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**All the Ties that Bind: Race, Ethnicity, and Why Families  
Support Adult Children**

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***All the Ties that Bind: Race, Ethnicity, and Why Families Support Adult Children***

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## **All the Ties that Bind: Race, Ethnicity, and Why Families Support Adult Children**

### ***Abstract***

Race and ethnic identity is associated with distinct cultural practices, family characteristics, and established patterns of support that collectively influence how families support their young adult children. However, conventional explanations for why parents give financial assistance to some children but not to others are narrowly drawn from the relationship between child's income and transfers. In this paper, we more fully consider how varied aspects of parent-child relationships and other factors shape motives for supporting non-resident adult children financially. A systematic and detailed analysis of data from two waves of the Health and Retirement Study shows that while families do help financially needy children more, other aspects of relationships that bind parents to children, such as proximity, the presence of grandchildren, biological relatedness, and gender are often more important than financial need. Substantial race and ethnic differences in these ties that bind suggest a need to conceptualize family motives as both attuned to distinct preferences as well as closely adapted to family characteristics and established behaviors.

### ***Datasets used:***

Health and Retirement Study (HRS): U.S., 1992 (wave-1), 1994 (wave-2)

Why do families help some children but not others? The efforts of scholars to answer this question has produced a juxtaposition common in the social sciences--parsimonious models do not address critical factors while detailed accounts of behavior do not fit into a theoretical framework. In the case of family financial support for young adult children, the predominant explanations for parental motives, namely altruism and exchange, make no claims about the importance of many aspects of parent-child relationships that influence who receives and who does not, such as biological relatedness, the presence of grandchildren, emotional identification, as well as other bonds besides financial need. Not considering these ties that bind may be obscuring a more complete explanation of parental motives. Given the distinct patterns of support, family characteristics, and cultural practices associated with race and ethnic identity in the U.S., the motives that families have for supporting adult children may be equally as distinct if we only more fully consider the ties that bind those that give and those that receive.

While money is only one component of intergenerational transfers, it dominates flows between midlife parents and their children and has been the main focus of scholars interested in parental motives for giving (Soldo & Hill 1993). There has been little systematic effort to determine whether black, white, and Latino parents are motivated differently when allocating financial assistance to adult children. Much previous work focuses on competing types of support as well as what factors "explain" the race and ethnic "gap" in giving using pooled samples (Jayakody 1998). Lee and Aytac (1998) examine whether and for what reasons black, white, and Latino families vary in which children they financially support. However, while the authors adeptly point out that "researchers' assumptions about the motives behind kin assistance are too narrowly drawn (p 427)," there is no systematic effort to address these deficiencies by considering a broader array of ties between parents and children: the authors later assert "...the effect of the recipients' resources is the key to testing the donors' motives (p 428)."

In this study, we extend research on this topic in three ways. First, some evidence suggests that there may be racial and ethnic differences in the salience of financial ties versus other ties between parents and children (Bastida 1979; Lee & Aytac 1998; Martin & Martin 1978; Mutran 1985). For instance, cultural practices independent of a child's financial need may guide allocation decisions, such as preferences for strong kin networks and the priority of support for grandchildren (Markides, Boldt, & Ray 1986). Investigating the relative importance of non-financial ties will help gauge the extent to which existing explanations fall short, as well as suggest how theory can be extended to address the broader set of factors that parents consider when allocating assistance to adult children. Second, to uncover potential race and ethnic differences in support motives is to help us comprehend how disparities within families and across groups are generated as well as to help us learn about how means-tested strategies are adapted to a group's distinct environment. Third, differences in who receives and why has important implications for whether policy remedies such as college loans, child tax credits, and low-income housing assistance are being targeted effectively to the young adults most in need of this public assistance. A clearer understanding of transfer motives can also help clarify whether public transfers will merely displace private transfers, leaving recipients of public assistance at the same income levels as without such assistance (Schoeni 1992).

