged or retired person living with spouse/partner in own 2 persons household	42.1 %
3.0	Aged or retired person alone (i.e. without a spouse/partner) but co-residing in household of active people (3 adults or more)	9.7 %
4.0	Aged or retired person with spouse/partner co-siding with other adults, active or retired (3 adults or more)	12.2 %
	TOTAL:	100.0 %

We note:

* Aged or retired persons **with a spouse or a partner** represent 54.3% of our sample:

- 42.1% living as couple by themselves, in household type 2.0, and
- 12.2 % living with other adults, in household type 4.0.

* Aged or retired persons alone (i.e. without spouse/partner) represent 45.8% of our sample:

- 9.4% co-reside with another single person, who may be active or retired,
- 9.7% co-reside with two (or more) adults who are active (or who in some cases may also be retired)

* Co-residence (types 1.1, 3.0 and 4.0) appears in 31.3 % of the sample.

But table 3 does not offer any information on possible family links nor on possible differences at the level of generations.

The following table presents information on co-residence of aged or retired persons and their child(ren). Please note that for establishing the table, we removed household type 1.0 and, from the other household types, not only the cases without family relations but also the cases where these family relations are just of the same generation.

3. CO-RESIDENCE OF AGED OR RETIRED PARENTS AND THEIR CHILDREN

Table 4
Intergenerational co-residence

Household	Person lives with his/her child or one of his/her	% of cases
-----------	---	------------

type	children	
1.1.	Aged/retired person without spouse or partner co-residing with 2 or 3 adults.	47.8 %
3.0.	Aged/retired person without spouse or partner co-residing in household of active people (3 adults or more).	79.6 %
4.0.	Aged/retired person with spouse/partner co-residing with other adults, active or retired (3 adults or more).	95.1 %
	In relation to all aged or retired persons co-residing the cases above represent.	76.0 %

4. WHO IS SHELTERING WHOM ?

Taking into account the identity of the owner or tenant of the house or the accommodations, the situation as shown in table 4 is the following:

In households of type 1.1.: in at least 8 cases out of 10, child lives at the home of the lone parent

In households of type 4.0.: in 9 cases out of 10, child or children live at the home of the two parents

In households of type 3.0.: this is the only configuration where the situation is reversed, i.e. the younger generation is hosting the lone parent, 8 times in 10.

So when aged or retired parents and their adult children co-reside, it appears that in the large majority of cases the children live with the parents, not the reverse.

5. INTRA-HOUSEHOLD EXCHANGES: THE NOTION OF INCOME GROUPS WITHIN THE HOUSEHOLD - INTER-GENERATIONAL CONTRIBUTIONS WITHIN THE HOUSEHOLD.

The Luxembourg panel and the Lorraine partner panel are the only longitudinal studies which have introduced, in studying income, the **concept of intra-household income groups**. In short:

- a household has **just one income group**
- if there is only one person with an income, sharing it with the other members who have no income, or
- if there are more members in the household with a personal income and if they share more than half of their respective incomes;

- a household has **more than one income group**
 - if more members have personal incomes **and** if they keep more than half of their respective incomes for their own use; persons in the household who do not have personal income belong to the income group of the person who takes charge of them.

In addition we established the convention that:

- * spouses or partners belong to the same income group
- * the minimum amount of income necessary for being considered an income group is equal to the amount of the minimum solidarity pension.

The very detailed analysis of these income groups, of the ways in which they manage their respective incomes and of their exchanges cannot be presented here for lack of space. But we may state that, on the whole, **co-residing brings more advantages to the younger generation than to the aged or retired**, in many respects: payment of rent, charges, food/ child care/ chores/working outside the household/ leisure etc.

This is apparent in monetary contributions to household expenses (table 5), and is confirmed by the panel participants' personal assessment (table 6).

Table 5

**Contribution (monthly) to household expenses
by main groups and secondary groups***
* sub-sample consisting of all households
with more than one income group**

Mean values for all households with more than one income group:

Contribution from main income groups: 17.709 lux.francs Contribution from secondary income groups: 3.530 ° Main income groups contribute 5 times more than secondary income groups.

