Preliminary Extended Abstract

Divorce and Intergenerational Transfers to the Elderly

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Abstract

The cohorts of Americans currently turning around 60 years of age are the first to have experienced the well-known and dramatic growth of marital instability over the past few decades. This paper examines an important potential consequence of divorce for these individuals. Using data from the Health and Retirement Study, we will investigate whether and how divorce affects intergenerational transfers from children to parents later in life. We will also account for the child's age at divorce, a factor that might affect the level of intergenerational transfers. Our analyses focus on an array of intergenerational transfers, including money, time and space (co-residence).

Introduction

One of the most striking demographic trends of the last century is the unprecedented increase in rates of divorce. Recent estimates suggest that approximately half of all marriages will end in divorce and nearly half of all children will experience parents' divorce by age 18 (Raley and Bumpass 2003; Martin and Bumpass 1989). Indeed, there is an extensive literature on the immediate consequences of divorce for children. Several studies have documented a decline of involvement and financial assistance of nonresidential parents with children following divorce (Duncan and Hoffman 1985; Furstenberg and Cherlin 1991; Seltzer 1994; Seltzer and Bianchi 1988). Much less is known about the long-term consequences of divorce for parents in relation to their children, particularly later in life (Bumpass 1990).

Changes in marital disruption are likely to have profound implications for intergenerational transfers. Past research has shown that adult children are a critical source of intergenerational support for older parents in the form of money, co-residence and help with daily activities. To name a few, Wolf and Soldo (1990) showed that the number of caregivers is positively associated with the total of living children, while Wolf and colleagues (1997) found a prominence of daughters providing care for frail parents. In addition, intergenerational relationships in mid-life and later in life are a major source of social connectedness, a strong determinant of health and mental health. However, it is not clear whether and how the level and type of support provided by adult children to their elderly parents is affected by parental divorce and the timing of divorce. This question is even more central as the cohorts that experienced unprecedented high levels of marital stability age.

The few studies that have attempted to tackle these issues have found mixed results. Using data from the PSID, Furstenberg et al (1995) found that the timing of divorce affects the flow of monetary and time transfers from children to parents. Using data from the HRS, Lin (2004) found no evidence that divorce decreases support to elderly parents, while Pezzin and Schoene (1999) found that divorce has deleterious effects on intergenerational transfers, particularly to elderly fathers. There is also evidence of reciprocity in intergenerational relations, as adult

children who received financial transfers from parents are more likely to provide support to parents later in life (Henretta et al. 1997).

However, to our knowledge, no research has used the HRS - particularly the 2004 wave with the original HRS cohort now reaching an older age when more assistance is likely to be required - while accounting for unobserved family characteristics, to examine how divorce and its timing has affected intergenerational transfers from children to parents. A general motivation for this research is that, in an aging society with high levels of family instability, it is imperative to gain a better understanding of whether and how family members assist each other later in life.

This study adds to previous research on the effects of divorce on intergenerational transfers in four key ways. First, much of past research has used the parent as the unit of analysis; our study uses the adult child as the unit of analysis because a parent may have more than one child. Importantly, by considering all children, we take account of patterns of sharing assistance and transfers to parents among siblings. Second, most studies are based on cross-sectional observations, even though the data may come from panel studies (for example, Furstenberg et al. (1995) use 1988 wave of PSID; Pezzin and Schoene (1999) use 1993 AHEAD). Our study uses panel data to examine the trajectories of multiple children in providing support for elderly parents, thus acknowledging that children may take rotating roles over time. We are thus able to test the hypothesis that children from the same family who spent more time in a two-parent household and were therefore more involved with both parents prior to divorce may provide higher levels of care. Third, many studies examining these issues have not accounted for unobserved heterogeneity across families. This is important because there may be unobservable within-family characteristics such as family values and strength of emotional ties that play a role in determining intergenerational transfers. We use fixed effects models of non-observed family characteristics. Finally, we will also include in our analyses data from the 2004 HRS wave, one of the first cohorts that experienced unprecedented high rates of divorce and who are now approaching ages around 60 and over.

The Consequences of Divorce on Intergenerational Transfers

There are two main theoretical reasons to believe that parental divorce influences intergenerational transfers from adult children to elderly parents. According to the *family disruption* argument, divorce is likely to disrupt kin networks and therefore decrease family support later in life (Lye et al. 1995). A second framework for the analysis of long-term effects of divorce on intergenerational transfers is termed the *expanded network*. According to this argument, people usually remarry after divorce and multiple marriages may well increase kin networks, which may, in turn, enhance family support (Furstenberg 1981; Wachter 1997).

