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TRANSFER BEHAVIOR: MEASUREMENT
AND THE REDISTRIBUTION OF
RESOURCES WITHIN THE FAMILY

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ABSTRACT

Recent work by a number of economists has opened a debate about the role played by intergenerational transfers. Using the new Health and Retirement Survey (HRS), we are better able to address the issues involved. Contrary to the current literature on bequests, we do not find that parents give transfers equally to all children. Rather we find that in the case of *inter vivos* transfers, respondents give greater financial assistance to their less well off children, relative to their children with higher incomes. Financial transfers to elderly parents are also found to be negatively related to the (potential) recipient's income. These results hold both for the incidence of transfers and for the amounts. Additionally, we allow for unobserved differences across families by estimating fixed effect models and find our results to be robust to these specifications. Thus we fail to reject altruism as a possible motivation for transfers. A comparison of the HRS transfer data to other survey data demonstrates that the HRS is potentially quite useful for research on transfer behavior.

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1 Introduction

This paper has two goals. The first is to examine the quality of the Health and Retirement Survey (HRS) data. Specifically, we are interested in the information obtained on interhousehold assistance given by the HRS respondents to their children and parents. We will examine these data in comparison with other surveys which collect similar information. This analysis has general applicability to those examining information on transfers regardless of the data set examined.

One of the important characteristics of the HRS data is that assistance given by the respondent to *each* child and *each* elderly parent is ascertained. The second objective takes advantage of this characteristic to determine how resources are redistributed within families. Specifically, we examine whether parents give greater interhousehold financial assistance to their adult children who have the lowest income. Similarly, we determine whether adult children give greater interhousehold financial and time assistance to their less wealthy parents or parents-in-law. With respect to transfers to parents we also look for differences in the provision of financial versus time assistance.

We seek to understand the redistributive aspects of transfers because they have implications as to the appropriateness of alternative models of transfer behavior. The relationship between transfers and the recipient's income is in the forefront of the debate on the motivation behind such transfers. One theory hypothesizes an altruistic motive wherein donors care about the well-being of the potential recipients (Barro, 1974; Becker, 1974). The primary competing hypothesis argues that transfers are a form of exchange and represent payments to the recipient for the provision of services (Cox, 1987). Under the altruism model we would expect that the (potential) recipient's income would be negatively related to transfers, with family members giving more to less well-off relatives. In the exchange model, the amount of transfers received may be altered by any magnitude with the direction of the relationship depending on the elasticities of supply and demand for services. In fact, the model predicts that transfers received may actually increase in response to an increase in the (potential) recipient's income because he now demands greater compensation to provide the same amount of service. The exchange model therefore makes no testable prediction about the effect of the recipient's income. Thus while it is possible to discredit the altruism model by failing to observe a negative relationship between income and transfers, the exchange model cannot be so easily disproved.

The motivation behind the transfer of resources is important in assessing the impact of government programs. As discussed by Barro (1974), if individuals have altruistic motives for transferring resources to the subsequent generation, then there is no difference between issuing bonds and taxing individuals to pay the government's debts. Furthermore, the presence of an altruistic motive reduces the effectiveness of government assistance programs because of the potential for crowding out of familial assistance. For example, friends and family of an unemployed person may give less assistance if the government provides the unemployed person with more generous Unemployment Insurance (Schoeni, 1992).

Several studies (Wilhelm, 1991; Menchik, 1988; Tomes, 1981, 1988; Kessler and Masson, 1988) have tested the motivation for transfers by examining bequest behavior. The altruism model predicts that parents should leave a greater inheritance to their less well-off children. In a recent study, Wilhelm (1991) finds that parents tend to give equal bequests to their children, thus casting doubt on altruism as a motive. Additional studies have tested this model by estimating the effect of recipient's income on the dollar value of *inter vivos* transfers received (Cox, 1987; Cox and Rank, 1992; Lee, Parish and Willis, 1992; Altonji *et al.*, 1992a), here again the altruism model predicts a negative effect. These studies do not find consistent results; some (Cox, and Cox and Rank) find positive effects while others (Altonji *et al.*) find negative effects. Altonji *et al.* (1992b) use a third approach and test the altruism model by examining whether the income of adult siblings influences one's own consumption even when one's own income is controlled for. If perfect altruism exists, then siblings should consume based on total family income rather than solely their own income. Altonji *et al.* find that siblings' income has only small effect on own consumption and, as a result, they reject the altruism model.

Like most previous studies of transfers, this study examines the effects of the recipient's income on the amount of assistance received. However, unlike these studies we explore the implications of the altruism model by examining transfers *within* the extended family. That is, we examine within family differences in transfer behavior and therefore determine directly whether parents give more to less well off children when unobserved differences in family generosity are controlled for. ¹ Estimation based on a sample of all families and separate analyses for two, three, and four

¹Behrman *et al.* (1990) examine sibling differences in cash assistance received as reported in the 1982-1984 PSID. However, there is evidence, which is discussed below, that transfers were under-reported by as much as five-fold in the data they examine. Therefore, we believe that more conclusive evidence is needed.

child families show a strong negative correlation between transfers and the recipient's income. The analysis of transfers to parents corroborates this evidence. Our study of parents also suggests that the provision of time assistance is based on the need for care rather than on the financial status of the recipient.

The paper begins with a discussion of the data examined. Transfers reported in the HRS are then compared with transfers reported in other surveys. We concentrate our comparisons on transfers reported in the supplement to the 1988 Panel Study of Income Dynamics (PSID) because the questions on income transfers are similar. A description of transfer behavior to children, including multivariate analyses is presented, with concentration on the effects of the (potential) recipients' income. This is followed by a similar discussion of transfers to the respondents' parents. A final section summarizes and concludes.

2 Data

We focus our discussion of transfers on results from two large data sets; the Health and Retirement Survey (HRS) and the 1988 Panel Study of Income Dynamics (PSID). The 1988 PSID transfer data has been analyzed in several studies (Hill *et al.*, 1993; Altonji *et al.*, 1992a; Schoeni, 1992, 1993). Other data sets which have been used to address this issue include the Survey of Consumer Finances (SCF) (Gale and Scholz, 1991), the National Survey of Families and Households (NSFH) (MacDonald, 1990; Silverstein and Waite, 1992; Cox and Rank, 1992), and the National Longitudinal Survey of Youth (NLSY) (Rosenzweig and Wolpin, 1990, 1992). The HRS and the PSID have several advantages over most other data sets: They allow transfers to be examined in a family context because they contain detailed information on both the (potential) donor and the (potential) recipient, including some measure of both income and wealth of each party. Additionally, the two data sets collect information on time as well as financial assistance whereas the others, with the exception of the NSFH, do not. Thus, while we will mention other data sets, the majority of our comparisons will be drawn between the PSID and HRS.

2.1 The HRS

The HRS is a new panel survey with the first interviews begun in 1992. The HRS sampled individuals born between January 1, 1931 and December 31, 1941 and their spouses or partners. The

sample is ideal for our study of transfers because it is this age group which is thought to make the majority of transfers, providing assistance to both parents and children (Schoeni, 1992; Hill *et al.*, 1993).

With respect to children, respondents are asked about the provision of financial assistance. For parents, assistance both in the form of financial transfers as well as time help is measured. Specifically, respondents are asked:

“Have you [or your (husband/partner)] given (your child/any of your children) financial assistance totaling \$500 or more in the past 12 months?” (underline appears in questionnaire).

The same question is asked with regard to parents, along with an additional question about the provision of time assistance:

“How about another kind of help: Have you [or your (husband/partner)] spent 100 or more hours in the past 12 months helping your [your(husband’s/partner’s)] parent(s) (or stepparents) with basic personal needs like dressing, eating and bathing?” (underline appears in questionnaire).

Note that the question refers only to certain types of care. We will return to this point later. After these questions, those who reported transfers are asked the amount in dollars and hours. The questions about assistance to relatives are asked once for each respondent-spouse pair. For couples, the questions are administered to the female partner, the assumption being that she is more knowledgeable about the couples’ children and parents or parents-in-law. In addition to information on transfers, she provides fairly detailed demographic and income information for each child and somewhat less information for each parent (See Tables 5 and 7).

We divide our empirical investigation into two separate analyses; financial transfers from respondents to their children, and the transfer of both time and money from the respondents to their parents. In each case we limit our discussion to *interhousehold* transfers.² We restrict our sample

²It is not obvious how transfers within a household are to be measured. The HRS question explicitly asks for assistance “excluding shared housing and food.” Thus, actual financial transfers are separated from transfers in-kind. However, the in-kind transfers need to be given a dollar value if transfers are to be compared across co-resident and non-co-resident siblings. A parent may give less in the way of specific dollar transfers to a child living at home than to one living away from home, even if he is intending to help the two equally, because the child living at home derives a benefit from the in-kind transfer of food and shelter. The evaluation of shared food or housing is difficult. Without

of children further by limiting our attention to those who are 18 and over. Because we exclude children living at home, most (98.9 percent) of those in our sample are already 18. However, this additional restriction allows us to ignore child support payments and other legal requirements of support which may or may not be voluntarily paid, and which in either sense, differ from what is typically considered to be an intergenerational transfer. When this restriction is eliminated there is no change in the substantive results, nor is there a significant change with the imposition of tighter age restrictions, such as limiting the sample to those 25 and older, or 30 and older. The estimates for alternative samples are discussed in Section 5.