Mean values for households with intergenerational co-residence:

Household type 1.1: Aged or retired person and one adult child

- | |
|---|
| <p>° When aged person is main contributor: 10.042
 and child is secondary contributor: 4.773</p> <p>° When adult child is main contributor: 11.577
 and aged person is secondary contributor: 8.060</p> |
|---|

* Aged person is main contributor in 82 %
of the cases in type 1.1.

Household type 4.0: Aged or retired person and spouse/ partner live in a household with 3 and more adults

- When aged person/couple is main contributor: 16.378
and child/children secondary contributor: 4.463
- When adult child/children main contributors: 25.654
and aged person/couple secondary contributor: 3.029

* Aged person/couple is main contributor in more than 90% of the cases in type 4.0.

Household type 3.0: Aged or retired person alone lives with 2 or more active adults

- * In type 3.0 the younger generation is the main contributor in 82 % of the cases.
- When adult child/children main contributors: 18.931
and aged person secondary contributor: 4.665
- When aged person is main contributor: 16.647
and child/children secondary contributors: 4.718

The comparison shows that on the whole **intergenerational co-residence** involving aged or retired parents and active adult children **has non negligible financial advantages for the younger generation.**

Let us stress that the majority of main income groups in this comparison are the aged or retired. And that in the majority of cases the aged or retired are also either the owner or the tenant of the shared house or apartment.

How are these arrangements perceived by the younger and the older generation?

Table 6
Relative perception of advantages in co-residence
by the different income groups in the household:
as viewed by active children and aged or retired parents

The income groups (active or retired) consider they benefit from the given house- hold arrangement for the following items	HOUSEHOLD TYPES					
	Aged/retired person <u>alone</u> in household with 2 adults (Type 1.1)		Aged/retired person <u>alone</u> in household with 2 active adults or more (type 3.0)		Aged/retired person <u>with</u> <u>spouse/partner</u> in house- hold with active adults (type 4.0)	
	Income Group Active % (1)	Income Group Retired % (2)	Income Group Active % (3)	Income Group Retired % (4)	Income Group Active % (5)	Income Group Retired % (6)
For housing expenses	72.8	39.2	51.7	49.3	75.2	32.5
For payment of charges	81.8	58.7	61.1	62.9	77.0	41.5
For expenses for food	81.8	65.2	65.5	65.9	77.0	47.4
For child care	-	-	11.1	-	12.2	-
For household chores	74.5	49.0	59.5	57.6	71.8	40.9
For having a profes- sional activity	41.8	17.4	38.8	15.2	56.8	16.6
For having leisure time	63.7	42.4	51.2	37.9	63.3	32.5
For other	3.6	16.3	9.4	17.4	17.4	12.4

* **Generational differences in assessment in household type 4.0**, (where an aged or retired person with spouse/partner lives with active adult child/children - and is the main contributor in more than 90 % of the cases).

Here differences in evaluation are greatest (columns 5 and 6):

- The younger generation clearly recognizes the advantages of the living arrangement, up to the frequency of 75% and more, e.g. for payment of housing, charges and food.
- The older generation's recognition of advantages is low and does not reach the 50% level for any item.

*** Generational differences in assessment in household type 1.1,** (where an aged or retired person alone lives with one adult child - and is the main contributor in 82% of the cases).

Differences between generations show trends similar to those in household type 4.0, but are not as large (columns 1 and 2):

- Advantages are recognized by more than 80% of the adult children for payment of charges and food, and more than 70% for housing and chores.
- The older generation's recognition of advantages is lower than the children's on all items (except 'other'), but notably higher than for their counterparts in type 4.0.

*** General differences in assessment in household type 3.0,** (where an aged or retired person alone lives with two or more active adults - and where the young generation is the main contributor in 82% of the cases):

The response pattern for type 3.0 (columns 3 and 4) differs strongly from the patterns in 4.0 and 1.1:

- Differences between generations are negligible for housing, charges, food and chores.
- Both generations perceive advantages on these items, at the level of 50% or well above.

This is the household type where mostly the younger generation takes in an aged or retired person being alone. And where the aged person consequently perceives more often the living arrangements as advantageous.

