Are Changing Family Structures Redirecting the Flow of Mother's and Father's Financial Transfers to Their Adult Children?

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Abstract:

As divorce and remarriage have become prominent features of American families, extensive research has focused on the effect of these family changes on children's and teens' emotional and financial wellbeing and on parental investment in education. Although resources from parents continue to be important to adult children—helping pay for houses, weddings, higher education, or simply helping to make ends meet—little research has examined how divorce and remarriage influence such transfers. Using data from the 1992 Health and Retirement Survey, we examine how financial transfers from older adults to their adult children vary by the parents' sex and marital and re-marital status. Consistent with prior research, we find that parents who remain married give more to their children than single divorced parents or remarried parents. However, we also discover that remarriage reduces men's financial contributions to their adult biological children much more than it does women's contributions. The reason for these large discrepancies between remarried mothers and fathers in transfers to their adult children are unknown. In this paper, we test three possible explanations drawing on theories of evolutionary biology, reciprocal exchange, and gendered money. While all of these factors may be at play, the strongest evidence indicates that men who form new families through remarriage and subsequent children are by far the least likely to invest in their previous biological children.

Introduction:

Family structure plays a critical role in channeling the flow of both material and non-material resources from parents to their children and, thus, in determining the effects of one generation on the social and economic well-being of the next. The changing structure of the American family over the last 35 years and its implications on child well-being and investments in children's human capital, particularly with the rise in divorce and remarriage rates, have received considerable attention (see, for example, Biblarz and Raftery 1999; McLanahan and Sandefur 1994). The overwhelming majority of this research focuses on young children and adolescents. Yet, continued financial assistance from parents to their adult children may play an increasingly important role in helping children achieve and maintain successful adult lives (Aquilino 2005). The most obvious example is parental assistance to pay for college, but parental contributions for down-payment on homes, cars, weddings, as well as in-vivo transfers and inheritance, can amount to substantial financial resources (Avery, Goldscheider and Speare 1992, Goldscheider and Goldscheider 1993 , Goldscheider, Thorton and Yan 2001). These transfers may prove quite important to the well-being and success of children as well as grandchildren (Hao 1996; Mulder and Smits 1999, Lee and Aytac 1998). The NSFH supplement of 1988 showed that 16% of parents received at least $500 of support from the grandparents in the last five years (Hogan, Eggebeen, and Clogg 1993). Indeed, differences in the rates of financial assistance in helping with a housing down-payment contributed to the intergenerational perpetuation of racial differences in home ownership and wealth accumulation (Charles and Hurst. 2002). Others have concluded that differences in inheritance by race may contribute to growing black-white differentials in wealth (Avery, and Rendall 2002).

This paper examines how differences in family structures are related to economic transfers from parents to their adult children. In a context of high divorce and remarriage rates, to whom do parents continue to provide financial assistance? How do parents allocate their available resources between their biological and step-children? Are mothers or fathers more generous in their giving to their biological children? What about with respect to their stepchildren? Do these decisions depend on the timing of the divorce, subsequent remarriage, or new births? Shedding light on how parents currently make these complex allocation decisions can also provide insight into how the continuing trends in blended families and the rising dependence of adults on their parents for economic support may be profoundly changing the flow of intergenerational transfers in the United States as well as the implications of these changes for inequality across population subgroups.

Background:

Historical Trends in Divorce, Widowhood, and Inheritance

The monumental changes in divorces rates in the U.S. over the last half-century have been well-documented and vigorously discussed. Although divorce rates appear to have

reached a plateau after 1980, this followed a steady rise in crude annual divorce rates from 1950 of 0.10 to 0.20 in 1980 (Goldstein, 1999). Patterns of inheritance and in-vivo transfers, however, have not been analyzed extensively, primarily because of the lack of appropriate data. There has been particularly little attention paid to whether these in-vivo and inheritance patterns came from mothers or fathers. Historically, nearly all wealth was assumed to flow from fathers to their children, often-- under systems of progenitor—to their eldest sons. To the extent that women were legally excluded from inheriting wealth, they were also unable to pass wealth directly along to their children. Indeed, upon the death of their husbands, most women received only a small stipend for living expenses or depended on the charity and care of their children, who directly inherited their fathers' resources. Overtime, with the change in inheritance laws, more and more women began to inherit directly from their husbands or parents and to pass along the bulk of their wealth to their joint children only after their death. Ultimately, however, the bulk of the husbands' resources was expected to be transferred to his biological children, although typically after both parents had died. More recently, however, the rise in divorce rates has led to a dramatic increase in the occurrence of blended families, in which not all the children of the currently married couple are joint biological children. This has greatly complicated the flow of resources from parents to their biological children. Differing rates of divorce, remarriage, and widowhood have meant that meant that men and women may have different opportunities to shift resources from biological children to step-children or vice versa depending on their current family structures.

Family Structure and Transfers to Adult Children

The existing literature on family structure and transfers to children, which has focused on children under age 18, tends to confirm two general findings. First, parents tend to invest more in their biological children than in their step-children (Case, Lin, and McLanahan 1999, 2001). Second, mothers on average devote a higher proportion of the assets they control to children (Lundberg, Pollak and Wales 1997). The combination of these two factors has led some researchers to ask whether the effects of divorce and remarriage on investments in biological children differ by the sex of the parent. For children under 18, there is growing evidence that mothers and fathers invest in their children's human capital at different levels. For example, children under 18 living with divorced biological mothers tend to have better educational outcomes than children living with divorced biological fathers. Furthermore, Case, Lin and McLanahan (2001) find that a step-child raised by a woman receives, on average, one year less education than a biological child of the same woman. Similarly, consumption of in-home food is higher in households containing more biological children of a woman than in households with more stepchildren of the woman (Case, Lin and McLanahan 1999). Differences with respect to either educational attainment or food consumption by type of father, specifically step or biological, were not found. However, research on men in Albuquerque, New Mexico, showed that men tended to invest similar amounts in their genetic and stepchildren under age 18 from their *current* relationships, but they invest less in their genetic children from *previous* relationships (Anderson, Kaplan, and Lancaster, 2001).