There are 17,859 children in the sample, of whom 3,661 live with a respondent and 14,198 who live elsewhere. Restricting the sample to children 18 years of age and over reduces the total number to 16,678 with 2,639 living at home and 14,039 living elsewhere.

The incidence and amount of transfers differ by living arrangement. Table 1 reports the number and proportion of children in each category whose parents report giving them transfers.³ Focusing on children age 18 and over, thirty percent of those who are living with their parents are reported to have received financial assistance from their parents while 14 percent of those who live away from their parents receive such transfers. The mean dollar value of transfers for those who receive a non-zero amount is \$4,979 for children at home and \$3,061 for children living away from home. Similar differences are observed when those under 18 are included.

While only 14 percent of children in our restricted sample receive a financial transfer, a much larger proportion of households give money to at least one child. Of those households who had a child/children living outside of the home, 29 percent (not shown) report giving some money to their children.

The numbers for transfers to the respondent's parents are similar. From a sample of 5,843 elderly parents, we select the 5,603 who do not live with the respondent.⁴ For those parents living

more specific geographical information it is impossible to impute a reasonable rental value for children (parents) living with the respondents. Even if an evaluation could be made, a child living at home may or may not pay rent or purchase his own food. Because we have no information on these contributions a clear picture of intrahousehold transfers is difficult to obtain.

³In this and subsequent tables, the frequencies are computed using the unweighted data, and the means and percentages are weighted. The multivariate analyses in Section 5 are also based on unweighted data.

⁴Throughout the paper we will use the word parent to refer to parent-couples where a parent-couple is defined as a parent (biological or adoptive) and his or her spouse. Thus an individual whose own parents are divorced will have two parent-couples in addition to the number of parent-couples of his spouse (if any). We combine transfers to each member of the parent-couple to a single value.

with the respondent, 16.8 percent receive financial transfers and 24.9 percent were helped through the transfer of hours. For parents not living with respondents, the figures are 6.7 percent and 4.5 percent, an even greater change across living arrangements than for children. The dollar amount transferred for those receiving a positive amount is \$2,128 for parents at home and \$2,125 for parents not at home, a surprisingly small difference. However, the respective hours transferred, again averaged over positive values, are 2,642 and 656. The large number of hours spent helping parents who live with the respondent (an average of 7.2 hours per day) suggests that the living arrangement is a result of the parent's need for constant care.

2.2 The PSID

The PSID is an ongoing panel survey begun in 1968. (See Hill, 1992 for a detailed discussion of the data). While the HRS is restricted to respondents of a certain age, the PSID is not. When appropriately weighted, the PSID is representative of the entire U.S. population. In several of the analyses below, we will attempt to replicate the HRS sampling scheme by restricting the PSID sample to those households in which the head or spouse is between the ages of 51 and 61.

In the PSID, the question regarding private monetary transfers given to others asks:

“During 1987, did (you or your family living there) give any money toward the support of anyone who was not living with you at the time?”

The amount of assistance given and the relationship to the person helped is then recorded. The PSID also asks about time help given to parents, and the question asked is:

“In 1987, did (you/your family living there) spend a lot of time helping your parents? About how many hours in 1987 did they [your parents] spend helping (you/your family living there)?”

In addition to the information on private transfers, the households interviewed are asked to provide information regarding each of the head's parents and, if there is a spouse, each of the spouse's parents. This information includes the parents' net wealth, education, health, distance in miles from respondent's residence, and marital status.

The 1988 PSID sample consists of 7,114 households. Restricting to those households in which the head or spouse is 51-61 reduces the sample size to 1,042. When we further restrict to those

with a living non-coresident parent, the sample size falls to 598. Throughout the paper we will call this sample the restricted sample.

Table 2 reports transfers of money and time to parents from the HRS and the restricted sample of the PSID. We find that while only 7.1 percent of HRS respondents report that they helped their parents in the form of time, 33.3 percent of PSID respondents did so.⁵ The mean amounts transferred were 704 hours in the HRS versus 429 in the PSID. Assuming that the underlying populations represented by the samples are the same, this difference may arise for several reasons. First, the HRS asks about transfers of 100 hours or more while the PSID does not. If we restrict the PSID transfers to those of 100 or more we still find large differences, with 24.9 percent giving help for a mean amount of 554 hours. A second and more important reason these data differ is that the HRS asks about help with "basic personal needs like dressing, eating and bathing." The PSID asks about help of any form. There are many other types of valuable assistance which can be provided to elderly parents including housework, help with errands, and managing financial concerns; these transfers will be missed in the HRS.

The exchange motive for transfer behavior would predict that services rendered to the parent, such as providing help with basic personal needs are reimbursed either through *inter vivos* transfers or as a bequest. The transfer of other types of time help is crucial to testing these hypotheses. It is in this respect that the PSID has an advantage over the HRS. However, it is an item which can be easily rectified in future waves of the HRS.

Because the questions on time help are very different across the surveys, the more meaningful comparison is made between financial transfers. The mean amount of financial assistance given to parents in the two surveys is quite different, with the HRS having a mean amount given of \$2501 and the PSID only \$910. However, because of the selection process in the HRS, which restricts transfers to those of \$500 or more, we would expect a higher mean in that survey. Similarly truncating the data in the PSID brings the values for the two surveys much closer together. Mean transfers in the PSID increase to \$1943 (in 1991 dollars). However, the proportion reporting transfers of \$500 or more is 9.2 percent in HRS and only 2.1 percent in the adjusted PSID sample. Even without the imposition of the \$500 censor, only 5.2 percent of the PSID respondents report to be making transfers to parents. The discussion below examines the effects of survey design as one possible

⁵The family weights are used in calculating the descriptive statistics for the PSID.

Explanation for the observed differences.

Comparison of Data on Private Transfers

The differences between the frequency of transfers observed in the PSID and the HRS suggest that reported transfers may be especially sensitive to survey design. Evidence from other surveys suggests a similar conclusion. For example, two surveys which report very low levels of financial assistance are the annual core of the PSID and the National Longitudinal Survey (NLS). In both of these surveys the question on financial assistance received from friends or relatives is administered after income from all other sources is obtained. In the NLSY the transfer question asks, "Did respondent receive financial aid from relatives in past year?" Only 4.9 percent of the sample report receiving such assistance. The annual core section of the PSID asks about "help from friends or relatives in the past year." Here, as in the NLSY, the proportion of all households reporting such help is small, between 4 and 7 percent per year. Similarly, when the HRS respondents are asked about "financial support on a regular basis from friends or relatives," approximately 2.5 percent report the receipt of such transfers.⁶

Other surveys which contain alternative question designs obtain very different levels of transfers. The 1988 supplement on transfers in the PSID included alternatively worded questions on transfers; "During 1987, did (you/your family living there) receive any loans, gifts, or support worth \$100 or more from a friend or relative, besides parents, who was not living with you at the time?" In addition, they ask the amount received from *each* of the respondent's parent-couples (including parents-in-law). With this change, the proportion of PSID households reporting the receipt of cash transfers jumped to 20 percent. In the NSFH, which asks "During the past five years have you (or your husband/wife/partner) received a gift or loan worth more than \$200 at any one time from anyone not living with you at that time (not including help to purchase a first home)," 24 percent of respondents answer yes.⁷ Apparently more detailed probing and questioning can uncover substantially more transfers.

Although these samples differ in several respects, even in supposedly comparable samples (for

⁶This low number is likely due in part to the age of the sample. Those in this age group (age 51-61) are on average the donors rather than the recipients.

⁷Without knowing the correlation in transfer receipt across years it is difficult to compare the NSFH reports with the PSID reports. However, it is probably most likely that they are positively correlated over time which suggests that the proportion receiving transfers in any given year is less than 24 percent.

example, the 1988 PSID and earlier waves of the same survey) significant differences exist in the reporting of transfer behavior. These differences can arise for several reasons. First, the censoring point of transfers is quite different across surveys. Most surveys which collect information on transfers ask only about transfers which were above a given level. For example, the Survey of Consumer Finance asks about cash assistance of \$3,000 or more, the HRS asks about assistance of \$500 or more, and the NSFH asks about help of \$200 or more. In addition, the time frame over which transfers can be received differs across surveys. The NSFH asks about transfers over the past 5 years, while others, including the PSID, NLS, and HRS ask about transfers over the past 1 year.

Second, as discussed above in relation to the 1988 PSID, in some surveys there are multiple questions about transfers. For example, in the 1988 PSID, respondents are asked several questions about financial transfers received. They are asked to identify separately transfers received from non-parents and from each living parent-couple. Therefore, they could be asked five separate questions about financial transfers received. In the earlier years of the PSID a single question on financial transfers received was asked, as is the case in the NLS. Moreover, respondents in the 1988 PSID are asked only once about financial transfers *given* to friends and relatives. The HRS asks three questions about gifts made to others: money given to children, money given to parents, and money given to anyone else outside the household. The frequency of questioning and the separate questions for transfers specifically to parents may be the reason the HRS frequency is higher than the PSID, as reported in Table 2.