Within the given frame, it would be inappropriate to elaborate at greater length on the data presented here from our national panel. Had we the opportunity to do so, we could make appear that there are some good reasons for looking into the similarities between our data and the PSID findings presented before. **And what is even more important, we could point at the yet untapped data potential for complementary and even truly comparative research.** In the example presented for the Luxembourg panel we were just focusing on the living arrangements of aged and/or retired people, their family environment and their solidarity networks as they appeared in the first year of our longitudinal study. **But in fact each of our panel waves, from 1985 on to the present one in 1993, carries similar questions**, not only to the elderly, but to all households and age groups. And not only about **co-residence**, but also - at the level of the households and their income groups - about **money flows** inside the household and outside the household, and also about **time flows** ...

So there seems to be a real potential (a) for an exercise in **comparative** research, in looking simultaneously at the PSID one-year module (1988) on intergenerational solidarity and a corresponding dataset from the Luxembourg panel for the same year, and (b) for an exercise in **complementary** research, insofar as the Luxembourg panel data allow to follow the corresponding module over a period of already nine years ...

*

INSTEAD OF A SUMMARY OR A CONCLUSION, ... JUST A REFLECTION AND SOME DUE ACKNOWLEDGEMENTS...

Following the abstract initially transmitted to the organizers of the Conference, I have tried to look at intergenerational relations in longitudinal panel studies on individuals and households - keeping in mind our central issue: older people and solidarity between generations.

The idea was to do this in the context of recent empirical findings and according to a plan:

* **The recent empirical findings** on the topic (for the US) have been reviewed by **Beth J. Soldo** and **Martha S. Hill** in their working paper on INTERGENERATIONAL TRANSFERS - which I amply used for this presentation, on the recommendation of Greg J. Duncan, program director of the US Panel Study of Income Dynamics. Greg Duncan also encouraged me to make full use of the paper by **Martha S. Hill**, **James N. Morgan** and **Regula Herzog** on INTERGENERATIONAL ASPECTS OF FAMILY HELP PATTERNS, drawing on new data from the 1988 wave of the PSID. My sincerest gratitude for these substantial contributions goes to the authors and to Greg Duncan, advisor and provider of the papers.

* **The original plan** was to proceed stepwise along an(over)ambitious guideline:

a) from empirical studies with a **limited design** for data production or collection (e.g. limited to one kind or pattern of transfer, or to a particular period of the life-cycle or a particular age group, or using a sample drawn from a particular area),

b) to larger, **more comprehensive and more representative surveys** with one-time data collection, **cross-sectional** studies,

c) to comprehensive and representative **longitudinal studies** on living conditions of individuals and households, with **annually** repeated data collection **on multiple dimensions** - research enterprises with the highest potential for generalization, observation of complex relations over time, analysis of dynamics, and theory testing.

d) The plan was supposed to offer also some opportunity for **discussing issues of methodology and conceptualization**, of **cross-stimulation** between the different research approaches and of possible **co-ordination of research efforts**, particularly at levels b and c.

In fact, I have met the objectives of the plan only partially.

* Relevant (and hopefully interesting) findings have been presented both from studies with a limited design, and from highly complex longitudinal studies.

* But as for the **longitudinal** dimension properly, the participants will have noticed themselves that from these impressive scientific enterprises I have presented - however interesting - only **cross-sectional** (!) data and analyses on intergenerational behavior. And this for very different reasons: the US panel has only a one-year module of inter-generational questions (1988), so there is no straightforward possibility for longitudinal analyses; the Luxembourg panel carries this module already over nine years, but has not yet enough user analysts and/or not the means to promptly exploit the data inside the center...

* Nevertheless, I think, there is no reason to finish here 'off key'. The potential of these heavy studies is enormous; mutual information, co-operation and inventive co-ordination both for panel producer-teams and for panel users and analysts are slowly developing. And some initiatives such as the Panel Comparability Project (PACO) may accelerate this process. Time constraints did not allow me, at the Conference, to do more than just announcing for the proceedings what my collaborators **Marlis RIEBSCHLAEGER** and **Günther SCHMAUS** had been preparing as a contribution for the Conference: **the very first attempt to use simultaneously three longitudinal studies on an integrated database for comparative analysis over time!** In relation to this Conference, their choice was to focus on **early retirement**, which has appeared as a particularly important event in the life-course, having the potential for affecting in many ways not only the ageing individual but also his/her immediate and extended family...