We test hypotheses drawn from these frameworks for fathers and mothers, but also add more complexity to the analysis. While it may be likely that adult children of divorced parents provide less support to their elderly parents, we argue that such support also depends on the degree of

connectedness between children and their parents. To examine this possibility we include the age of the child at parents divorce as a proxy for frequency of contact. We will construct a measure of age of child at divorce based on parents' marital history and children's birthdates. The level of connectedness between children and parents depends on when divorce happened. If parents divorced early on children's life course, it is more likely that children will have less contact with non-resident parents and therefore provide less support to elderly non-resident parent.

We examine whether and how marital instability has affected intergenerational relations later in life for different cohorts of older adults. By including cohorts born from the 1920s to the 1950s we are able to examine whether and how intergenerational transfers to older cohorts differ from those to younger cohorts currently turning around 60 years and who first have first experienced the dramatic growth of marital instability of the past decades.

Data and Methods

We use the 1992 to 2004 waves of data from the Health and Retirement Study from the HRS (born from 1931-1941), AHEAD (1923 and earlier), CODA (1923-1930), WB (1942-1947) and EB (1948-1953). By including these cohorts we are able to examine whether and how intergenerational transfers to older cohorts differ from those to younger cohorts currently turning around 60 years and who first have first experienced the dramatic growth of marital instability of the past decades. The unit of analysis is the adult child of living elderly respondents. We will develop three separate models with the following dependent variable: ADL and IADL summary measures; co-residence with children; and financial transfers from children to parents. We utilize the extensive questions on parents' marital history and date of birth of each child to determine time of divorce and age of child at divorce. We use demographic measures as control variables, such as parents' gender, age, education, current marital status and number of living children. We also consider children's demographic controls. We will employ fixed effects models.

Preliminary Results

Preliminary results, although from the perspective of respondents and not from their children, show parents' selected characteristics. Table 1 show that approximately one quarter of the sample has been divorced at least once. Table 2 illustrates the sharp cohort differences on divorce rates. The rates for younger cohorts (HRS and WB for example) range from 30 to 38 percent while that rate is around 5 percent for respondents in the older cohorts (AHEAD).

Table 1. Parents' Selected Characteristics: 1992-2002

Ever Divorced	
Yes	25.68
No	74.32
Education	
Lower than High-school	35.03
High-school graduate	30.55
Some college	18.51
College and above	15.91
Race	
White	81.44
Black	14.86
Other	3.70
Gender	
Male	43.01
Female	56.99
[N]	20523

Health and Retirement Study 1992-2002

Table 2. Parents' Selected Variables by HRS Cohort: HRS, AHEAD, CODA and WB Cohorts 1992-2002																	
	AHEAD					HRS						War Babies			CODA		
	1993	1995	1998	2000	2002	1992	1994	1996	1998	2000	2002	1998	2000	2002	1998	2000	2002
Marital Status																	
Married	50.95	48.47	43.93	40.16	36.19	78.20	72.49	71.96	70.07	68.91	67.59	77.58	76.42	75.07	71.11	68.62	65.68
Cohabiting	0.57	0.67	0.97	0.88	0.82	3.04	2.31	2.65	3.12	2.93	2.59	3.36	3.95	3.52	1.23	1.31	1.26
Divorced or separated	5.70	5.15	5.23	4.99	4.84	10.99	13.62	13.24	12.83	12.01	12.56	12.84	12.63	13.62	7.12	6.95	6.20
Widowed	40.03	42.81	46.97	51.35	55.57	4.91	7.90	8.80	10.67	11.90	14.09	3.30	4.42	5.21	18.30	21.02	24.87
Never Married	3.11	2.90	2.88	2.63	2.59	2.86	3.59	3.36	3.32	3.50	3.17	2.84	2.59	2.59	2.24	2.10	1.99
Number of Times Divorced																	
0	96.22	95.85	94.85	94.43	94.35	68.43	67.93	67.46	67.10	66.98	66.57	62.98	62.58	61.31	80.10	80.04	80.83
1	3.61	3.94	4.91	5.28	5.25	24.43	24.49	24.83	24.98	25.04	25.16	28.29	28.48	28.98	15.27	15.39	14.88
2 or +	0.00	0.20	0.25	0.29	0.40	7.14	7.57	7.71	7.92	7.98	8.27	8.72	8.94	9.71	4.64	5.00	4.37
Ever Divorced																	
Yes	3.61	4.14	5.16	5.57	5.65	31.57	32.06	32.54	32.90	33.02	33.43	37.01	37.42	38.69	19.91	20.39	19.25
No	96.22	95.85	94.85	94.43	94.35	68.43	67.93	67.46	67.10	66.98	66.57	62.98	62.58	61.31	80.10	80.04	80.83
[N]	7585	6415	5356	4452	3559	12652	9053	8543	8244	7784	7536	3096	2942	2905	3753	3437	3166
Source: Health and Retirement Study 1992-2002																	

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