To demonstrate the potential importance of these dimensions of survey design, we focus on one particular issue; the effect of the censoring point on the estimate of transfers. Specifically, we use the PSID to examine the implications of the \$500 and the 100 hour cut-off points which are used in the HRS. In the PSID, cash assistance given to others is not censored, although cash assistance received is censored at \$100. With respect to hours, the PSID asks respondents whether they gave "a lot of time." The censoring point is therefore left to the discretion of the respondent, but we operationalize this by assuming it is 0.⁸

To determine the extent to which censoring points in the HRS may cause misleading conclusions,

⁸A substantial proportion of respondents reported transfers close to 0 hours; in the sample analyzed, 8 percent of all time help given to parents was for less than 25 hours a year.

the HRS cut-off points (\$500 and 100 hours) are imposed on the restricted sample of the PSID. In Figures 1-3 we report the distribution of financial transfers to children, financial transfers to parents, and time transfers to parents, respectively, for the PSID (both censored and uncensored) and the HRS.⁹ For the PSID, a sizable portion of the financial transfers to children are less than \$500. If all transfers of less than \$500 were simply excluded from the HRS, appropriate statistical methods could be used to deal with this censoring. However, a comparison of the censored PSID and the HRS data suggests that this is not the case. Across most categories the distributions for the HRS and the PSID are comparable. However, the large spike at \$500-\$999 in the HRS is not matched in the PSID. It appears that respondents who give less than \$500 inflate their answers to the \$500 minimum rather than report giving no assistance to their children. If all PSID transfers of less than \$500 are added to the \$500-\$999 totals, thus simulating this "rounding up," the two distributions are quite similar. We therefore suggest that HRS respondents may inflate actual transfers to reach the \$500 minimum. Indeed, 17 percent of all transfers in the HRS are for exactly \$500, while in the PSID only 3.0 percent of the transfers greater than or equal to \$500 are exactly equal to \$500.

Conducting the same experiment in Figure 2 produces dissimilar results, though we might expect respondents to feel less pressure to report a transfer to parents than they do for children. A substantial proportion of transfers in the PSID (54 percent) are below \$500 and again the censored PSID distribution compares more favorably with the HRS.

The disparity in the type of time help collected by the two surveys leads us to expect that the two distributions will not be comparable for this type of transfer. Figure 3 reports the distribution of time assistance for each of the three samples. Despite our prior beliefs, the distributions are surprisingly close. Combining all PSID reports of transfers below the HRS censors of \$500 and 100 hours suggests that substantial amounts of time and cash assistance are not being recorded in the HRS simply because of the height of the censoring points.

The censoring point may also influence inferences which are drawn about the differences between those who do and do not participate in transfer networks. To demonstrate this effect, the characteristics of those households in the PSID making transfers less than the HRS censor and

⁹Note that there exists a few cases in the HRS for which reported transfers are below the censoring points. Apparently these cases were reported and coded even though they were below the limit.

those making transfers which would be captured in the HRS are presented (Table 3). We find that those who make cash transfers under \$500 are more likely to be black, to have fewer years of schooling and lower incomes.

The last step of the analysis of the effects of censoring is to examine whether the censoring influences the estimates of covariates in a transfer regression. Here we use the PSID to estimate a probit model of whether time help was given to parents.¹⁰ Identical models are estimated for whether time help was given, using both the PSID's censor and the HRS's 100 hour censor. Because the sample size is so small for the 51-61 year old subsample, we omit the age restriction for this analysis, but we retain the restriction that the respondent have a non-coresident living parent (N=5,217). Several of the coefficient estimates are indeed affected by the censoring (Table 4). Specifically, there is a negative relationship between parental education and the probability of transfers when the censor of 100 hours is used. The effect becomes insignificantly different from zero when the censoring is 0 hours. The coefficients on marital status, age, parental wealth and number of living parent-couples also appear to be somewhat sensitive to the censoring, though surprisingly the race and income variables are not greatly affected.

While the HRS is apparently quite effective in measuring the transfers it intends to capture, a significant amount of information is being lost by the censoring scheme. Furthermore, substantial amounts of assistance are missed because of the survey's focus on help with "basic personal needs." As evidenced by the PSID, other forms of time assistance are quite prevalent. Fortunately, in the regression context the coefficient estimates do not appear to be effected dramatically, though we would caution future researchers to treat carefully this censoring in that it may lead to inaccurate inferences regarding differences in social support among subgroups.

4 Redistribution of Resources Through Familial Transfers

We now turn our attention exclusively to transfer behavior reported in the HRS. Again, we consider transfers to children and parents separately. In this section, a series of descriptive results which are free of any functional form specification are discussed followed by multivariate analyses of the incidence and magnitude of transfers. Our analyses explicitly examine transfers *within* the family

¹⁰We focus on parents in the PSID because we do not have sufficiently rich information on non-coresident children to explore a substantive model.

y using a family fixed effect. Throughout these sections, the effects of the relative economic positions of family members in determining transfer behavior is emphasized.

1.1 Transfers to Children

Descriptive results

The mean values of the variables to be used in the subsequent analyses are reported in Table 5 for our entire sample of respondent-child pairs (respondents with children over the age of 18 who do not live in the respondent's home), and separately by whether or not transfers are given. Each respondent-child pair is counted as an observation. Thus, a respondent with four adult children, none of whom live at home, will contribute four observations to the sample. The table confirms what we would expect with respect to the relationship between the potential donor's income and the likelihood of a transfer being made; those children receiving transfers have parents who are better off financially (as measured by either income or wealth). The children receiving transfers are on average younger, less likely to own a home, to be married, or to have children of their own. They are also more likely to be in school and to have more years of schooling. From the table it is also apparent that respondents making transfers are significantly more likely to be white. As was demonstrated earlier, the racial differences may be exaggerated because of the minimum limit on reported transfers. The preceding analysis showed that in the PSID, non-whites were more likely to give transfers below the \$500 limit and are therefore more likely to be missed in the HRS. Respondents giving transfers to their children are more educated on average and have fewer potential recipients (*i.e.* fewer children living away from home). When examining the financial status of the recipient we see that children receiving assistance are in fact financially worse off than their non-recipient counterparts.

To examine the relationship between the income of the child and the amount of the transfer he receives in more detail, we look *within* the household. Looking only at households with more than one child, we assign each child a ranking based on his relative position among his sibling(s) in terms of income and a separate ranking based on the amount of transfers received. For example, in a family with 3 children, if the first child had the largest income and received the least amount of transfers, he would have an income ranking of 1 and a transfer ranking of 3. We then look at the correlation between the two rankings. If parents give to all children equally, there would be no

correlation between the two numbers; regardless of his income, each child receives the same amount, and any deviation will be random. If parents endeavor to equalize the incomes of their children the correlation should be negative; children with a low income ranking will have a high transfer ranking. Finally, if parents favor one child, and provide that child with more schooling and better opportunities and continue to favor him with more transfers, the correlation between the child's income rank and transfer rank will be positive. Combining all families with two or more children who make at least one transfer, the correlation is -0.157 and significant at the 1 percent level. For families of size 2, 3 and 4 the correlations are -0.307, -0.097, -0.119.¹¹ This statistic provides a first hint that altruism may play an important role in interhousehold transfers.

As discussed in Section 1, many analyses of bequests have found amounts to be evenly divided among heirs. We analyze this question in the context of *inter vivos* transfers by examining the proportion of children receiving transfers within the same family (Table 6, Panel A). The number of eligible recipients (children age 18 or over and living away from home) is tabulated along the top of the table. The values for the entire sample are listed in the rightmost column. We analyze the distribution of transfers for each family size by calculating various descriptive statistics. The second row in the table gives the proportion of households which report some positive flow of transfers to adult children. The proportions are similar across all household sizes, reaching a maximum of 32 percent for three child families and a minimum of 25 percent for families with one eligible child. Overall, approximately 29 percent of families are observed to make an interhousehold transfer to an adult child.¹²

The remainder of the table examines only those households which actually make a transfer to a child. The first row in this section gives the proportion of children receiving a transfer (conditional on at least one child receiving such a gift). For households with just one eligible child, the conditional probability is of course one. For households with two children, the conditional probability drops to 0.69, implying that in two-child households, on average, 69 percent, or 1.38 children receive a transfer in any given year. The proportions decline monotonically across the table though the expected number of children receiving a transfer follows no apparent pattern. Overall, parents

¹¹The correlation across families of different sizes is positively biased. To avoid this bias, the correlation specific to each family size is calculated.

¹²Soldo and Hill (1993) find a greater percentage of families making a transfer to a child, but they include transfers to all children whereas we require children to be at least 18 years old and living apart from the respondent. As we showed in Section 2.1, transfers to children living at home are more prevalent.

who give transfers do so to approximately 60 percent of their children. This observation is not inconsistent with the empirical analysis of bequests in which inheritances are given equally among heirs (Menchik, 1988 and Wilhelm, 1992). It is consistent with an altruistic motive wherein parents may transfer more money to some children than others. If parents are transferring resources to only some children, they may possibly be basing the transfer decision on the child's need. This interpretation should, however, be treated with caution. The statistics reported here are based on transfers in a single year. Parents may very likely give different amounts to different children in any given year but transfer the same amount to each child over the child's lifetime. Life cycle events such as schooling, marriage and buying a home may significantly affect the timing of transfers.¹³ The multivariate analyses below will attempt to control for these factors and others.