THE CONTRIBUTION BY MARLIS RIEBSCHLÄGER AND GÜNTHER SCHMAUS ON PATTERNS OF RETIREMENT

1. Introduction

The empirical analysis explores retirement as a particularly important event in the life-course, with potential effect not only on the ageing individual but also on his/her immediate and extended family. Given the growing frequency of early exit from work, the elderly are defined here as individuals older than 50 years.

In our analysis, we explore the retirement process for elderly workers. In the transition process from labour market¹ into retirement, many elderly abandon their economic activities completely when they reach the official pension age (65 years) and receive social security payments. Others prefer to retire before the official pension age (**early retirement**) or remain in work after the official age (delayed retirement).

In our analysis we explore only cases of complete retirement. We define **complete retirement** as the situation where an elderly worker in year t drops out of the labour market in year $t+1$ and following years² and does not re-enter the labour market. The eligibility for social security payments or the actual receipt of old age pension is not a criterion for being classified as retired. We calculate cases of complete retirement by analyzing five years of panel data from three countries.

In the following analysis of retirement patterns we use PACO panel information for Germany and Luxembourg from the years 1985-1989 and for USA from the years 1983-1987. We restrict our analysis to those economically active individuals who are 49 years and older (**elderly workers**).

2. PACO Database

This short study is a very first attempt to simultaneously use three longitudinal studies in an integrated database for comparative analysis. Use is made of data from the Panel Comparability Project (PACO); more specifically, integrated data on households and individuals from the German (SOEP), Luxembourg (PSELL) and US (PSID) panel studies are used. This integrated database allows the analyst not only to look at national characteristics of retirement behavior but also to perform truly cross-national research. The wealth of information of these panels, both on households and on persons, gives the analyst the possibility of taking into consideration not only variables

¹ All individuals who are working at least some hours a week either as self-employed or as employees; and the unemployed are classified as belonging to the labour market.

² However we cannot control for the fact that some individuals classified as "retired" reenter the labour market in later years (waves) of the panel studies.

relating to the individuals but also those relating to his/her partner and to household background - and to do this in a cross-sectional as well in a longitudinal manner.

The most important advantage of longitudinal surveys as compared to a time series of cross-sections, is the fact that they supply a better tool for the analysis of economic or social changes whenever the focus is on the duration of certain states or spells, such as periods of unemployment or poverty, for example.

In the current context, the advantage of longitudinal analysis lies in the fact that transition from labor market into retirement can be observed directly, and thus provide more valid data than those obtained by retrospective interviews.

In the constituent panel studies, retrospective data in the biography of the individuals are also available. As soon as a comparable version of these data will be included in PACO, analysts will have the possibility not only to analyze current behavior but also to examine the employment history of individuals.

3. Retirement Age

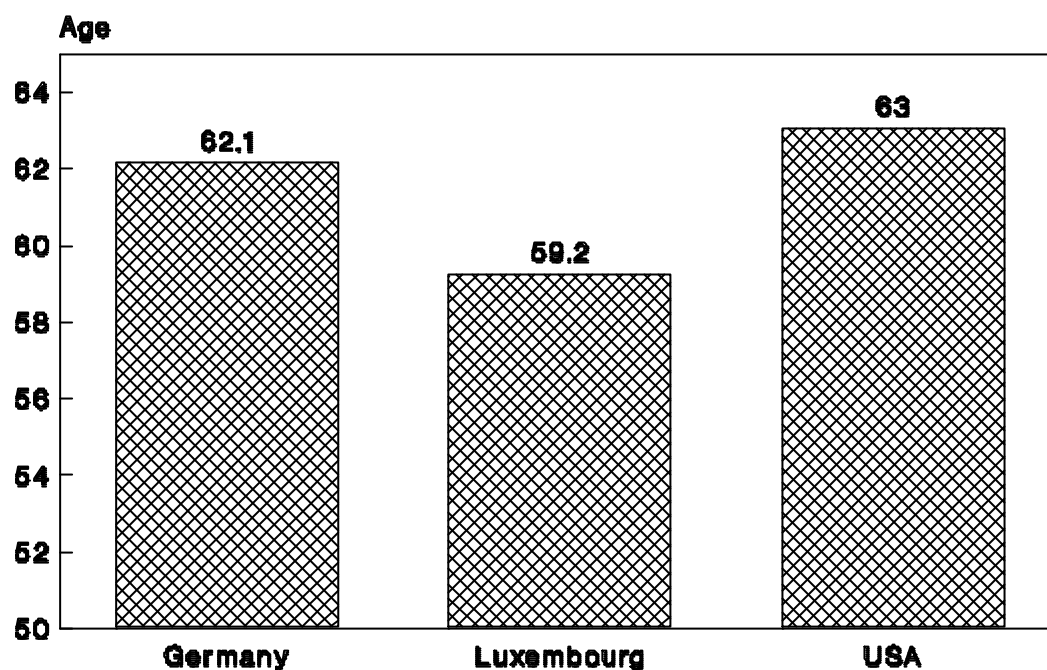
In order to compare retirement ages between countries, a linear model was set up including demographic variables such as