Although the bulk of the previous literature on the effects of changing family structures focuses on transfers to and well-being of children under the age of 18, more recently a growing number of articles has addressed the effects on adult children. There is substantial evidence that divorce generally reduces parents' human capital investments in their children and that re-marriage can off-set some of these reductions in both younger and adult children. Divorced parents give fewer economic transfers to their adult children than parents who remain married to each other, although at least part of this difference may be attributable to lower levels of wealth following divorce (White 1992; Cooney and Uhlenberg 1992; Eggebeen 1992; Marks 1995). To the extent that remarriage compensates for the financial loss incurred with divorce, remarriage appears to increase the amount of economic transfers to adult children but not to their pre-divorce levels (Aquilino 2005). Specifically, Zvoch (1999) finds that children with step-parents receive less money for college than children whose two biological parents remain married. In a careful study of parental *attitudes* toward giving economic support to adult children, Aquilino (2005) finds that despite an initial dip in expressed willingness to give economic support to their children following divorce, divorced biological parents' preferences for providing economic support increased over time. However, if the biological parent remarried, his or her level of enthusiasm for providing economic support did not increase over time. Perhaps most interestingly, Aquilino finds that expressed support increased after remarriage if the new marital couple had additional children together. He does not, however, test whether the formation of "second families" has a different effect on mothers' and fathers' attitudes toward providing economic support.

In addition, a few studies have begun to examine differences in the effects of divorce and remarriage on transfers by the sex of the parent and by the timing of the divorce. For example, using supplementary data from the 1988 PSID, Furstenberg, Hoffman, and Shresha (1995) find that overall "monetary transfers from a divorced mother are nearly twice as frequent as from a divorced father" (Furstenberg, Hoffman and Shresha 1995, pg: 324). Controlling for parent's income and other socio-demographic characteristics of the parent and child, they find that about 28% of parents who remain married transferred money to one or more of their children in the last year. In comparison, about 22% of divorced mothers but only 11% of divorced fathers gave their children financial assistance. Interestingly, mothers and fathers who divorce "late" are equally likely to make economic transfers to their adult children, but if the divorce occurs when the child is young, mothers' transfers to their children increase, while fathers' transfers decrease sharply. They also tested whether remarriage had any effect on economic transfers to children and found that remarriage had a quantitatively larger effect on the propensity of fathers to give assistance than mothers, but that none of the effects of remarriage were statistically significant (Furstenberg, Hoffman and Shresha 1995). In comparison, using NSFH data from 1987-1988, White (1992) finds that both divorced and remarried fathers provide somewhat less support to *any* of their adult children (including both step and biological children) than divorced and remarried mothers.

Theories and Hypotheses:

There are at least three theories evoked to help explain why mothers may invest more than fathers in their biological children under the age of 18. These theories may be extended to monetary transfers to adult children as well.

Explanations about parental investments in children often implicitly or explicitly draw heavily on theories of *evolutionary biology*. Several social scientists have drawn on Daly and Wilson's (1987) *theory of parental solicitude*, which contends that parents' psychological predisposition towards altruism with respect to their own children and hostility towards others' children is an outcome of natural selection (Case, Lin and McLanahan 1999). Since men are rarely entirely certain of the paternity of their children, they may be more reluctant to invest in any particular "biological" child than women who are more certain of their genetic relationship to that child (Cox 2002). This could help explain why women are more inclined to invest in their biological children than men, but it does little to explain whether men or women are more likely to invest in their step-children. Much has been made of men's unwillingness to raise other men's biological children as a primary justification for extensive control on female sexuality in many societies. Curiously, there is little speculation about women's willingness to invest in non-biological children. Yet, in effect, both step-mothers and step-fathers are faced with the question of how much, if anything, to invest in children to whom they know they are not the biological parent with (virtual) certainty. If men are, on average, only about 90% certain of their paternity in relation to their "biological" children, then the expected difference in biological inheritance between their own children and their step-children is greater for women (100%-0%) than for men (90%-0%). This may suggest that, from an evolutionary perspective, women may be even more inclined than men to invest in their biological children rather than their step-children.

A second assumption evoked by evolutionary biology theory to explain differences in parental investments is that mothers prefer to invest more resources in their biological children than fathers (Emlen 1997). Since women bear a disproportionate share of the costs of having children (e.g. women must gestate, bear, and in many cases nurse children), women want to invest more resources per child and maximize the "quality" of each child. In comparison, the biological cost of each child for men is rather low and, thus, men seek to maximize the "quantity" of children. Some researchers have speculated that men may be more willing to invest resources in their non-biological stepchildren, particularly if they believe that such investments will allow them to have additional children with their new mates (Anderson, Kaplan and Lancaster 2001).

A second set of arguments, which we will call *reciprocal exchange*, notes that because divorced and remarried biological fathers are less likely to live with their biological children, their emotional ties to these children may wane. In contrast, men may become closer to their step-children, with whom there are more likely to reside. Although both kinds of children are unlikely to live with either biological parent after the age of 18, the ties established when they are younger may set a course for their future relationships with their parents as adults. Weak bonds may translate into less intergenerational transfer both from adult children to their older parents in the form of emotional support and health care

and from older parents to their adult children in the form of financial assistance. Both economists and sociologists have emphasized the reciprocal and reinforcing nature of these relationships—that is, that the less given or expected care from adult children to their biological parents, the less likely it is that parents will be to continue to provide economic support in the absence of any legal obligations. A growing body of literature on the level of transfers of care and emotional support between biological and step mothers and fathers with their adult children supports this hypothesis by noting that divorce weakens children's care for and sense of obligation to their elderly parents and that remarriage by their parents further weakens these ties, regardless of the parent's sex. (Pezzin and Schone 1999; Kaufman and Uhlenber 1998; Furstenberg, Hoffman and Shreshta 1995). Timing of divorce and residency after divorce may also affect reciprocal relationships. Debts occurred early in life by residing with one parent, most likely a mother, may engender a greater sense of obligation to that parent. This literature also finds that men tend to be more estranged from their adult children (both step and biological) than women (Aquilino 1994, Cooney and Uhlenberg 1990, Curran, McLanahan, and Knab 2003; Pezzin and Schone 1999, Ganong et al. 1998). This theory may also predict that men would feel greater bonds with their step-children if they resided with their step-children when their step-children were younger.