The next row shows explicitly that equal transfers to all children are the exception rather than the rule. Overall, only 7 percent of parents giving a transfer to at least one child give the same amount to all children. The proportion receiving the same amount decreases as the number of children increases, as we would expect if parents were not making a concerted effort to equalize transfers. Even among siblings who are receiving positive transfers, the proportion of identical transfers is small. The final row shows that overall only 30 percent of those siblings who receive transfers, receive identical amounts.

Multivariate results

We now explore the relationship between transfers and the characteristics of the recipient and donor in greater detail. It is assumed that donors of interhousehold transfers determine a (latent) amount of desired transfers of money and time. The desired amount depends on a set of observed and unobserved characteristics of the respondent and his family members (i.e. the potential recipients). Of central importance to this study is the effect of the (potential) recipient's income. The unobserved differences between families are modeled as fixed effects and family differences in transfer behavior are examined.

When examining transfers to children, the covariates included in the model are the child's age,

¹³The HRS asks respondents whether any of the money given to children was given specifically to purchase a home or for school. Of those receiving a transfer, 12 percent or 213 children receive funds for the purchase of a home, and 30 percent or 367 receive funds for school. Only 15 children receive money for both reasons in the year in question. The mean value of transfers also differs significantly if either of these specific reasons are cited for the transfer. The mean of those transfers which are used to buy a home is \$7443 compared to \$2315 for those which are not. The mean value for school transfers is \$4243 versus \$2633 for non-school transfers.

sex, income, highest grade completed, whether or not he owns a home, is married, lives within 10 miles of the respondent, currently works, attends school or has children. Also included are characteristics of the respondent's household: The head's (male in a couple) race, the household's income, wealth and marital status,¹⁴ whether anyone in the household is not working (thereby potentially having free time to spend with children or parents) or is in less than good (fair or poor) health. We also include a variable for the number of the respondent's parents (and in-laws) who are alive, the thought being that respondents may offer less help to children if they also have parents to assist, or they may offer less assistance to their children if the grandparents are transferring resources to them.¹⁵ Finally, we include a variable for the number of potential child recipients (*i.e.* the number of non-coresident children age 18 and over). Additional siblings, like grandparents, provide competition for the parent's limited resources and, as shown in Table 6, may reduce the probability of a transfer as well as the amount.

We begin by estimating a probit model with the dependent variable equal to one if a transfer is made to that child and zero otherwise. The coefficient estimates are presented in Table 7.¹⁶ In this most basic specification the child's income, as measured by four categorical variables, is negatively related to the probability of a transfer and significantly different from zero at a one percent level. Thus, after controlling for a number of observed characteristics of the parent-child pair (such as parent's income), the better off a child is financially, the less likely he is to get help from his parents. This result is not surprising since both exchange and altruism models predict a negative relationship. The large negative coefficient on the missing income category is interesting. It suggests that parents who know little about their child's financial status are less likely to provide assistance.¹⁷

There is also a positive and monotonic relationship between a parent's income and wealth and

¹⁴Marital status is controlled for by a single married/unmarried dummy variable. More finely defined categories were not supported by the data.

¹⁵This possibility suggests that perhaps gifts to parents and children should be modeled simultaneously. We will explore this issue in future work, though the number of living parents does not have a significant coefficient in our models, nor does the number of children enter significantly in the estimation of transfers to parents.

¹⁶In addition to the versions presented here, we estimated these specifications using the household as the unit of analysis rather than the respondent-child pair. We estimated equations for both the total amount respondents reported giving to children (with number of children on the right hand side), and the average amount transferred per child. The implications of the estimates are unchanged.

¹⁷Alternatively, in keeping with our finding that well off children receive fewer transfers, it may be that parents of the highest income children are reluctant to report the child's income. Such a phenomenon is observed in many surveys with respect to a respondents own income, though it is less likely here with the income categories.

the probability that the child receives a transfer. The variables representing the three highest wealth quartiles are all significantly different from the lowest wealth quartile at the one percent level and are large relative to other coefficients. The upper two respondent income quartiles are so large and significantly different from the lowest income quartile at conventional levels.

Children who are older, who own a home, and who are married are significantly less likely to receive transfers, while children who live within 10 miles of their parents, those who are in school, and those with children of their own are significantly more likely to receive. Here, homeownership is likely serving as a proxy for the child's wealth. As with income, altruism suggests that, *ceteris paribus*, parents transfer less to wealthy children, and thus less to children with housing wealth than to those without. Children with older, more educated parents (as measured by the characteristics of the male for a couple, and of the respondent himself/herself otherwise) are also more likely to receive financial transfers. Surprisingly, children with non-married parents have a greater probability of receiving assistance than do children whose parents are married. Controlling for income and wealth, a married couple has fewer resources per person, and can therefore afford to transfer less. Blacks have a significant lower probability of making a transfer. In confirmation of Table 6, a greater number of other children in the family (siblings of the (potential) recipient) significantly lowers the probability of a transfer.

We next turn to a discussion of the relationship between these variables and the actual amounts transferred (also Table 7). Previous studies have found different income effects depending on the estimation method. Specifically, some studies have found negative effects using a tobit model (Cox and Raines, 1985; Altonji, 1992a; Schoeni, 1992) while others have estimated a positive effect when using a generalized tobit model (Cox, 1987; Cox and Rank, 1993). The positive effects have been used as evidence against the altruistic hypothesis.

Here we specify a linear equation and estimate it by ordinary least squares (OLS). We choose this specification because of the possibility of heteroscedastic errors. In the presence of heteroscedasticity, estimation of a tobit model leads to inconsistent estimates whereas the OLS estimates remain consistent (Hurd, 1979). We therefore prefer to report the OLS estimates though the conclusions drawn from our estimate of a tobit specification are identical. Cox (1987) and Cox and Rank (1992) find a positive correlation between the recipient's income and the amount of the transfer using a

generalized tobit model with no exclusion restrictions.¹⁸ Following their work we also estimate a generalized tobit, but fail to find a positive income effect. Our results (not reported) are similar to our OLS and tobit estimates in terms of the signs of the coefficients, in particular the coefficients on the child's income, but the standard errors are large and the estimates, for the most part, are not statistically different from zero.

In general we expect the same relationships to hold between the right hand side variables and the amount of transfers that held in the probit equation. We find that child's income is negatively related to the amount received. Controlling for other factors, high income children get less in the way of transfers than lower income children. The coefficient implies that moving from the lowest to the highest income category (a change of at least \$15,000) corresponds to a decrease in the expected (annual) value of transfers of \$336. This result, while not contradicting the exchange hypothesis because it predicts either positive or negative effects, is consistent with an altruistic motive.

The age of the child is negatively related to the size of the transfer, as is the number of siblings. Again we find that the respondent being in the upper income quartile has a significant positive effect on transfer behavior as does being in the upper wealth quartile. Whereas owning a home decreased the probability of transfer receipt, in this specification it increases the expected amount. This difference may be due to the impact of transfers made specifically for the purchase of a home. In footnote 11, we saw that these transfers are large, and not uncommon. A similar effect is apparently operating with respect to the upper most schooling category. Schooling beyond the high school level and current enrollment are both associated with an increased probability of receiving a transfer and in the OLS specification are associated with a larger dollar value. As was the case with transfers for the purpose of purchasing a home, transfers to help finance schooling are larger on average than other transfers. The causality is, however, not clear.¹⁹ The number of children in the family significantly reduces the size of the transfer, confirming the descriptive results reported

¹⁸The advantage of this specification is that it allows income to influence the incidence and amount of transfers differentially. However, the exclusion restrictions are based solely on functional form.

¹⁹Because children in school are likely to have lower incomes and transfers targeted for schooling are likely to be larger on average (see footnote 11), one might wonder whether the negative correlation between income and transfer is simply picking up this schooling effect. To test this hypothesis we estimate the models over four more restrictive samples. We first exclude all those currently enrolled in school, then those enrolled in school or who received a transfer specifically for schooling, those younger than age 25, and finally those younger than age 30. The age restrictions reduce the number in the sample who are currently enrolled. The estimated coefficients on income are reported in Appendix Table A. We find no change in the sign of the coefficients on the income dummies, and only in the final sample do any of the estimates become insignificant. We are therefore confident that our results are not driven by schooling transfers.

Table 6. We note also that race does not have a significant effect on the size of the transfer. It could well be argued that unobserved factors associated with transfers such as closeness of relatives, the importance which families place on money, and the ability to achieve financial success might also be correlated with a child's income. Parents who take a greater interest in their children's success might offer them financial assistance as well as help them to launch a successful career and have a greater than average income. Alternatively, highly successful parents, who are likely to have successful children, may substitute monetary gifts for actual time spent with children. In either of these two cases, the unobserved components in the regression would be positively related to the child's income, causing our estimated coefficients on income to be biased toward zero.

Because we have multiple observations per family we are able to control for these, and other unobserved family effects. In the final set of estimates in Table 7 we report the results of a fixed effects model. Although we lose the variables particular to the respondent because they are identical across potential recipients, we are able to examine the effect of this procedure on our variable of interest, the income of the child. We are particularly interested in obtaining an unbiased estimate of the coefficients on the child's income. Several past studies have estimated a positive relationship between the amount transferred and the income of the recipient and have viewed this as evidence to reject the altruism motive.