- type of household member under investigation (male head, female head, spouse)
- employment status (self employed, employee)
- education level (no degree/ primary school, secondary/high school) and
- type of last employment (full-time, part-time/ some hours, unemployed).

In addition to these variables the last factor income and the last household equivalent income before retirement were included in the model.

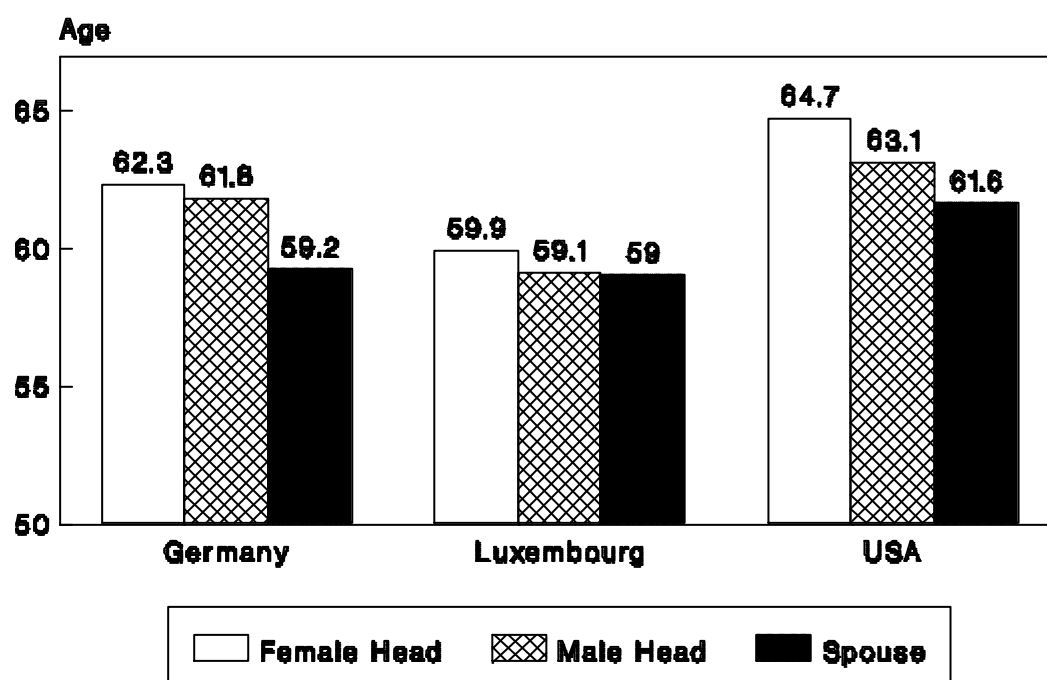
In general people in Luxembourg retire significantly earlier than in Germany while Americans have the highest average retirement age (see figure 10). Part of these differences can be explained by structural differences in the study group, but additionally, there is a specific country effect.