A final explanation for gender differences in spending on biological adult children calls on the theory of *gendered money*. Research exploring the social meanings of money within households suggests that the use of money is gendered in ways that have implications for spending on children (Zelizer 1994). Such theories of gendered monies argue that women's and men's money is imbued with different socially acceptable uses, or "earmarked" in different ways (Zelizer 1994; Pahl 1995; Wilson 1987). Empirical studies of household expenditure have consistently rejected the economic theory of income pooling, which suggests that money earned or controlled by either spouse should have the same effect on household spending, and found instead that women's money is more likely to be used for food, children's clothing and childcare, and education, while men's money is more likely to be used on items such as tobacco and alcohol, motor vehicles, and home repairs (Lundberg, Pollak and Wales 1997; Pahl 2000; Phipps and Burton 1998). Indeed, Phipps and Burton (1998) argue that expenditure patterns imply separate, gendered spheres of responsibility for men and women in households. Existing research on gender differences in the uses of money has focused on still-married (or cohabiting) couples, as well as couples whose children are young and living at home, and there is little evidence on the gendering of spending on adult children. If the theory of gendered money holds, however, one might expect that the more influence women have in determining how household resources are spent the more money will be directed towards adult children, particularly her adult biological children.

The main implications of all three theories are similar. Both evolutionary biology and the theory of reciprocal exchange would support our first hypothesis (***Hypothesis 1***) that mothers and fathers will invest more in their adult biological children than in their stepchildren. All three theories would support ***Hypothesis 2*** that remarried women will give more monetary support to their adult biological children than remarried men, controlling for total wealth and income. Yet, the specific implications of each theory will

differ. We would find support for the evolutionary biology theory if men who have additional children with their new wives invested very little in their previous biological children. Thus, ***Hypothesis 3*** suggests that, among remarried men, those who have additional biological children in the new union will be less likely to invest in their previous biological children than remarried men who did not have subsequent children within the remarriage. The birth of additional children to remarried mothers, however, will not have a negative effect on transfers to her previous children, controlling for the total number of children. ***Hypothesis 4***, which probes the theory of reciprocal exchange, argues that the younger the child is at the time of his or her parents' marital dissolution, the weaker that child's emotional ties will be with that biological parent. If mothers are more likely to reside with their children following divorce, then these effects should be even stronger for biological fathers than mothers. Finally, ***Hypothesis 5*** provides a different interpretation for the relationship suggested in the second hypothesis. It argues that when women make the main decisions in the household more resources are devoted to children. Thus, we would expect that in households in which women are the primary decision makers, not only would more money be transferred to adult children, but the woman's biological adult children may receive a disproportionate share of these increased funds. In contrast, in households where men primarily make the major decisions, adult children are less likely to benefit.

This paper explores these five hypotheses using data from the first Health and Retirement Survey (HRS) conducted in 1992. Our main goal of this paper is to examine the propensity of mothers relative to fathers in single-parent and blended families to channel resources to their adult biological children. In subsequent analyses we attempt to tease out some of the more subtle implications of different theories on transfers to adult children. We highlight how different family structures, and particularly new family formations, timing of divorce, and decision making within the household, are related to both the probability of receiving monetary support from older parents and the amount of this support.

Data and Methods:

Data:

In this paper, we use data from the first wave (1992) of the Health and Retirement Survey (HRS). The HRS is a nationally representative, longitudinal survey, focusing on the labor market and retirement behavior, health, and finances of households in which at least one household member was born between 1931 and 1941. In addition to interviews with age-eligible respondents, spouses of married respondents were interviewed regardless of their age. Baseline interviews with respondents from 7,607 households were conducted in 1992. In each household, a family respondent (either the HRS main respondent or his or her spouse), was chosen to answer questions about the survey household's relationships with and transfers to and from various family members, including adult children. Family respondents, most of whom (93.5%) were women, were asked about the existence and relationship to each member of the older adult household of any child of

either the respondent or his or her spouse, and they were also asked about transfers of money to such children. Our data are drawn from the 6,731 HRS households that reported having at least one child and for which information was complete on transfers to children and other variables used in our analysis. Because we are interested in ascertaining the amount of money given to each adult child of the HRS household, rather than the total amount given by the household to all children, the analyses here are conducted at the level of the children of the HRS household. The sample for our analysis of transfers to children over age 18 includes 22,685 children from 6,731 HRS households. In order to take into account likely within-household similarities in patterns of transfers, the multivariate analyses below are clustered at the household level to adjust standard errors.

Models and Dependent variables:

Our models estimate whether a child received any transfers from his or her parents and the average amount of in-vivo transfers to adult children. The main dependent variable is how much money (if any) parents transferred to a particular child within the last year. Unfortunately, respondents were only asked detailed questions about the amount of money transferred to each child if they transferred $500 or more to at least one child in the past year. Table 1 shows that about 16.0% of our sample of adult children over 18 received transfers from their parents in the last year. This is the same percentage of adult children who reported receiving more than $500 from their parents in the NSFH (Hogan, Eggebeen, and Clogg 1993). On average, children in our survey received about $523

In our current models, we use logistic regression to estimate whether the child received $500 or more in the last year from his or her parents. We also model the amount of transfers given. Since the majority of adult children (84%) did not receive transfers exceeding $500 in the last year, we employ Tobit models to handle the large number of "zeros" recorded as the amount given. This specification should provide better estimates of coefficients than using a simple OLS regression, but it does require a slightly different interpretation. One advantage of the Tobit over OLS models is that it does not predict negative values for the dependent variable, y. However, it does require that we interpret y as a latent variable y^*. In this instance, y^* is the latent amount of money parents would give to or take from their children though, of course, we do not have measure for negative values of transfers. Interpreting the partial effect of the independent variables, say x_j, is also slightly more complicated. We need to consider two different expected values of y. When y equals zero, then the $P(y = 0 \mid x) = P(y^* < 0 \mid x) = 1 - \Phi(x_i\boldsymbol{\beta} / \sigma)$. When y is positive, then $P(y > 0 \mid x) = 1 - P(y = 0 \mid x)$ and E(y|y>0, x) is the expected value of y in the subpopulation of where y is positive. For this subpopulation of positive y values, the expected value of y is equal to $x\beta$ plus σ (standard deviation) times the inverse Mills ratio (which is the ratio between the standard normal pdf and the standard normal cdf evaluated at each c (or constant)). Because this is a non-linear transformation, the sign and significance of each β can be directly interpreted, but the magnitude of the partial effect of any given x is dependent on the values of all other explanatory variables. In our discussion of the results, we assess the partial effects holding all the explanatory variables at their means.

Since our unit of observation is the child, but our data were collected at the parental level, all models are weighted by the inverse of the number of biological and step-children reported by the respondent and respondent's spouse to account for differences in selection probabilities of children in larger families.