After controlling for familial generosity and other unobserved family effects, we find that the child's income is still negatively related to the magnitude of transfers received.²⁰ The difference in the expected transfer between the highest and lowest income categories is now \$357 compared to \$36 in the OLS specification. The effects of education drop substantially when the family effect is controlled; the difference between those with less than high school and those with more than high school is reduced from \$296 to \$145. This is consistent with the hypothesis that families which care more about education and help finance their children's education also continue to give them more financial assistance when they are adults.

Our reported results combine families of different sizes. If these families differ in their transfer behavior for unobserved reasons then grouping them together is incorrect. We therefore re-estimate

²⁰Note that there is sufficient variation in children's earnings within the family even though there are only three income categories for children. Looking at children of respondents who report at least one transfer, approximately 80 percent are in families in which the reported income of siblings shows some variation across categories.

each of our specifications separately for two, three, and four child families.²¹ In Table 8 we report the estimates of the income coefficients for the probit, OLS and fixed effect models. The results are approximately the same for each family size though our estimates are less precise than with the combined sample. In all cases the negative relationship between the size of the transfer and the (potential) recipient's income continues to hold.²²

4.2 Transfers to Parents

Descriptive Results

Our discussion of transfers to parents parallels that of transfers to children. The difference between the two sections concerns the type of transfers measured. Financial transfers to elderly parents are measured in the same way as transfers to children. However, respondents are also asked about time spent helping parents.

Tables 9 and 10 show the means of the variables broken down by whether the elderly parent received a transfer or not. We construct separate tables for the receipt of financial and time assistance. Looking first at the transfer of dollars we see that, as was the case with children, respondents who make the transfers are better off than those who do not. They have higher levels of both income and wealth. The recipients are worse off financially, being less likely to own their own home, and more likely to have their financial situation categorized as somewhat or very poor. They are also less likely to be male or to be married. In contrast to our earlier result with children, a higher proportion of families in which transfers take place are black than white.

The differences between those who get and do not get a transfer of hours are less strong than the differences in the financial dimension. In this case donors and recipients are financially worse off. Recipients are also older and again less likely to own a home, or to be married.

The redistribution of resources towards parents is examined in Table 6, Panel B, as it was for children. Respondents can have up to 4 parent-couples (including in-laws), as shown in the top row of the table. Fewer respondents make dollar transfers to parents than to children and even fewer make transfers of time. On average, only 9 percent of the households report giving money to one or more parents, compared to the 29 percent of respondents assisting children, and just

²¹We exclude one child families because we cannot estimate a fixed effect model with only one observation per family.

²²It is also interesting to note that the cost in terms of reduced probability of receiving financial status which is associated with parents not knowing the child's income is greater for those children in larger families.

percent give their time.²³ Conditional on one parent receiving a transfer of money, however, the proportion receiving transfers is slightly higher than for children. The mean total dollar value transferred to parents is about half as much as the total for children, but the average amounts per individual are close; \$1894 per child versus \$1703 per parent. The number of hours received on average, 425, appears to be extremely high, especially considering that none of these parents lives with the respondent. The level is due no doubt to the rather high minimum of 100 hours and the type of care reported.

Because transfers to parents can be in either of two forms, money or time, we look at the propensity of giving each type and the propensity of giving both. Of those respondents with at least one non-coresident parent, 85 percent give neither money nor time, 6 percent give money alone, 8 percent give just time and only 1 percent give both.

Since few respondents are giving both hours and financial assistance we ask whether the choice of help differs by some observable characteristic of the respondent. An obvious dimension to examine is the respondent's household income. Table 11 reports the probability of giving hours and financial assistance by income quartile. For respondents in the lowest quartile little of either type of assistance is provided; only 11 percent give any type of assistance. For the other three quartiles, the prevalence of total transfers is similar, but there is a marked shift from hours to dollars as income increases. In the second quartile, 9.1 percent of respondents provide hours alone and 7.9 percent only income. In the highest quartile, the percent assisting their parents by the transfer of hours falls to 6.8 percent and the percent transferring income increases to 11.6 percent, perhaps indicating that more well to do respondents substitute purchased care for that which they could offer themselves if their time were less valuable.

Multivariate Analyses

We run the same types of regressions for parents that we did for children. Now, however, we estimate equations both for the transfer of hours and dollars.²⁴ Because the information collected for the respondents' parents is not identical to that gathered for children, the equations differ

²³As discussed above, only specific forms of care are measured. Evidence from the PSID suggests that more general time assistance is much more prevalent.

²⁴In the regression analysis presented below, we do not model the joint decision of gifts of time and money, but rather we treat them separately. The resulting estimates are consistent though we lose efficiency by ignoring any correlation in the error terms. However, we do not expect substantial changes in these estimates because the correlation in the residuals of OLS estimated regressions for money and time is only .0318 and is not significant at a 5 percent level.

somewhat. We have fewer variables describing the respondents' parents. We use the age of the parent, marital status (dummy variables for single male, single female, with married couple as the omitted category), whether he owns a home, and the respondents' report of the parent's financial status. We also include the number of siblings the respondent reports having; siblings of the respondent are alternative sources of assistance for the elderly parent.

Beginning again with the probit (Table 12), we find that parents who are worse off are more likely to receive financial transfers. It is difficult to measure the magnitude of the effect because the categories are subjective evaluations of financial status rather than genuine measures of income or wealth. Respondents who are better off, either in terms of income or wealth, are more likely to make transfers. Surprisingly given the results for transfers to children, blacks are significantly more likely to make transfers to parents relative to whites as are individuals of other races. This is, however, consistent with results reported by Silverstein and Waite (1992). The variable measuring the number of other children the potential recipient has (*i.e.* the number of siblings of the respondent) is significant and negatively related to the probability of a transfer; the more children, the less likely it is that any particular one of them will make a transfer, though the probability of receiving a transfer from at least one child could of course increase. Relative to married couples, single women (widows) are significantly more likely to receive assistance, and single men are less likely, though this latter effect is not significantly different from zero.

The estimates from the OLS specification (Table 12) are again similar to the probit; more dollars are transferred to less well-off parents and greater transfers are made by wealthier children. In the OLS regression, the income quartile of the respondent is not a significant predictor of the amount of the transfer, and no clear trend in the magnitude is evident. Other respondent characteristics, with the exception of the married dummy variable, are not significant.

The estimates for the fixed effects model lead to the same conclusions; those in worse financial shape are more likely to receive cash transfers. Comparing the OLS and fixed effect models, the change in the expected transfer in moving from the highest to the lowest financial category is greater for the fixed effect version (\$645 versus \$784), though again it is impossible to quantify a change from one category to the other. Thus it appears that the coefficients were biased towards zero to some extent. Other demographic characters are now significant. Older parents receive lower transfers as do those who own a home. This latter variable may proxy wealth and therefore

reduce transfers in the same way that the recipient's income does. Surprisingly, when controlling for unobserved effects, single males now receive more financial assistance relative to married couples. Living near to the respondent is also positively related to the amount of assistance.

The results for the transfer of time are somewhat different (Table 13). In the probit model there is no clear monotonic relationship between a recipient's income and the probability of a transfer. Also, the donor's income and wealth are not significant predictors of this probability. The only variables in addition to the recipient's income which offer any predictive power are the recipient's age, marital status and location, and the schooling level of the respondent. The effect of age is likely being driven by the type of care being measured. Only parents in poor health ought to need assistance with bathing, dressing and eating. Age is likely to be correlated with health status (which is not observed in the data), and therefore to affect the incidence of transfers. The coefficients on the dummy variables denoting single male or single female are positive and significant, indicating a significant difference in the probability of transferring time to single versus married parents. The presence of a spouse implies that there exists a person other than the respondent available to provide help with basic personal needs. However, there is no significant difference between male and female single parents.

Looking at the equations for the amount of time assistance, the expected number of hours transferred is significantly higher for the very poor, as it is in the probit specification. The results here, as with the probit specification, show no trend with respect to the income and wealth of the respondent. Age of the elderly parent is again positively related to the transfer, likely because it is associated with the need for assistance. Living within 10 miles of a parent also increases hours transferred. The availability of an individual in the respondent's household who does not work has no impact on the provision of care. We had expected that time availability would make the transfer of hours in these households less costly, and therefore more prevalent than in households where all (both) members work. In a related vein, having a spouse would increase the total number of hours a household has to transfer and would therefore be expected to increase the number of hours spent assisting parents. However, the coefficient on married, though insignificant, is negative in the OLS regression.

The estimates for the fixed effects model again confirm what is found for the OLS, namely that with respect to the transfer of hours, the income effect is not monotonic and it is large for the very

poor relative to all others.

To take into account the fact that respondents with a different number of parents may behave differently with respect to transfer behavior, we repeat all the estimation results for a sample of two parent families. In Table 14 we report the income coefficients from each equation. The results for the full sample continue to hold. For financial transfers, the negative income effect is strong, while the results are mixed for the transfer of time.

