

Marital Disruption, Step Children, and Transfers to the Elderly

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Extended Abstract

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Extended Abstract

Divorce has become an important part of life for many in Europe and North America. For the United States, it has been estimated that approximately one half of all marriages will end in divorce (Kreider and Fields 2002, Martin and Bumpass 1989) and that one-third of all children will eventually live with a step parent before they reach adulthood (Furstenberg and Cherlin 1991). As a consequence of the increasing incidence of divorce and nonmarital childbirth, and subsequent (re)marriage, the traditional nuclear family — husband, wife and their joint children — is rapidly being replaced by new, more complex family structures. Conventional wisdom teaches that living in nontraditional families has profound negative effects on adults and children.

One particularly policy-relevant aspect of intergenerational relations that may be adversely affected by family disruption is care of elderly parents. Intergenerational transfers are a prominent feature of the economic landscape with intra- and inter-household transfers often used to fulfill families' insurance roles: For the disabled elderly, informal caregiving by children (i.e., the provision of services on a nonpaid basis) and intergenerational coresidence represent critical modes of assistance (McGarry and Schoeni 1997). Recent evidence suggests that adult children's involvement in parental care has declined over the past several decades (Kotlikoff and Morris 1990; Spillman and Pezzin 2000). Dramatic changes in family structure since the 1970s — the relative decline of the traditional nuclear family in the face of rising rates of divorce, nonmarital fertility and (re)marriage — may be a factor in the decline in family caregiving.

Concerns about the growing elderly population and the potential erosion of family support have prompted researchers to begin examining the long-term effects of marital disruption. To a large extent, research has focused on the effects of marital disruption by examining the role of divorce and remarriage on the extent and quality of intergenerational relations. The general consensus is that divorce reduces family support and the quality of relations between adult children and their parents. Although the impact of divorce on bonds between adult children and their parents is stronger for fathers than for mothers, the quality of relations between divorced women and their children is generally lower than that between mothers and children in traditional nuclear families. Research also suggests that remarriage further weakens the bond between generations.

Researchers have recently turned their attention to the effects of marital disruption on transfers to elderly parents. Evidence is beginning to accumulate which suggests that elderly parents in families that include at least one step child receive lower levels of transfers from their children than parents in families composed solely of biological children (Pezzin and Schone 1999; Pezzin and Schone 2001).

This study investigates the effects of divorce, remarriage and step children on intergenerational living arrangements and adult children's time and cash transfers to their disabled elderly parents. Our analysis differs from previous research in two important respects: First, our focus is on the *network* of adult children of disabled elderly parents. Because caregiving decisions are inherently family decisions, the entire of network of adult children is the appropriate unit of analysis. By examining transfers from the perspective of the adult children, we hope to understand why parents who divorce, remarry, or have step children instead of or in addition to biological children might receive less support. A critical issue that our analysis will address is whether the

presence of step children affects the transfers a biological child makes to a disabled parent.

Data for this analysis are drawn from matched observations from waves one and two of the Assets and Health Dynamics of the Elderly (AHEAD) survey. AHEAD is an ongoing stratified panel survey that began with a nationally-representative sample of community-based persons aged 70 and older in 1993 from the United States. Respondents are followed longitudinally roughly every two years. We limited our sample to AHEAD2 respondents who reported in wave two their marital status as widowed or as divorced/separated (AHEAD did not distinguish between divorce and separated), who reported at least one child, and who reported having difficulty with at least one basic or instrumental activity of daily living. Since the unit of analysis in our study is the adult child, we exploited the sibling structure of the AHEAD data and formed individual records for each child associated with the 1593 elderly parents meeting the above inclusion criteria.

The dependent variables we examine in this study are intergenerational living arrangements and cash and time transfers provided by adult children to their elderly parents. Of primary interest for our analysis are variables that represent family type. We distinguish among three family types: All children of the parent excluding the index child are biological children; all children of the parent excluding the index child are step children; and the children of the parent excluding the index child are both biological and step children. All of our models include a rich set of control variables to capture variation across adult children and their elderly parents along a number of dimensions: Demographic and economic characteristics of the parent; parental health and functioning; and demographic and economic characteristics of the index child and the child's sibling network.