(insert Table 1 about here)

Key independent variables:

To test our first two hypotheses, we examine transfers from parents according to the child's relationship to the adult(s) in the older-adult household. Each combination of parent-child relationships constitutes a different family structure. The most common family structure, with nearly half of our respondents (46%), is for the child to be the biological off-spring of both spouses. About one fifth of adult children (20.8%) are linked with their divorced (or widowed) biological mothers who have remained single. By far the fewest number of relationships reported are between currently divorced (or widowed) fathers and their biological children (6.3%). The remaining 26% of adult children are split about evenly between households with biological mothers and step-fathers and households with biological fathers and step-mothers.

Our first hypothesis (***Hypothesis 1***) suggests that step-parents will be less likely to give monetary transfers to their step-children. If this is true, then we would expect that household with either a step-father or a step-mother present would give significantly less money to the adult child than households in which both parents are biologically related to the child. Support for our second hypothesis (***Hypothesis 2***)-- that women invest more in their adult biological children than do men-- would be found if households with remarried biological mothers (i.e. biological mothers and step-fathers) give significantly more to adult children than households with remarried fathers. Similarly, Hypothesis 2 would predict that single biological fathers would transfer fewer financial resources to their adult children than single biological mothers, controlling for other household characteristics such as assets and income.

Number of Children and the Addition of Children from New Unions:

Parental financial resources are often divided among both step and biological children, controlling for the total of number of children. On average, parents in this sample have 4.7 step and biological children. Seen from the perspective of these adult children, these full-, half-, and step-siblings may represent their number of competitors for their parent's financial gifts. Thus, we would expect that having more siblings would be negatively correlated with financial transfers, controlling for total parental assets. Theories related to differences in men's and women's reproductive investment strategies, however, would predict that not only would men be more likely to establish "second families" by having additional children with their new wives, but that men would invest more in these "new" biological children than in biological children from their previous marriages (***Hypothesis 3***). Table one shows that not only are women more likely to remain single, but that

remarried men are slightly more likely than remarried women to have additional children (27% vs. 24%). If our third hypothesis holds, we would expect to find that men who have children in their new families will be significantly less likely to provide support to their previous biological children than those who do not, while these differences will be much less stark for women.

Timing of marital dissolution:

An alternative explanation for why mothers might give more money to their adult children rests on the intensity of the child-parent bonds. If these bonds are most likely to form when the child is under the age of 18 and more likely to form if the child resides with the parent during these ages, then time spent living with before the age of 18 may serve as good proxy for these bonds. Unfortunately, we do not know when these children resided with each of their biological parents or for how long. Presumably, most children whose parents' marriage dissolved after the age of 18 lived with both parents for at least 18 years and are coded as such. For children whose parents' marriage ended before their eighteenth birthday, we use their age at parents' separation as a proxy for their time in residence. For fathers this may be a good proxy of time spent living together since a large proportion of these separations and divorces occurred between 1965 and 1985, a period when fathers were rarely given residential custody. For mothers, however, the effects of the timing of divorce or separation on their bonds with their biological children may be less pronounced since, in many cases, the children would continue to live with them and have regular contact (***Hypothesis 4***).

Decision Makers in the Household:

Our final hypothesis, ***Hypothesis 5***, examines whether mothers are more likely than to transfer resources to their adult children when they are the primary decision makers. In addition, we test whether the biological children of mothers are benefit disproportionately if she makes the major household decisions. In half the households, the respondent says both partners have equal influence in making major decisions. In about a third of households, men have greater say, while in 17% of couples women are more likely to decide. This hypothesis speculates that greater decision making in the hands of men will not benefit his biological or step-children.

Adult child characteristics:

Several studies have found that the characteristics of the adult children may affect parent's proclivity to give them financial assistance. For example, since daughters tend to be more involved in exchange between generations, particularly in providing emotional support and other in-kind services to their elderly parents, parents may be more likely to give financial assistance to daughters (Hogan, Eggebeen and Clogg 1993). In-vivo money transfers also tend to change over the adult child's life course, with younger adult children receiving more financial support than older ones. Clearly, the child's own financial status will affect whether he or she receives financial help from his or her parents. Unfortunately, there are so many missing values for the measures of adult

children's income that we have decided not to include this measure in our models. However, we do include a measure of the adult child's education, which may in part serve as a proxy for his or her income. Parents may also be more or less inclined to give economic support to children who are married and have children of their own (Hao 1996; Hogan, Eggebeen and Clogg 1993). In our sample of adult children over age 18, we find that on average they are 30 years old; about half of them are currently married, while 58% have at least one child (Table 1).

Parent's characteristics:

Parents' characteristics, such as their age, education level, and race, could also affect their ability and willingness to make economic transfers. Parents in our sample are on average about 54 years old. About 75% are White and 21% are African American (Table 1). Of particular importance are parent's total amount of assets and income. In our analyses, we control for three types of wealth: net housing assets (excluding mortgages), non-housing assets (financial wealth), and total income. Table 1 shows that, on average, parents in our sample have about $91,000 in total assets ($53,000 in housing and $38,000 in non-housing) and an average income of about $40,000. Controlling for these wealth variables is essential, since an individual's wealth is likely to be strongly correlated with both his or her sex and whether he or she has been divorced or remarried. Divorce has a clear negative effect on lifetime assets for both men and women (Hoffman and Duncan 1988). However, because men still earn considerably more than women, divorce is likely to have a stronger negative effect on women's wealth than on men's. Thus, single fathers tend to be wealthier than single mothers. Remarriage can mitigate some of the negative financial effects of divorce, but it also often introduces new competitors for these resources (Duncan and Hoffman 1985, Hao 1996, Wilmoth and Gregor 2002).

Preliminary Results:

In our first analysis, shown in Table 2, we present the average annual amount of financial transfers to genetic and step-children by parental family structure. Consistent with previous literature, we find that children whose biological parents are still married to each other are most likely to receive economic resources. For both mothers and fathers, being divorced from the other biological parent of the child decreases the amount of resources transferred—regardless of whether the biological parent remarries. Biological fathers who have not remarried tend to give more money to their children than single biological mothers ($610 vs. $334). Remarriage, however, appears to affect the amount that men and women transfer to their biological children differently. For women, mothers who remarry give on average about $100 more to their previous biological children than do mothers who have remained single following a divorce. For men, divorced fathers who remarry give about $250 less money to their biological children than men who remain single. These initial findings are intriguing as they suggest that remarried women are able to divert at some of their increased wealth/income from their new husbands toward their biological children, while remarriage for men appears to divert resources away from their biological children from previous unions.