5 Summary

The objective of this paper has been two-fold: evaluate the quality of the first wave of the Health and Retirement Survey, and determine how transfers are distributed within families. With regards to the first objective, we believe that these data will be extremely valuable in assessing family support networks. The respondents are of the age at which individuals are most likely to provide assistance, both to their parents and their children. Transfers are reported to each parent and child of the respondent, and demographic and economic information describing these relatives is collected. Finally, transfers within the household are ascertained, although they were not examined in this study. Our only notes of caution pertain to the limits on the amount of assistance, \$500 or 100 hours, and the type of time help ascertained. With respect to the later we recommend that the question be expanded to measure types of time assistance other than help with basic personal needs. We further caution users of other surveys to pay particular attention to the amount of prompting with respect to transfer questions.

As far as the second objective is concerned, the results suggest that parents give more to their less well-off children or elderly parents. In methods free from functional form, we find that the correlation between a child's rank within the family in terms of his income is negatively related to his rank in terms of transfers. In the regression analysis, over a number of specifications we find a negative relationship between income and transfers. In our strongest test, which is estimating a fixed effects model, we continue to observe this relationship.

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Table 1. Incidence and Magnitude of Transfers to Children and Parents: HRS.

	Number of cases	Proportion receiving from respondent	Mean amount received*	Standard error of mean
<i>Cash transfers to all children:</i>				
Those living at home	3,661	25.1%	4728	213
Those not living at home	14,198	20.4	3023	130
Total	17,859	21.5	3553	112
<i>Cash transfers to children 18+:</i>				
Those living at home	2639	30.3	4979	237
Those not living at home	14,039	13.8	3061	135
Total	16,678	16.4	3616	119
<i>Cash transfers to parents:</i>				
Those living at home	240	16.8	2128	226
Those not living at home	5,603	6.7	2125	226
Total	5,843	7.1	2126	204
<i>Time transfers to parents:</i>				
Those living at home	249	24.9	2642	311
Those not living at home	5,627	4.5	656	51
Total	5,876	5.4	1028	81

*Means are over positive values.

Table 2. Transfers to Non-coresident Parents Reported in the PSID and HRS

Type of transfer	HRS	PSID	
		PSID Censor*	HRS Censor*
<i>Time help</i>			
Proportion giving	7.10%	33.30%	24.90%
Mean hours given	704	429	554
<i>Financial assistance</i>			
Proportion giving	9.20%	5.20%	2.10%
Mean dollars give	2,501	910	1,943

*PSID censors are \$0 and 0 hours. HRS censors are \$500 and 100 hours.

Table 3. Characteristics of Respondents By Amount of Transfers for 51-61 Year Olds, 1988 PSID.

Characteristic	Money to Children		Money to Parents		Time to Parents	
	Less than \$500 (N=13)	\$500 or more (N=86)	Less than \$500 (N=16)	\$500 or more (N=15)	Less than 100 hours (N=44)	100 or more (N=139)
Total family income	\$35,423 (122029)	\$59,287 (217775)	\$45,263 (100282)	\$76,438 (236625)	\$44,124 (121012)	\$53,269 (282650)
Head's schooling.	10.5 years (8.30)	13.7 years (14.40)	10.90 (18.60)	14.20 (13.28)	11.80 (15.87)	12.60 (13.10)
Head Black	8.8% (1.23)	6.3% (1.11)	11.90 (1.59)	1.82 (0.65)	5.60 (1.00)	9.40 (1.38)
Head female	5.8% (1.01)	16.6% (1.88)	0.83 (0.45)	21.90 (2.00)	9.60 (1.28)	17.30 (1.80)

Sample: Households with head or spouse 51-61 years old. Standard deviation reported in parentheses.

Table 4. Probit Analysis of Whether Time Help Given to Parents.
Censoring at 0 and 100 Hours, 1988 PSID (N=5,217)

Respondent's Characteristics	Censor=0 Hours		Censor=100 Hours	
	Coefficient	Standard Error	Coefficient	Standard Error
Race:				
White (omitted)				
Black	-0.0317	0.0435	-0.0089	0.0464
Other	-0.0650	0.1342	-0.0660	0.1458
Age	-0.0314	0.0102	-0.0412	0.0108
Age squared	0.0003	0.0001	0.0004	0.0001
Years of schooling	-0.0120	0.0080	0.0008	0.0086
Household income quartile:				
1st (lowest)				
2nd	-0.1992	0.0531	-0.1603	0.0563
3rd	-0.2056	0.0590	-0.1841	0.0629
4th	-0.3325	0.0662	-0.2712	0.0712
Marital status:				
Married	0.0237	0.0598	-0.0650	0.0635
Never Married (omitted)				
Widowed	0.1106	0.1319	0.2120	0.1355
Divorced/separated	-0.1117	0.0639	-0.1098	0.0678
Number of parent-couples	0.1078	0.0241	0.0678	0.0260
Head's father's education:				
Missing	-0.0186	0.0764	0.0432	0.0811
Less than high school	0.0532	0.0454	0.0489	0.0488
High school (omitted)				
More than high school	-0.0830	0.0709	-0.2223	0.0799
Head's married parent's net wealth:				
In debt	-0.2333	0.1116	-0.1849	0.1228
Just break even	0.1539	0.0940	0.0889	0.1005
\$0-24,999	0.0235	0.0999	0.0839	0.1061
\$100,000-249,999 (omitted)				
Greater than \$249,999	-0.2119	0.0750	-0.1491	0.0821
These parents not alive	0.1029	0.0653	0.0913	0.0706
Constant	0.4013	0.2305	0.1109	0.2449
Mean of Dependent Variable		0.365		0.235

Table 5. Characteristics of Respondents and Their Children by Transfer Status of Child. HRS.

	Didn't Receive Cash (N=9,459)		Received Cash (N=1,596)		All Children (N=11,055)	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
<i>Child's characteristics:</i>						
Age	31.195	4.794	28.754	4.731	30.829	4.847
Male	0.503	0.443	0.491	0.453	0.501	0.445
Own their home	0.497	0.443	0.365	0.436	0.478	0.444
Currently married	0.651	0.423	0.497	0.453	0.628	0.430
Live within 10 miles	0.396	0.434	0.420	0.447	0.400	0.436
Total Income						
Less than \$10,000	0.126	0.294	0.220	0.375	0.140	0.309
10,000-24,999	0.303	0.408	0.365	0.436	0.313	0.412
25,000 or more	0.443	0.440	0.376	0.439	0.433	0.441
Missing	0.127	0.296	0.040	0.177	0.114	0.283
Completed schooling:						
Less than high school	0.119	0.287	0.073	0.236	0.112	0.281
High school	0.471	0.442	0.367	0.437	0.455	0.443
More than high school	0.410	0.436	0.559	0.450	0.432	0.441
Currently employed	0.753	0.382	0.711	0.411	0.746	0.387
Currently employed--missing	0.176	0.338	0.173	0.343	0.176	0.338
Currently in school	0.060	0.210	0.152	0.325	0.074	0.232
Has at least one child	0.648	0.423	0.510	0.453	0.627	0.430
<i>Respondents' characteristics:</i>						
Age	57.356	4.404	58.100	4.685	58.003	4.652
Race:						
White	0.808	0.349	0.873	0.302	0.818	0.343
Black	0.125	0.293	0.082	0.249	0.118	0.287
Other	0.067	0.221	0.045	0.188	0.064	0.217
Highest grade completed	11.735	2.850	13.173	2.572	11.951	2.848
Total household income	39141	33952	62009	58514	42569	39154
Wealth	234980	387379	391511	693042	258441	447404
Head or spouse not employed	0.214	0.363	0.132	0.307	0.201	0.357
Head/spouse in poor/fair health	0.317	0.413	0.203	0.365	0.300	0.408
Marital status						
Married	0.798	0.356	0.809	0.356	0.800	0.356
Divorced	0.129	0.298	0.135	0.310	0.130	0.299
Widowed	0.067	0.222	0.051	0.199	0.065	0.219
Other	0.005	0.064	0.005	0.066	0.005	0.065
Number of living parents	1.047	0.867	1.205	0.927	1.071	0.877
Number of children	4.155	1.856	3.151	1.526	4.004	1.840

Table 6. Characteristics of Interhousehold Transfers to Adult Children and Parents
By Number Living Away From Home.

Panel A—Financial Transfers to Children

	Non-coresident Children 18 or Older						Total
	1	2	3	4	5	>=6	
Number of respondents	915	1309	976	611	369	472	4652
Prop. giving to children	0.25	0.31	0.32	0.31	0.28	0.26	0.29
Of those families giving to at least one child,							
Proportion of children receiving	1.00	0.69	0.50	0.39	0.29	0.28	0.59
Prop. giving same to all children	1.00	0.14	0.05	0.04	0.00	0.01	0.07
Mean amount to each child	3229	2270	1900	871	621	640	1894
Of those children receiving, proportion							
receiving same amount	1.00	0.37	0.29	0.27	0.20	0.10	0.30

Panel B—Financial and Time Transfers to Parents

	Non-coresident Parent-Couples				
	1	2	3	4	Total
Number of respondents	1928	1099	387	81	3495
<i>Financial Assistance</i>					
Prop. giving to parents	0.08	0.10	0.11	0.14	0.09
Of those giving to a parent,					
Proportion of parents receiving	1.00	0.63	0.42	0.58	0.78
Mean amount to each parent	2335	1182	910	1275	1703
Of those parents receiving, proportion					
receiving same amount	1.00	0.20	0.03	0.00	0.14
<i>Time Assistance</i>					
Prop. giving to parents	0.06	0.08	0.09	0.05	0.07
Of those giving to a parent,					
Proportion of parents receiving	1.00	0.57	0.38	0.25	0.75
Mean amount to each parent	676	340	233	276	425

Table 7. Probit, OLS and Fixed Effect Analyses of Financial Assistance Given to Children. N=11,055.