Figure 10: Average retirement Age by country



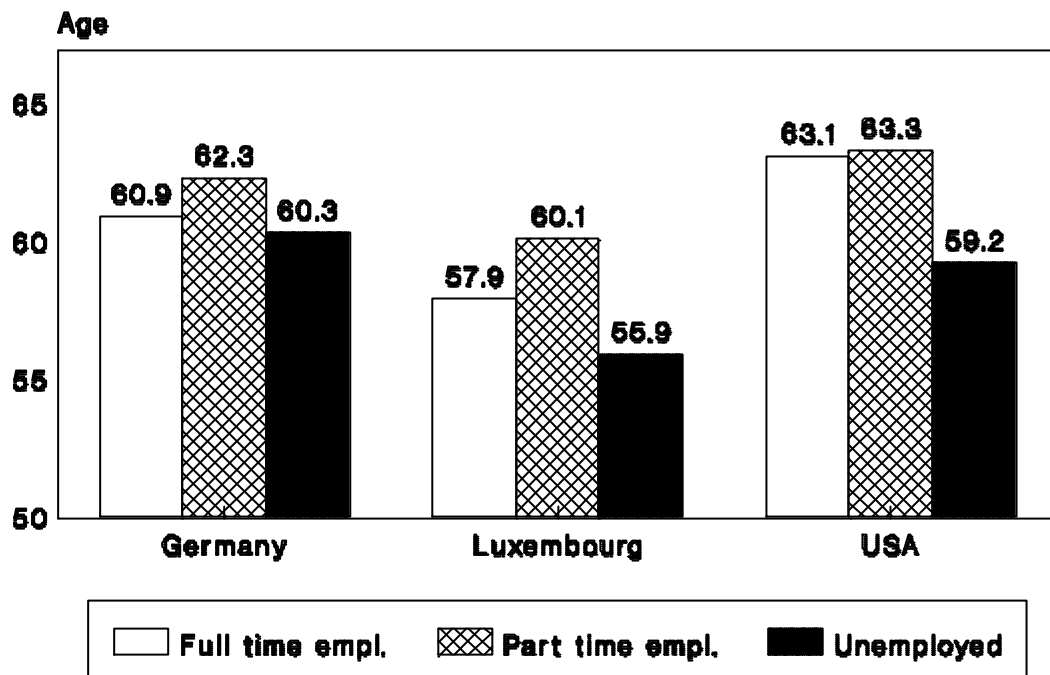
Source: PACO Database (longitudinal)

Figure 11: Average Retirement Age by Relationship to Head



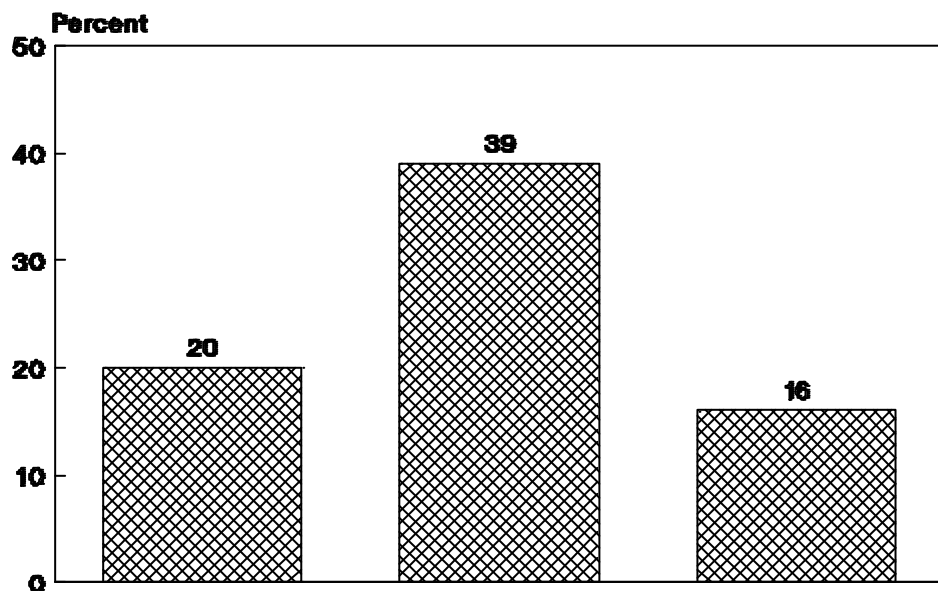
Source: PACO Database (longitudinal)

Figure 12: Average Retirement Age by Employment Type



Source: PACO Database (longitudinal)

Figure 13: Percentage of elderly early retiring



Source: PACO Database (longitudinal)

In all countries in the study, the mean retirement age of spouses is significantly lower than the mean for heads of household (see figure 11). A corresponding result was obtained from a logit model set up in order to investigate proportions of people retiring with and without immediately receiving social

security payments, respectively. In this context spouses turned out to retire more frequently without immediately receiving social security³.