Since the transfer behavior of children without siblings is likely to differ from that of children with siblings, we stratify our sample by the presence of siblings (only children versus multiple-

children families) and estimate separate models. We use a bivariate probit specification to model jointly the probabilities that an adult child provides time and/or cash transfers to a parent. Elderly respondents in our sample are observed in one of five distinct living arrangements (with the index child; with another child; with other relatives or non-relatives; in a nursing home; alone). To estimate living arrangements, we use a multinomial logit specification. Because our data includes observations on more than one child in multiple sibling families, we adjust the standard errors of our estimates to reflect the inherent correlation across observations.

Findings from the multivariate analyses indicate lower levels of transfers from step children and children of divorced parents. Specifically, the results indicate that step children are significantly less likely to provide cash or time transfers to their elderly parents; they are also less likely to coreside with a parent (relative to the parent living alone). Similarly, children of divorced parents are significantly less likely to coreside with their disabled elderly parent. We find strong negative effects of being a step child on the provision of cash and time transfers, as well as in the probability of shared living. The estimates also suggest a detrimental effect of parental divorce on time transfers and on the probability of coresidence with the index child. Children of divorced parents are about half as likely as children of widowed parents to coreside with a parent.

Our results from the time transfer estimation also indicate that the presence of biological children in the index child's sibling network lowers the propensity to provide time. The presence of siblings who are step children, on the other hand, has no statistically significant effect on time transfers by the index child. Biological children in families with step children are significantly less likely to have a parent living with *another* child. In contrast, children whose parents have only biological children are over four times more likely to have a parent coreside with another child.

In general, the results presented here support the notion that family disruption, broadly conceived, has a negative impact on child-to-parent transfers. Our finding of a detrimental effect of parental divorce on children's transfers is consistent with the literature and suggests a growing number of elderly persons who will be particularly vulnerable in later life due to weaker ties to their children. We also examine the independent effects of family type. We find strong evidence that step children are less likely than biological children to provide assistance across all outcomes. Contrary to expectations, however, the biological children of a parent who also has step children are no less likely than biological children of a parent who has no step children to transfer resources to their elderly parent. In fact, biological children whose sibling network included only additional step children were significantly more likely to provide care and to coreside with the parent—a result that might reflect their attempt to compensate for the reduced involvement of step children. As indicated by our parent-level analyses (Pezzin and Schone 1999), however, the offsetting behavior by biological children in these families does not compensate fully for the lower level of transfers by step children.

Aside from the growth in the elderly population, one of the most marked demographic trends of the twentieth century was the tremendous increase in divorce and remarriage. These trends have precipitated dramatic changes in family structure, a development that has captured the attention of researchers and policymakers concerned with the well-being of children. Relatively little research, however, has explored the effects of these demographic trends on transfers by adult children to their elderly parents.

Historically, children's provision of time services to their elderly parents has been an important form of economic transfer to the elderly (Morgan 1984). The findings of reduced

transfers from adult children and their elderly parents depending on parental marital status, kin relationship and, to a lesser extent, family type suggests that changing family patterns are altering the traditional role of the family as a support network. These findings raise concerns about future generations of elderly persons who will have experienced substantially higher rates of divorce, remarriage, and step parenthood than the cohort considered in this study. Evidence suggests increased reliance on subsidized formal care among elderly persons facing reduced informal care provided by their adult children (Spillman and Pezzin 2000). That evidence and our findings imply increased demands on public programs (e.g., Medicare and Medicaid in the United States) to fill in the gap resulting from lower levels of private transfers within these complex families. Of equal concern is the possibility that disabled elderly persons who are not eligible for public long-term care benefits and who cannot otherwise afford formal care will have their needs unmet.

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