(insert Table 2 about here)

As discussed above, however, these different parental family structures are likely to also differ with respect to parents' financial assets, the total number of children from current and previous partners, and other characteristics of both parents and children. To take these differences into account, Table 3 presents our basic results from the logistic and tobit multivariate models. The logistic model assesses the odds that a child received any financial support of $500 or more from his or her biological parents in the past year. We find that biological mothers—whether single or remarried—are no less likely to have given their child a transfer of $500 or more than biological mothers who are still married to the child's biological father. In sharp contrast, the odds ratio that remarried biological fathers make transfers to their children drops by almost half. Biological single fathers are more likely than remarried fathers to give financial support to their children, but still less likely than married joint biological couples (significant at the 10% level).

Other parental and child characteristics operate in the expected directions. Sons and daughters are equally likely to receive financial support. The amount of money transferred to biological children decreases as their age increases and, indeed, many of the transfers to young adults may be to cover college expenses and may differ from other types of in-vivo transfers.[1] Adult children who are currently married are less likely to receive parental support, while adult children who have children receive more financial assistance. Not surprisingly, wealthier parents are more likely to make financial transfers to their children. There are not statistically significant differences in the probability of making a transfer by race or ethnicity after controlling for wealth and other characteristics. Finally, each additional sibling (whether biological or step) decreases the odds of receiving a transfer by .23.

(insert Table 3 about here)

The second model presented in Table 3 shows the average predicted differences in the amount of economic transfers per year by family structure and child and parental characteristics. The difference in the amounts given by remarried biological mothers and fathers is quite dramatic. On average a remarried fathers give $2,000 less per year to their biological children than remarried mothers. Compared to married joint biological parents, single mothers and fathers both give less money to their children (significant at the 5% level). While single biological fathers give slightly less than single biological mothers, these differences are not significantly different from each other. In short, if a father is no longer married to the biological mother, he is less likely to make economic transfers to that child. The decline in father's financial assistance to adult biological children is particularly large if he remarries. The effects of other characteristics on the amount of money transferred are similar to those in the logistic regression, with one interesting exception. Although African-Americans are no less likely to give their

[1] In analyses (not shown) that included a control for whether the transfer to the adult child had been for the purpose of paying for education, our substantive results regarding family structure were not changed. Moreover, in analyses which limit our sample to adult children over the age of 25, the average size of the transfers decrease, but the relative patterns of transfers by family structure remains unchanged.

children some amount over $500, the average amount transferred by African-American parents is about $650 less than the amount transferred by white parents.

Tables 4, 5 and 6 build on the basic findings from Table 3 by exploring different potential effects related the effects of additional children, the timing of family dissolutions, and the importance of decision making power within couples on the allocation of parental resources to adult children. Table 4 tests whether, among couples who have remarried, the addition of new joint biological children affects the transfers to children from the previous unions. Among remarried mothers there is a slight, but not statistically significant, decline in the probability of giving biological children from former unions transfers if remarried mothers have additional children with their current spouse. The tobit models predicts a decline in transfers of about $160. In comparison, if remarried fathers have additional children with their new spouses, they reduce their funding for previous biological children by almost $2,400 compared to remarried fathers who don't have additional children.

(insert Table 4 about here)

Table 5 examine how the number of years spent living in a household with both biological parents before the age of 18 is related to the amount of economic support to adult children if the parents marital union ends. Thus, we limit this sample to those adult children who have a parent who is currently single or remarried and exclude those whose biological parents are currently married to each other. In general, we find no direct effect of years spent in a household before the end of the marriage on transfers to adult children (results not shown). Contrary to our expectations, we do not find that biological parents who divorce when the child is older are any more likely to provide financial support later in life. One may speculate, however, that the effects on age of child at divorce or widowhood will depend on the sex of the parent. In particular, if children are more likely to live with their biological mothers than their biological fathers following divorce or widowhood, then the age of the child at the time of marital dissolution may matter for fathers' economic transfers but not for mothers'. To test this interpretation, we interact the age of the child (if under 18) at the time of his or her biological parents' separation with current family structures. As we found in Table 3, compared to remarried mothers, remarried fathers give over $2,000 less to their biological children. The main effect of the age of the child at the time of parental separation has no significant effect on transfers. There is a very small increase (between $56 and $66) in the amount of money transferred by fathers to their biological children for each additional year he was married to that child's biological mother, but for neither currently single or currently married fathers is this effect significant.

(insert Table 5 about here)

In the final set of analyses presented in Table 6, we explore whether who makes the major family decisions (husbands or wives) affects which children receive financial assistance. Recall that in the majority of currently married households, respondents report that they make major decisions jointly with their spouse. Consequently, the

number of families in which either the husband or the wife has the main say is small. Perhaps not surprisingly, then, the impact of differences in the main decision maker is not significant for any measure. Nonetheless, the pattern of these differences is interesting and perhaps telling. First, consistent with the literature on men's and women's allocation of resources toward children, we find that when women have a greater say in major household decisions they are more likely to give money to their adult children—controlling for parental assets. Second, households consisting of biological mothers and step-fathers are less likely to give money to adult children if step-fathers are the main decision makers. The converse is true in households with biological fathers and step-mothers. In these households when step-mothers make the decisions children get less, while if fathers make the decisions children get more.

(insert Table 6 about here)

Limitations:

Despite several clear and consistent patterns with respect to family structure and intergenerational financial transfer found in these tables, there are several reasons for caution in interpreting these preliminary results. We note that a particular strength of the HRS data is that we have reports about the amount transferred to particular adult children and we can determine that child's relationship (i.e. whether he or she is a biological or step child) to each parent in the household. Most previous studies on the effects of parental family structure on intergenerational financial transfers to children using NSFH and PSID have only been able to identify transfers to *any* child of the household, regardless of whether that child was a step or biological child of either or both of the parents (Aquilino 2005, White 1992, Eggebeen 1992). (A notable exception is Furstenberg, Hoffman, and Shresha (1995)). In the future, using more waves of the HRS, such data will also allow us the opportunity of examining fixed-effects models of transfers to biological and step children with the same parental households.