In case of female heads of household, the mean retirement age is even higher than in case of male heads. Since there is no male spouse in the sample, the female heads of household are supposed to be the only persons in the household with income, unless there are grown up children within the household. But in the households with a male head, there might be a spouse receiving social security or labour payments. Moreover in the age group under investigation, women are in general less qualified than men, which might result in their retiring later in order to postpone the loss of earnings as far as possible. (For an investigation of income differentials, see part 3).

In Germany, Luxembourg, and in the USA, people who are unemployed but who still belong to the group of non-retired persons retire significantly earlier than full-time or part-time employees (see figure 12). Because of the large standard deviation, this effect could not be proven in the USA. The explanation of the variation of retirement ages is very poor in the USA, indicating that there might be some important factors of influence we have neglected in the model.

Except for the German data, an overall influence of income variables could not be shown in the current context. This is probably due to the fact that the other variables in the model are highly correlated with the income variables. The analysis of these variables will be discussed in detail in age sub-groups in a slightly different context in part 4.

4. Early Retirement

Early retirement is here defined as the transition into complete retirement between the ages of 50 to 64 years. We restrict the analysis which follows to the age cohort of elderly workers who in the start-year of our panel analysis are between 49 and 60 years old.

Figure 13 gives some information⁴ about the varying importance of early retirement in different countries.

We can see from the figures that early retirement is less often found in the US and Germany than in Luxembourg, but early retirement is for all countries an important matter.

In a next step, we identify the relevant factors determining exits from work into early retirement. We do so by comparing the frequencies and the means of variables between the group of Elderly

³ Further results of the logit model are the following: Only in Germany could a significant difference between the behaviour of employees and self employed persons be proven, showing that self employed persons are more likely to retire without social security payments than employees, while school education and type of last employment show an effect only in Luxembourg, where persons with low school degree and unemployed persons tend more easily to retire without payments compared to the corresponding groups.

⁴ We use the following formula to calculate the percentages:

$$\frac{\text{No. of individuals retiring early between year } t+1 \text{ and } t+4}{\text{No. of individuals economically active in year } t}$$

Workers retiring early and the group of Elderly Workers not retiring early. The results are summarized in table 7.

Table 7 Common characteristics of Elderly Workers Early retiring in Germany,Luxembourg,USA
The following characteristics imply a tendency to early retirement: receiving lower factor incomes working part-time or marginal hours having lower education than High School being female working as employee having been unemployed living in smaller households living in households with less children

A more detailed analysis shows that other characteristics such as family status, relationship to head, equivalent net incomes also influence the retirement process. But these factors show different effects in each country and cannot be dealt with briefly.

Participation Rates for Social Security Payments

The transition from labour market into early retirement does not imply that the individuals receive social security in all cases. Figure 14 shows the percentage⁵ of individuals receiving social security after retirement.

We see from this figure that 40 % of the Americans, 65 % of the Germans and 58 % of the Luxembourgers receive social security.

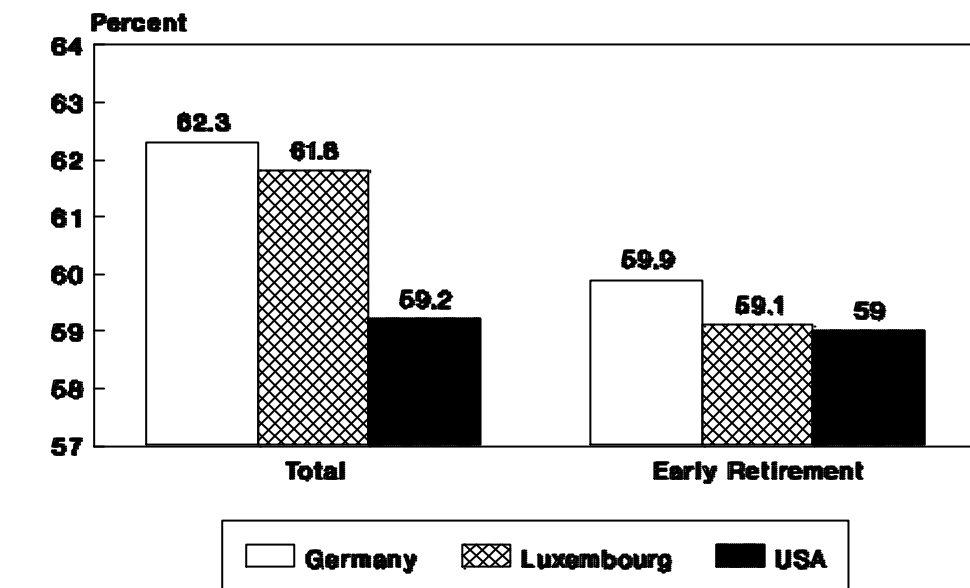
One could assume that individuals with social security retire early more often than those without. The other group of early retiring individuals - those not immediately receiving social security - are not (yet) entitled to old age pensions and/or do not receive any disability or widow pensions. These elderly still retire early in spite of the fact that they do not receive social security benefits at early retirement.