	Probit		OLS		Fixed Effect	
	Coefficient	Std. Error	Coefficient	Std. Error	Coefficient	Std. Error
<i>Child's characteristics:</i>						
Total Income						
Less than \$10,000	0.1257	0.0529	162.53	94.36	143.0	56.3
10,000-24,999 (omitted)						
25,000 or more	-0.2703	0.0414	-256.28	70.92	-253.7	44.2
Missing	-0.5113	0.0678	-173.99	93.13	-213.7	91.9
Age						
Less than 25	0.2060	0.0504	282.90	95.07	301.7	53.4
25-30 (omitted)						
30 or older	-0.1714	0.0382	-134.45	65.48	-61.8	37.2
Male	-0.0413	0.0333	59.25	56.43	15.8	31.1
Own their home	-0.1576	0.0400	144.11	66.47	11.2	38.2
Currently married	-0.1823	0.0402	-71.61	68.94	-16.4	39.1
Live within 10 miles	0.1324	0.0333	50.41	56.30	70.4	35.0
Education						
Less than high school	-0.0052	0.0593	4.42	91.06	-10.8	54.6
High school						
More than high school	0.0965	0.0380	296.46	64.91	144.9	42.1
Currently employed	-0.1182	0.0600	-155.46	109.04	-35.9	60.9
Currently employed--missing	-0.0558	0.0658	-51.49	118.11	-28.9	65.4
Currently in school	0.2444	0.0572	305.44	110.92	346.6	63.9
Has at least one child	0.1384	0.0403	-64.32	68.27	70.4	38.3
<i>Respondents' characteristics:</i>						
Age						
Less than 51	-0.2299	0.1054	-133.59	166.25		
51-61						
Older than 61	0.0930	0.0463	95.87	75.91		
Race						
White (omitted)						
Black	-0.1211	0.0495	-66.42	79.18		
Other	0.0323	0.0688	102.72	107.55		
Highest grade completed	0.0358	0.0064	30.32	10.11		
Household income quartile						
1st (lowest)						
2nd	0.1276	0.0610	-35.61	89.22		
3rd	0.3452	0.0631	130.80	98.33		
4th	0.5224	0.0674	274.24	109.89		
Wealth quartile						
1st (lowest)						
2nd	0.2547	0.0573	-62.88	83.16		
3rd	0.3352	0.0608	4.23	92.49		
4th	0.4865	0.0643	502.02	101.82		
Currently married	-0.1809	0.0479	-128.36	79.62		
Head or spouse not employed	-0.0350	0.0490	-47.09	77.48		
Head/spouse in poor/fair health	-0.0519	0.0400	21.33	64.29		
Number of living parents	-0.0129	0.0176	-59.58	30.46		
Number of children	-0.1266	0.0092	-72.56	13.63		
Constant	-1.1793	0.1315	428.71	213.93		
F-Statistic (model)			12.3*		9.1*	
Chi-Squared (model)	1114*					
Number of observations	11,055		11,055		10,340	
Mean of Dependent Variable	0.144		450		0	

*Denotes statistical significance at the .01 level. One-child families are dropped in the fixed effect analyses.

Table 8. Effects of Child's Income on Financial Assistance Received By
Number of Children. Probit, OLS and Fixed Effect Estimates.

	Probit		OLS		Fixed Effect	
	Coefficient	Std. Error	Coefficient	Std. Error	Coefficient	Std. Error
<i>Number of Children=2 (N=2,278)</i>						
Total Income						
Less than \$10,000	0.2445	0.1146	274.1	329.0	238.3	247.0
10,000-24,999 (omitted)						
25,000 or more	-0.2620	0.0811	-564.2	221.7	-579.0	174.0
Missing	-0.4950	0.1430	-326.4	318.5	-360.0	387.0
<i>Number of Children=3 (N=2,343)</i>						
Total Income						
Less than \$10,000	0.0730	0.1186	325.0	284.1	316.2	205.6
10,000-24,999 (omitted)						
25,000 or more	-0.2074	0.0825	-235.9	192.7	-20.6	74.5
Missing	-0.4782	0.1378	-130.2	266.8	-338.3	301.0
<i>Number of Children=4 (N=1,944)</i>						
Total Income						
Less than \$10,000	0.1380	0.1267	159.3	80.6	267.7	92.3
10,000-24,999 (omitted)						
25,000 or more	-0.3907	0.1060	-101.8	61.7	-103.0	74.5
Missing	-0.6374	0.1768	-112.9	81.2	52.9	15.8

Table 9. Characteristics of Respondent and Their Parents by Financial Transfer Status of Parent.

	Didn't Receive Cash (N=3,440)		Received Cash (N=288)		All Parents (N=3,728)	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
<i>Parent's Characteristics</i>						
Age	78.264	6.361	78.786	6.416	78.302	6.366
Own their home	0.692	0.419	0.518	0.437	0.679	0.423
Currently married	0.340	0.430	0.195	0.347	0.330	0.426
Single male	0.090	0.260	0.050	0.191	0.087	0.256
Single female	0.570	0.450	0.755	0.377	0.583	0.446
<i>Financial situation</i>						
Excellent	0.198	0.362	0.023	0.130	0.186	0.352
Good	0.383	0.441	0.155	0.316	0.367	0.436
Fair	0.264	0.400	0.370	0.423	0.271	0.403
Somewhat poor	0.090	0.260	0.239	0.373	0.101	0.272
Very poor	0.053	0.203	0.214	0.359	0.064	0.222
Missing	0.012	0.100	0.000	0.000	0.011	0.096
Live within 10 miles	0.378	0.440	0.361	0.421	0.377	0.439
<i>Respondent's Characteristics</i>						
Total household income	54198	49694	67061	54584	55124	50171
Wealth	317667	564681	461615	624393	328031	570422
<i>Age</i>						
Less than 51	0.045	0.189	0.043	0.178	0.045	0.188
51-61						
Older than 61	0.103	0.276	0.159	0.320	0.107	0.280
<i>Race</i>						
White	0.879	0.296	0.743	0.382	0.870	0.305
Black	0.098	0.270	0.180	0.336	0.104	0.276
Other	0.023	0.136	0.077	0.234	0.027	0.146
Currently married	0.866	0.309	0.832	0.327	0.864	0.311
Highest grade completed	12.896	2.512	13.641	2.616	12.950	2.526
Head or spouse not employed	0.126	0.301	0.098	0.260	0.124	0.298
Head/spouse in poor/fair health	0.232	0.383	0.198	0.349	0.229	0.381

Table 10. Characteristics of Respondent and Their Parents by Time Transfer Status of Parent.

	Didn't Receive Time (N=3,530)		Received Time (N=198)	
	Mean	Std. Dev.	Mean	Std. Dev.
<i>Parent's Characteristics</i>				
Age	78.123	6.366	81.605	5.604
Own their home	0.684	0.421	0.580	0.441
Currently married	0.339	0.429	0.153	0.321
Single male	0.085	0.253	0.124	0.294
Single female	0.575	0.448	0.723	0.400
Financial situation				
Excellent	0.185	0.352	0.197	0.355
Good	0.371	0.438	0.296	0.408
Fair	0.274	0.404	0.220	0.370
Somewhat poor	0.100	0.271	0.121	0.291
Very poor	0.059	0.214	0.166	0.332
Missing	0.012	0.098	0.000	0.000
Live within 10 miles	0.366	0.437	0.567	0.442
<i>Respondent's Characteristics</i>				
Total household income	55591	50578	46513	41650
Wealth	329949	578408	292634	402031
Age				
Less than 51	0.046	0.191	0.019	0.122
51-61				
Older than 61	0.104	0.276	0.169	0.334
Race				
White	0.870	0.305	0.869	0.301
Black	0.103	0.276	0.111	0.281
Other	0.027	0.148	0.019	0.122
Currently married	0.866	0.309	0.818	0.344
Highest grade completed	12.938	2.526	13.166	2.524
Head or spouse not employed	0.122	0.296	0.162	0.329
Head/spouse in poor/fair health	0.228	0.380	0.252	0.387

Table 11. Financial and Time Assistance Given to Parents by Respondent's Income.

	Income Quartile			
	1st (lowest)	2nd	3rd	4th
Proportion giving only time	5.9%	9.1%	5.5%	6.8%
Proportion giving only cash	4.5%	7.9%	10.7%	11.6%
Proportion giving both	0.6%	1.1%	1.2%	1.3%
Proportion giving any assistance	11.0%	18.1%	17.4%	19.7%

Table 12. Probit, OLS and Fixed Effect Analyses of Financial Assistance Given to Parents.