Perhaps the greatest limitation of these data is that in households in which a female spouse was present, she was nearly always selected as the respondent to answer questions about family relationships (e.g., the number of biological and step-children of both spouses) and the amount transferred to each child. It is, we believe, telling that women were sought as the primary respondents for family structure and intergenerational transfers, suggesting—at least implicitly—that women may be more aware of and involved with such transfers than men. However, it also may introduce considerable bias in the reports of transfers from these households, as they may reflect only the "female" perspective on intergenerational transfers. Such biases would mainly affect our comparisons of transfers from remarried mothers to those of remarried fathers. To the extent that subsequent wives do not know about transfers given by men to their genetic children, our estimates of transfers by remarried fathers will be underreported. However, women may also underreport the number of previous biological children of their spouse, particularly if these relationships are not close or well-maintained. In such instances, women's reports of remarried father's transfers to their genetic children will over-

estimate the average amount given. Our comparisons across types of biological mother households (joint biological parents, remarried mothers, and divorced, single mothers) remain unaffected, as do our comparisons to single, divorced fathers, who directly report on their own transfers to their genetic children. Additional analyses of the differences in reports in transfers by men and women will be conducted to further investigate the extent and direction of this potential bias.

Another limitation is that because use of the HRS requires that we view intergenerational transfers from the perspective of parental households, for ever-divorced households, we do not know whether the child's *other* biological parent has remarried or even whether he or she is still alive. The marital and survival status of the other biological parent may affect the willingness and ability of parents to give economic in-vivo transfers to their children. Hill (1992), for example, finds that among divorced parents, a father's support for his children under the age of 18 drops considerably if their mother remarries, but not as much if he remarries. We cannot account for these effects in our analyses, but plan to further assess how these differences could affect the interpretation of our results.

Discussion and Conclusions:

Over a decade ago, Furstenberg, Hoffman, and Shrestha (1995) speculated "there is some reason to suspect that divorce may be creating a matrilineal tilt in our kinship system away from the even flow of exchange that generally characterizes bilateral kinship systems in Western societies" (pg. 320). Furstenberg and colleagues were mainly referring to changes in patterns of co-residence and the increased likelihood that mothers would return with their children (at least temporarily) to their natal homes following divorce. Our research suggests that a matrilineal shift may also be occurring or will occur with respect to in-vivo financial resources flowing from biological parents to their adult children. To date, there is still evidence that men continue both to earn more and to transfer more economic resources to their biological children. Yet, analyses accounting for differences in financial resources, remarriage rates, and number of children between men and women indicate that mothers direct more of their available financial resources to their biological children than fathers.

Consistent with our first hypothesis, there is evidence that households in which both spouses are the biological parents of the adult child give the most financial assistance. Households in which the biological father has remarried give significantly less money to their adult children, even compared to households in which the biological mother has remarried. These findings tend to support our second hypothesis that women will invest more in their biological children than men following a marital dissolution. Indeed, the relatively high levels of funding among remarried women to their previous biological children suggests that a substantial fraction of remarried men's economic resources are being given to their wives' adult children relative to their own biological children. This finding challenges the common perception that men are highly reluctant to invest in other men's children. It suggests that while women may be more inclined than men to invest in their own biological children, their reluctance to invest in other women's children is even greater. In comparison, differences between the amount of money given by mothers and

fathers who remain single is much smaller and usually not statistically different from each other.

To further investigate the source of these differences in transfers between biological mothers and fathers, we examined three additional hypotheses. First, we investigate what we dub the "evolutionary biology" perspective. If mothers' optimal reproductive strategy is the invest more in each child, and if fathers' strategy rests on having a high number of children, then not only are fathers more likely to have addition children with new spouses, but the birth of these children from new unions will have a strong negative effect on transfers to their biological children from previous unions. We find evidence that strongly supports this hypothesis. While the effect of additional births from new maternal unions is negligible, if remarried biological fathers have additional children in the new union, economic support to their children from previous unions plummets.

Second, we look for evidence that reciprocal expectations and parental-child bonds can account for some of the difference between mothers and fathers. In particular, we test whether the age of the child at the time of his or her parents' separation is positively correlated with the amount of funding given to him or her as an adult. We use the age of the child at separation as a proxy for the length of time spent living with a parent and, hence, the potential amount of time to develop strong parent-child bonds. While this is admittedly an indirect measure of the strength of these relationships, we find no evidence that timing of divorce, widowhood, or separation is related to how much funding the child receives later in life.

Lastly, we consider the implications of the theory of gendered money on transfers to adult children. If women are more likely to allocate financial resources towards children, then households in which women are the primary decision makers are more likely to benefit children. Overall, our results are consistent with this interpretation with respect to women's biological children, though these findings are not statistically significant. Interestingly, however, in blended families where women have greater decision making power, they tend to give less to their biological children. Similar patterns are found among men. When men have greater decision making authority, they, too, direct more funding to their own biological children and less to their stepchildren. Small sample sizes in these groups, however, prohibit us from drawing decisive conclusions.

In sum, both divorce and remarriage are likely to have a strong effect on economic transfers from older parents to adult children and these effects may differ substantially by the sex of the biological parent. Remarriage, in particular, brings with it new alliances, conflicts, and obligations between parents and their biological and step-children. In general, social norms, expectations and laws governing relationships between step-parents and children have not kept pace with the rapidly shifting reality (Ganong et al. 1998, Fine and Fine 1992), and these expectations may differ substantially between step-mothers and step-fathers. The goal of this research is to understand how, in the absence of such social norms, mothers and fathers are responding to these changing relationships and whether there are systematic shifts in the flow of intergenerational resources that can be detected and predicted as a result. Even if rates of divorce and remarriage remain

constant, the increasing financial resources and income opportunities available to women and their greater role in making household financial decisions could continue to shift how money is transferred to adult children. Furthermore, if divorce rates rise in some groups, such as minorities and those with less education, these trends in monetary transfers may be even more pronounced. It is too early to suggest that the U.S. has become a matrilineal society with the bulk of intergenerational transfers flow through mothers to their biological children, but it is also past time to recognize that the radical changes in family structures over the past half-century may have substantially shifted the balance.