⁵ The following formula is used

No. of individuals retiring early between year t+1 and t+4
and receiving social security payments in year t+4

No. of individuals retiring early between year t+1 and t+4

Figure 14: Percentage of early retiring and receiving social security



Source: PACO Database (longitudinal)

Income differentials Before and After Retiring

In a last step, we explore how the early retirement process effects the income of individuals. We quantify the income differentials by comparing the incomes of individuals retiring early with the income of elderly still working. The analysis is done for individual total income⁶ and for equivalent Household Net Incomes⁷.

a) Total Incomes

Table 8 lists the income differentials for individual total incomes⁸. We find for all countries a more or less severe decrease in incomes for individuals when they retire early. We learn from

⁶ Total income includes here employment income, self employment income, social security payments from the state pension system (old age pensions, widow(er) pensions, orphan pensions)

⁷ Total household net income includes the total personal incomes of all household members, capital incomes and additional income transfer sources such as family allowances, social assistance, unemployment pay. For the equivalent incomes we have used a very simple equivalence scale: first person carries a weight of 1.0 and each additional person carries a weight of 0.50.

⁸ Income Ratio for Total income in t =

the figures that the income drops are quite different for the three countries. The income of early retiring individuals is more severely reduced in the US (-0.39) than in Germany (-0.32) and in Luxembourg (-0.34).

Table 8: Income Ratio for Total Income Before and After Early Retirement			
	Germany	Luxembourg	USA
Start of period (t=1)	0.84	0.80	0.70
End of period (t=5)	0.52	0.46	0.21
Difference	-0.32	-0.34	-0.39

Source: PACO Database (longitudinal)

b) Equivalent Household Net Income

In the previous parts of the paper, we have analyzed mainly the impact of individual characteristics such as education and type of employment, on the behaviour of retirement. In the context of intergenerational relations, the composition of the household has also to be taken into account. The impact of the household context can be derived to some extent from the comparison of the equivalent household incomes before and after early retirement.

In Table 9 we calculate income differentials for equivalent net incomes⁹. We can see that individuals in all countries, as a rule, experience not only drops in their total incomes but also drops in their weighted household incomes. The income drop is highest in the US (-0.29), Germany (-0.27) and lowest in Luxembourg (-0.14).

Table 9: Income Ratio for Equivalent Household Income Before and After Early Retirement			
	Germany	Luxembourg	USA

Mean Total Income in t of early retiring individuals
Mean Total Income in t of non early retiring individuals

⁹ Income Ratio for Equivalent Household income in t =

Mean Equivalent Household income in t of early retiring individuals

Mean Equivalent Household income in t of non early retiring individuals

Start of period (t=1)	1.07	0.96	0.89
End of period (t=5)	0.80	0.82	0.60
Difference	-0.27	-0.14	-0.29

Source: PACO Database (longitudinal)

When we compare the decrease of total incomes with the decrease of equivalent household incomes, we find that the decreases for equivalent incomes are lower than for total incomes. Since this reduction is - on average - lower than the reduction of the individual incomes, the loss of the individual incomes seems to be compensated for by other household members. This result also tells us that one has to look for additional income earners in the household and/or other social transfers in the household.

5. Future Analyses

A more complete analysis of retirement patterns will be done when more variables will be available in the PACO Database. In particular, the difference between voluntary and involuntary early retirement needs to be studied in more detail. Intergenerational relations within the household and between households are also on the agenda for further research.

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