Covariates	Probit		OLS		Fixed Effect	
	Coefficient	Std. Err.	Coefficient	Std. Err.	Coefficient	Std. Err.
<i>Parent's characteristics</i>						
Financial situation						
Excellent	-1.1578	0.1624	-188.280	85.289	-378.111	83.096
Good	-0.6426	0.0923	-73.877	69.731	-307.858	66.199
Fair (omitted)						
Somewhat poor	0.4216	0.0973	114.453	99.355	114.039	97.621
Very poor	0.7803	0.1115	456.434	120.234	406.359	117.323
Missing	-5.4870	4.140	-154.588	255.004	-461.717	291.549
Age	-0.0036	0.0052	-4.597	4.188	-18.075	4.033
Own their home	0.0192	0.0759	-97.284	63.265	-165.187	60.566
Single male	-0.1795	0.1636	103.494	106.539	188.254	90.297
Single female	0.1819	0.0880	69.700	64.489	51.038	57.787
Lives within 10 miles	-0.0396	0.0722	105.938	56.517	127.637	58.842
<i>Respondent's characteristics</i>						
Household income quartile						
1st (lowest)						
2nd	0.3147	0.1599	101.061	108.775		
3rd	0.4535	0.1599	-0.274	110.603		
4th	0.4693	0.1660	68.333	116.483		
Wealth quartile						
1st (lowest)						
2nd	0.0271	0.1333	78.455	95.709		
3rd	0.2097	0.1331	54.208	97.933		
4th	0.5013	0.1386	185.077	103.985		
Age						
Less than 51	0.0107	0.1696	52.512	132.711		
51-61 (omitted)						
Older than 61	0.3154	0.1081	120.501	93.748		
Race						
White (omitted)						
Black	0.5729	0.0919	6.543	79.876		
Other	0.8110	0.1642	199.405	168.104		
Currently married	-0.3329	0.1058	-174.724	86.087		
Years schooling	0.0475	0.0138	14.212	11.000		
Number of siblings	-0.0364	0.0152	-18.832	11.998		
Head/spouse not employed	-0.1777	0.1261	-122.809	92.104		
Head/spouse in fair/poor health	-0.0505	0.0885	-19.012	69.227		
Constant	-2.1295	0.4788	411.530	376.699		
F-Statistic (model)				2.56*		11.31*
Log likelihood		-807.3				
Number of Observations		3,728		3,728		2,234
Mean of Dependent Variable		0.077		176		0

*Denotes statistical significance at the .012 level. One-parent families are dropped in the fixed effect analyses.

Table 13. Probit, OLS and Fixed Effect Analyses of Time Assistance Given to Parents.

Covariates	Probit		OLS		Fixed Effect	
	Coefficient	Std. Err.	Coefficient	Std. Err.	Coefficient	Std. Err.
<i>Parent's characteristics</i>						
Financial situation						
Excellent	-0.1936	0.1143	7.353	12.176	15.186	14.565
Good	-0.0565	0.0985	8.561	9.955	16.073	11.603
Fair						
Somewhat poor	-0.2055	0.1262	30.672	14.185	20.795	17.111
Very poor	-0.6065	0.1292	80.668	17.165	124.361	20.564
Missing	4.9957	4214	-20.425	36.406	-303.874	51.103
Age	-0.0283	0.0059	1.486	0.598	1.038	0.707
Own their home	0.0116	0.0795	3.488	9.032	-12.179	10.616
Single male	-0.3196	0.1411	9.623	15.210	-14.906	15.827
Single female	-0.2916	0.0970	7.077	9.207	3.907	10.129
Lives within 10 miles	-0.3392	0.0731	30.504	8.069	31.262	10.314
<i>Respondent's characteristics</i>						
Household income quartile						
1st (lowest)						
2nd	-0.1418	0.1350	15.712	15.529		
3rd	0.0859	0.1438	1.389	15.790		
4th	0.0206	0.1511	2.919	16.630		
Wealth quartile						
1st (lowest)						
2nd	0.0044	0.1250	15.351	13.664		
3rd	0.0836	0.1289	2.115	13.981		
4th	0.1739	0.1396	6.690	14.846		
Age						
Less than 51	0.2189	0.2308	-2.044	18.947		
51-61						
Older than 61	-0.1409	0.1103	27.449	13.384		
Race						
White						
Black	-0.0874	0.1044	13.507	11.404		
Other	-0.0372	0.2262	-0.387	23.999		
Currently married	0.0772	0.1072	0.325	12.290		
Years schooling	-0.0340	0.0148	0.149	1.570		
Number of siblings	0.0216	0.0164	-0.463	1.713		
Head/spouse not employed	-0.0134	0.1138	-6.392	13.149		
Head/spouse in fair/poor health	-0.0703	0.0902	5.529	9.883		
Constant	4.6492	0.5356	-132.812	53.780		
F-Statistic (model)				2.75*		9.31*
Log likelihood		-705.9				
Number of Observations		3,728		3,728		2,234
Mean of Dependent Variable		0.0531		32.4		0

*Denotes statistical significance at the .012 level. One-parent families are dropped in the fixed effect analyses.

Table 14. Effects of Parent's Financial Situation on Transfers Received By Parents
For Two-Parent Families. N=1,724.

Covariates	Probit		OLS		Fixed Effect	
	Coefficient	Std. Err.	Coefficient	Std. Err.	Coefficient	Std. Err.
<i>Financial Assistance</i>						
Financial situation						
Excellent	-1.5226	0.3833	-243.7	107.84	-357.23	151.77
Good	-0.7451	0.1619	-226.4	86.72	-441.85	102.15
Fair						
Somewhat poor	0.3719	0.1714	134.6	129.83	181.58	146.72
Very poor	0.7536	0.1899	586.9	148.7	629.53	172.23
Missing	5.7384	20308	-177.7	372.3	-784.89	464.28
<i>Time Assistance</i>						
Financial situation						
Excellent	-0.0274	0.2207	0.5354	18.64	2.5055	22.44
Good	0.0526	0.1693	9.3577	14.99	17.86	17.36
Fair						
Somewhat poor	0.3696	0.2146	1.1171	22.43	-20.47	24.93
Very poor	0.6812	0.2173	107.3	25.69	142.4	29.27
Missing	5.1597	12784	-10.74	64.35	-234.9	78.90

Table A. Coefficient Estimate of Child's Income in Fixed Effect Model with Various Samples.

	Sample 1	Sample 2	Sample 3	Sample 4	Sample 5
Child's Income	18 or older and not at home	Sample 1 and not in school	Sample 2 and no schooling transfers	25 or older and not at home	30 or older and not at home
<i>Total Income</i>					
Less than \$10,000	143 (56.30)	163.16 (72.46)	122.15 (65.73)	172.53 (70.44)	82.57 (85.59)
\$10,000-24,999 (omitted)					
\$25,000 or more	-253.7 (44.20)	-217.02 (47.98)	-184.45 (42.88)	-121.36 (43.36)	-144.69 50.34
Observations	8564	7894	7778	7117	4945

Each regression includes all covariates in Table 7 except the indicator variable for current school enrollment is not included in the analysis of sample 2. Standard errors reported below coefficient estimates.

Figure 1. Distribution of Financial Transfers to Children, HRS vs PSID.

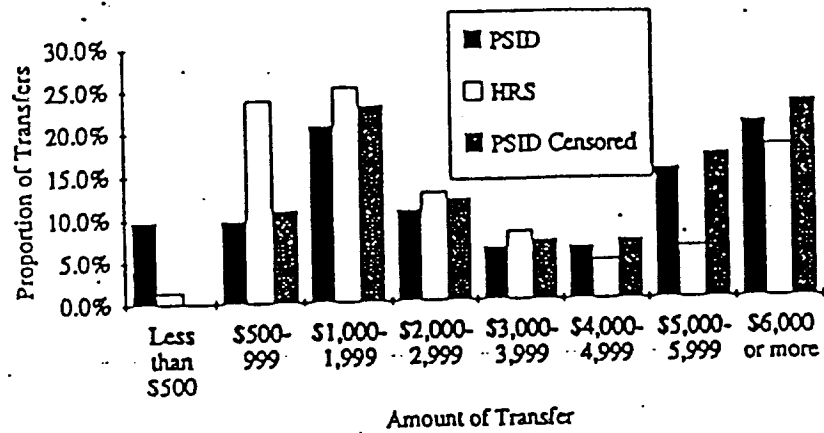


Figure 2. Distribution of Financial Transfers to Parents, HRS vs PSID

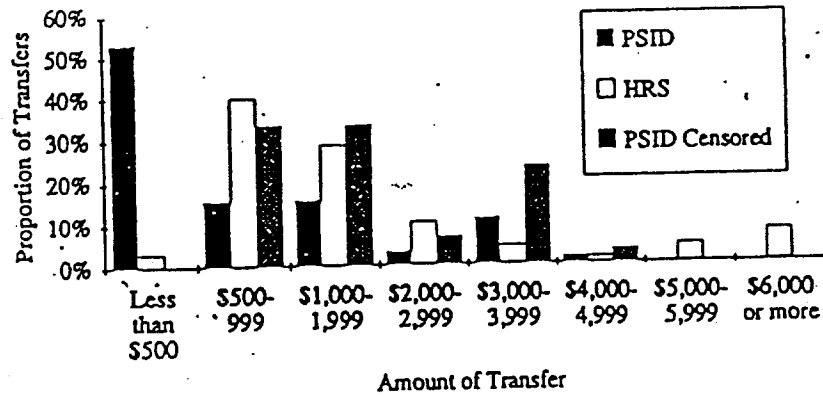


Figure 3. Distribution of Time Transfers to Parents, HRS vs PSID