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Table 1. *Descriptive Characteristics of Adult Children Sample (not weighted)*

	Adult Children Sample Over Age 18 N=22,685	
	%/Mean	st. dev.
Dependent Variables		
Received any money from parents (last year)	16.0	
Mean money transfer from parents (last year)	$523	$2,415
Family Structure		
Two biological-parents	46.3	
Biological mother and step-father	13.4	
Biological father and step-mother	13.2	
Divorced biological mother	20.8	
Divorced biological father	6.3	
Adult Children's Characteristics		
Age (years)	29.9	5.9
Education (years)	12.9	2.2
Marital status (% married)	52.9	
Have children (%)	58.0	
Income (limited children sample)		
< $10,000	21.0	
$10,000 to 25,000	36.2	
> $25,000	42.8	
Parent's Characteristics		
Age (years)	54.3	5.1
Education (years)	11.5	3.1
Race:		
White	75.1	
Black	20.8	
Other	4.0	
Hispanic	10.7	
Net housing value	$53,067	$88,582
Non-housing assets	$37,389	$144,562
Household income	$40,707	$46,919
Total number of biological children	3.2	2.6
Total number of stepchildren	1.5	2.7
Additional Children with Current Spouse (%)		
Biological mother and step-father	23.5	
Biological father and step-mother	27.3	
Age of Child at Time of Marital Dissolution (if under 18)		
Biological mother and step-father	11.6	
Biological father and step-mother	11.7	
Biological mother alone	12.1	
Biological father alone	11.5	
Decision Maker Within Household (%)		
Wife has final say in major decisions	17.1	
About equal say in major decisions	50.8	
Husband has final say in major decisions	32.1	

Table 2. *Amount of Economic Transfers to Adult Children, by Parent's Family Structure (Weighted)*

	Adult Children Sample	
	Mean	Weighted N
Family Structure		
Two biological-parents	$1,046	3367
Biological mother and step-father	$445	708
Biological father and step-mother	$352	724
Biological mother alone	$334	1398
Biological father alone	$610	510

Table 3. *Economic Transfers by Mothers and Fathers to Their Biological and Step-Children (Basic Model) .*

	Any Transfer (over $500) **Logit Models** N=22,685 Robust			**Amount of Transfers** **Tobit Models** N=22,685 Robust St.		
	Odds Ratio	St. Er.	P-value	Coef.	Er.	P-value
Family Structure						
Two biological-parents (ref)	1.00	---	---	0.00	---	---
Biological mother and step-father	0.94	0.08	*0.461*	-410.47	322.01	*0.202*
Biological father and step-mother	0.56	0.06	*0.000*	-2464.33	409.35	*0.000*
Divorced biological mother	0.95	0.09	*0.552*	-801.68	325.96	*0.014*
Divorced biological father	0.81	0.09	*0.065*	-1026.14	448.52	*0.022*
Adult Children's Characteristics						
Sex	0.98	0.05	*0.622*	18.72	182.66	*0.918*
Education (years)	1.03	0.01	*0.019*	207.37	54.67	*0.000*
Age (years)	0.91	0.01	*0.000*	-358.31	28.01	*0.000*
Currently married	0.60	0.04	*0.000*	-2129.74	243.60	*0.000*
Has children	1.24	0.08	*0.000*	632.84	216.54	*0.003*
Parent's Characteristics						
Age (years)	1.01	0.01	*0.197*	41.29	24.70	*0.095*
Hispanic	1.01	0.12	*0.940*	185.83	437.51	*0.671*
Race						
White (ref)	1.00	---	---	0.00	---	---
African-American	0.92	0.07	*0.283*	-652.27	274.39	*0.017*
Other	1.03	0.16	*0.822*	641.57	599.33	*0.284*
Education (years)	1.11	0.01	*0.000*	424.66	58.05	*0.000*
Non-housing assets (log)	1.05	0.01	*0.000*	213.46	30.80	*0.000*
Net housing assets (log)	1.02	0.01	*0.018*	63.20	25.03	*0.012*
Total income (log)	1.23	0.06	*0.000*	705.98	156.80	*0.000*
Total number of children	0.77	0.01	*0.000*	-863.77	84.52	*0.000*
Ever widowed	0.94	0.10	*0.560*	74.63	357.97	*0.835*
constant				-11822.18	2271.33	*0.000*
/lnsigma				8.88	0.07	*0.000*
sigma				7164.59	500.55	

Table 4. *Economic Transfers by Mothers and Fathers to Their Biological and Step-Children by Whether New Couples Have Joint Children Together .*

	Any Transfer (over $500)			**Amount of Transfers**		
	Logit Models			**Tobit Models**		
	N=22,685			N=22,685		
		Robust			Robust St.	
	Odds Ratio	St. Er.	P-value	Coef.	Er.	P-value
Family Structure						
Two biological-parents (ref)	1.00	---	---	0.00	---	---
Biological mother and step-father (no joint children)	0.94	0.09	*0.568*	-390.42	354.20	*0.270*
Biological mother and step-father (joint child/chidren)	0.88	0.16	*0.461*	-553.06	591.99	*0.350*
Biological father and step-mother (no joint children)	0.67	0.07	*0.000*	-1968.67	424.72	*0.000*
Biological father and step-mother (joint child/children	0.28	0.06	*0.000*	-4346.45	749.27	*0.000*
Divorced biological mother	0.95	0.09	*0.576*	-793.35	325.32	*0.015*
Divorced biological father	0.81	0.09	*0.072*	-1011.55	448.29	*0.024*
Adult Children's Characteristics						
Sex	0.98	0.05	*0.654*	22.12	182.64	*0.904*
Education (years)	1.03	0.01	*0.022*	205.29	54.62	*0.000*
Age (years)	0.91	0.01	*0.000*	-354.50	27.90	*0.000*
Currently married	0.60	0.04	*0.000*	-2124.74	243.44	*0.000*
Has children	1.24	0.08	*0.000*	637.33	216.35	*0.003*
Parent's Characteristics						
Age (years)	1.01	0.01	*0.416*	32.74	24.76	*0.186*
Hispanic	1.02	0.12	*0.850*	224.62	437.75	*0.608*
Race						
White (ref)	1.00	---	---	0.00	---	---
African-American	0.93	0.07	*0.333*	-630.32	274.61	*0.022*
Other	1.04	0.16	*0.799*	649.84	599.44	*0.278*
Education (years)	1.11	0.01	*0.000*	426.35	58.19	*0.000*
Non-housing assets (log)	1.05	0.01	*0.000*	212.78	30.81	*0.000*
Net housing assets (log)	1.02	0.01	*0.016*	63.88	25.08	*0.011*
Total income (log)	1.23	0.06	*0.000*	702.76	156.57	*0.000*
Total number of children	0.77	0.01	*0.000*	-866.48	84.59	*0.000*
Ever widowed	0.94	0.09	*0.509*	51.83	357.54	*0.885*
constant				-11431.00	2265.94	*0.000*
/lnsigma				8.88	0.07	*0.000*
sigma				7163.78	500.65	

