Marital Disruption, Step Children, and Transfers to the Elderly

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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. As a consequence of the high incidence of divorce and nonmarital childbirth, and subsequent (re)marriage, the traditional nuclear family is rapidly being augmented by new, more complex family structures.

A substantial literature within the social sciences has focused on the effects of nontraditional family structures on children. A smaller literature has focused on the positive effects of marriage and negative effects of divorce on adult men and adult women. Relatively little is known about the effects of nontraditional family structures on adult children’s transfers to their disabled elderly parents.

In this study we investigate the effects of divorce, remarriage and step children on intergenerational living arrangements and adult children’s time and cash transfers to their disabled, unpartnered elderly parents. 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, a nationally-representative sample of community-based persons aged 70 and older in 1993 from the United States. We limited our sample to wave 2 respondents who reported in wave two their marital status as widowed or as divorced/separated, who had at least one

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child, and who reported having difficulty with at least one basic or instrumental activity of daily living. The unit of analysis is the child.

The dependent variables we examine are intergenerational living arrangements and cash and time transfers provided by adult children to their elderly parents. We represent living arrangements with a five-level categorical variable indicating whether the parent lives (i) with the index child; (ii) with another child; (iii) with other relatives or non-relatives; (iv) in a nursing home or (v) alone. A child was coded as providing time transfers to the parent if the elderly respondent identified that child as providing assistance with one or more basic (ADLs) or instrumental activities of daily living (IADLs) in the past four weeks. Finally, our measure of cash transfers was based on the elderly parent’s report that a child provided financial assistance greater than $500 to the parent in the past two years.

Of primary interest for our analysis are variables that represent family type and how the index child is related to the parent. We include four indicator variables. In addition to a variable reflecting whether the index child is a biological or step child, we include an indicator that identifies a child whose parent has additional step children and another indicator that identifies a child whose parent has additional biological children. We also include an interaction term between the index child’s relationship to the parent and the presence of step children in the sibling network to identify potentially differential effects for biological children with and without a step sibling. All models include a rich set of control variables to capture variation across adult children and 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. We also include two variables to measure parental marital history: the parent’s current marital status (currently divorced versus widowed) and an indicator of whether the parent has experienced at least one remarriage.

We stratify our sample by the presence of siblings (only children versus multiple-children families) and use a bivariate probit specification to model the probabilities that an adult child provides time and cash transfers. To estimate living arrangements, we use a multinomial logit specification. Standard errors for all estimates are adjusted to reflect the inherent correlation across observations.

Estimates from the bivariate probit model of cash and time transfers and relative risk ratios from the multinomial logit model of living arrangements indicate that step children are significantly less likely to provide cash or time transfers; they are also less likely to coreside with a parent. Similarly, children of divorced parents are significantly less likely to coreside with their disabled elderly parent. The presence of biological children in the index child’s sibling network lowers the
propensity to provide time, indicating that biological children may crowd out the efforts of siblings. The presence of siblings who are step children 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.

We calculate predicted probabilities for living arrangement and cash and time transfers for alternative child-parent relationship/family type combinations. With regard to only children, the predicted probabilities indicate that the incremental effect of being a step child relative to a biological child is substantial. There is also a much lower probability of an only step child living with a parent relative to an only biological child, resulting in larger proportions of elderly individuals with an only step child living alone compared to those having an only biological child and an increased probability of being in a nursing home.

For children with siblings, we find that being a step child substantially lowers the probability of providing time and cash transfers. Although there is relatively little difference in cash and time propensities among step children by sibling network characteristics (only biological, only step or both step and biological children in the sibling network), the results reveal a higher likelihood of providing time transfers among biological children whose sibling network is composed solely of step children of the parent relative to biological children whose sibling network is composed of both biological and step children of the parent. This finding is consistent with the notion that biological children may attempt to compensate for the (anticipated) lower involvement of siblings who are step children of the parent. The presence of other biological children, on the other hand, mediates this process by providing additional viable candidates to share in that responsibility. Our results are also consistent with the idea that biological children are able to free ride on the care provided by other biological children but not on the care (or lack thereof) provided by step children.

The predictions also indicate that the addition of other biological children to a family with step children has a strong effect on living arrangements of biological children. The likelihood that the index biological child has a parent who lives with another child quadruples from 3.6 percent to 14.1 percent. This increase is accompanied by a sizeable decrease in the probability that the parent lives with the index child or with another relative or non-relative and a somewhat smaller decrease in the likelihood that the parent lives alone.

Other results are consistent with expectations. We observe strong effects of parent’s disability status and parent’s age on time transfers. Cash transfers do not appear sensitive to these or other parent-specific demographic and health
variables. Instead, we find children’s cash transfers depend primarily on the parent’s wealth and the child’s relative financial status. Finally, our finding of a positive, albeit modest, correlation between the cash and time transfer equations may suggest that children in our sample do not view financial transfers as substitutes for time transfers. Results regarding parent and child living arrangements are also generally consistent with expectations. Disability level and race/ethnicity affect living arrangements, as do competing demands on the child’s time (marital status and the presence of children), the child’s economic status, and the number of siblings in the index child’s sibling network.

Our results 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 find that step children are less likely than biological children to provide assistance across all outcomes.

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. That evidence and our findings imply increased demands on public programs 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.