Table 5. *Economic Transfers by Mothers and Fathers to Their Biological Children by Age of Child at End of Marriage (among parents who had a marital disruption).*

	Any Transfer (over $500)			**Amount of Transfers**		
	Logit Models			**Tobit Models**		
	N=12,187			N=12,187		
		Robust			Robust St.	
	Odds Ratio	St. Er.	P-value	Coef.	Er.	P-value
Family Structure						
Biological mother and step-father (ref)	1.00	---	---	0.00	---	---
Biological father and step-mother	0.39	0.09	*0.000*	-2324.53	681.63	*0.001*
Divorced biological mother	0.95	0.21	*0.816*	-294.49	589.72	*0.618*
Divorced biological father	0.76	0.20	*0.295*	-950.30	712.52	*0.182*
Age of Child at End of Marriage						
Age of child	0.99	0.01	*0.267*	-24.46	34.16	*0.474*
Interaction of Family Structure and Age of Child						
Biological mother and step-father*age of child (ref)	1.00	---	---	0.00	---	---
Biological father and step-mother*age of child	1.03	0.02	*0.073*	55.86	53.19	*0.294*
Divorced biological mother*age of child	1.01	0.02	*0.458*	10.25	44.09	*0.816*
Divorced biological father*age of child	1.02	0.02	*0.371*	65.75	56.84	*0.247*
Adult Children's Characteristics						
Sex	1.10	0.08	*0.209*	342.75	217.04	*0.114*
Education (years)	1.02	0.02	*0.457*	135.40	62.84	*0.031*
Age (years)	0.91	0.01	*0.000*	-246.13	28.70	*0.000*
Currently married	0.66	0.06	*0.000*	-1325.73	265.51	*0.000*
Has children	1.10	0.10	*0.289*	61.93	247.24	*0.802*
Parent's Characteristics						
Age (years)	1.00	0.01	*0.924*	15.09	25.79	*0.559*
Hispanic	1.14	0.20	*0.470*	274.38	455.81	*0.547*
Race						
White (ref)	1.00	---	---	0.00	---	---
African-American	0.95	0.10	*0.642*	-409.10	285.77	*0.152*
Other	0.92	0.23	*0.727*	-606.23	680.29	*0.373*
Education (years)	1.13	0.02	*0.000*	308.40	53.82	*0.000*
Non-housing assets (log)	1.06	0.01	*0.000*	192.28	35.58	*0.000*
Net housing assets (log)	1.01	0.01	*0.159*	48.07	25.73	*0.062*
Total income (log)	1.27	0.09	*0.001*	631.21	179.31	*0.000*
Total number of children	0.79	0.02	*0.000*	-627.58	77.21	*0.000*
Ever widowed	1.02	0.11	*0.869*	233.21	299.09	*0.436*
Flag for missing info on end of marriage	2.29	0.74	*0.011*	2037.91	841.89	*0.015*
constant				-9669.87	2411.81	*0.000*
/lnsigma				8.60	0.07	*0.000*
sigma				5456.29	393.39	

Table 6. *Economic Transfers by Currently Married Mothers and Fathers to Their Biological and Step-Children by Decision Makers in the Household .*

	Any Transfer (over $500)			**Amount of Transfers**		
	Logit Models			**Tobit Models**		
	N=16,127			N=16,127		
		Robust			Robust St.	
	Odds Ratio	St. Er.	P-value	Coef.	Er.	P-value
Family Structure						
Two biological-parents (ref)	1.00	---	---	0.00	---	---
Biological mother and step-father	0.97	0.12	*0.804*	-385.02	469.20	*0.412*
Biological father and step-mother	0.60	0.08	*0.000*	-2431.99	568.74	*0.000*
Decision Maker Within Household						
Wife has final say in major decisions	1.14	0.12	*0.193*	454.88	447.33	*0.309*
About equal say in major decisions (ref)	1.00	---	---	0.00	---	---
Husband has final say in major decisions	1.06	0.08	*0.449*	99.68	327.48	*0.761*
Interaction of Family Structure and Decision Maker						
Biological mother and step-father (wife decides)	1.00	0.23	*0.990*	847.62	884.19	*0.338*
Biological mother and step-father (husband decides)	0.81	0.16	*0.298*	-700.15	762.54	*0.359*
Biological father and step-mother (wife decides)	0.69	0.19	*0.168*	-837.89	1057.03	*0.428*
Biological father and step-mother (husband decides)	1.07	0.23	*0.741*	468.02	811.04	*0.564*
Adult Children's Characteristics						
Sex	0.92	0.05	*0.127*	-175.30	228.39	*0.443*
Education (years)	1.05	0.02	*0.004*	279.75	68.21	*0.000*
Age (years)	0.91	0.01	*0.000*	-399.99	34.20	*0.000*
Currently married	0.56	0.04	*0.000*	-2452.79	304.67	*0.000*
Has children	1.30	0.09	*0.000*	829.91	275.39	*0.003*
Parent's Characteristics						
Age (years)	1.01	0.01	*0.182*	50.21	29.11	*0.085*
Hispanic	0.94	0.13	*0.685*	128.12	582.34	*0.826*
Race						
White (ref)	1.00	---	---	0.00	---	---
African-American	0.90	0.09	*0.275*	-877.46	373.81	*0.019*
Other	1.10	0.20	*0.591*	972.76	771.45	*0.207*
Education (years)	1.10	0.02	*0.000*	451.54	74.38	*0.000*
Non-housing assets (log)	1.05	0.01	*0.000*	214.08	37.92	*0.000*
Net housing assets (log)	1.02	0.01	*0.046*	82.86	34.73	*0.017*
Total income (log)	1.23	0.09	*0.003*	707.96	208.15	*0.001*
Total number of children	0.78	0.02	*0.000*	-896.43	102.29	*0.000*
Ever widowed	1.03	0.17	*0.835*	299.83	598.36	*0.616*
constant				-13042.39	2856.07	*0.000*
/lnsigma				8.95	0.08	*0.000*
sigma				7695.11	607.24	