A large body of work examines race and ethnic differences in levels and types of support from parents to children. Some studies richly detail aspects of parent-child relationships, but findings of which children receive and which do not are largely disaggregated from theoretical models of parental motives that suggest why (Cooney & Uhlenberg 1992; Eggebeen 1992; McAdoo, 1993). Some earlier work suggests that African American adult children benefit most from family support when it is considered broadly (Aschenbrenner, 1973; McAdoo, 1993), but more recent and comprehensive studies report that white adult children are more likely than African-American adult children to receive not only economic assistance, but also advice and emotional support, baby-sitting and childcare services, and help around the house (Cooney & Uhlenberg 1992; Eggebeen 1992; Eggebeen & Hogan 1990; Goldscheider & Goldscheider 1991; Hoyert 1990; MacDonald 1990; Schoeni 1993). In terms of giving of financial assistance, research is consistent in finding that white adult children are more likely to receive and receive larger amounts of financial assistance than black or Latino children (Jayakody 1998; Lee & Aytac 1998; Rosenzweig & Wolpin 1993; Cooney & Uhlenberg 1992; Cox & Rank 1992).

A second body of work has focused on differentiating motives underlying family financial transfers (Cox 1987; Cox and Rank 1992; Altonji, Hayashi & Kotlikoff 1997; Dunn 1997; Lee, Parish, & Willis 1994; McGarry & Schoeni 1995; Lee & Aytac 1998). Observed patterns of giving are used to make inferences about parental motives for giving because motives are not measured directly. The relationship between transfers and the recipient's income is at the forefront of a long-standing debate on the motivation behind such transfers. One theory hypothesizes an altruistic motive wherein donors care about the well being of the potential recipients and hence try to maximize well being among children (Becker, 1981). The primary competing hypothesis posits that transfers are a form of exchange and represent payments to the recipient for the provision of services (Cox, 1987). These competing explanations, as well as possible extensions, are described in detail in the next section. Suffice it to say at this point that tests for the presence of these motives have rested on the effect of child's income on receipt of assistance. We will evaluate transfer behavior in light of altruism and exchange theories as well as consider other plausible explanations for who is helped given that neither of these explanations may adequately describe parental motives. We give particular attention to whether these existing explanations can be extended to consider the fuller set of bonds between parents and children.

### **Theoretical Background: Motives for Intergenerational Transfers**

What motivates parents to provide financial support to some adult children but not others? Economists' interest in the proper specification of the parents' utility function has led discussion of this issue to focus on two distinct types of motivation—altruism and exchange—and to focus on them as competing. With altruism it is concern about the overall well being of their children that drives parents' actions (Becker 1981). Exchange, on the other hand, involves underlying expectations for assistance being reciprocated over time (Cox 1987).

The relationship between the size of the transfer and the recipient's and donor's income has been examined in an effort to shed light on the appropriateness of models of transfer behavior. The altruistic theory predicts that transfers decrease with children's income

(Becker 1981). That is, higher-income children, other things being equal, are expected to receive less in the way of transfers from parents than are lower-income children from the same family. Exchange theories, on the other hand, assert that transfers are a form of exchange and represent payments to the recipient for the potential reciprocal provision of services (Cox 1987). The amount of parents' transfers may be either positively or negatively related children's income (or other proxies for "well-being"). Thus the exchange model cannot be easily rejected in the way the altruism model can be by failing to observe a negative relationship between child's income and transfers.

Ambiguity in the exchange model about the relationship between transfers and child's income is the result of two uncertainties. First, though the exchange model clearly posits that those children with little or no potential to provide help are less likely to receive help from their parents, uncertainty about what type of reciprocal support parents most desire from children leads to uncertain expectations about the role of children's income. Do parents primarily desire financial support in return for financial support or do they desire the kind of emotional support, care, and non-monetary services that their high-income and low-income children may be equally as able to provide? Realistically, parents may be expecting a combination of both monetary and non-monetary support. Most exchange theorists imply that children's services refer more to companionship and attention, which parents cannot purchase in the market, than to services with market substitutes (Cox 1987). Parents' giving more to their higher-income children, all else being equal, is consistent with the exchange model if the parents desire in return financial assistance, which higher-income children are better able to provide. If parents seek non-monetary help, however, the tendency would be to push the correlation between children's income and parents' transfers toward zero because children's ability to provide that kind of help is largely independent of their income.

The exchange model's prediction about the role of children's income is further clouded by the elasticities of supply and demand for children's help to reciprocate parents' financial help. Children's willingness to reciprocate may well decrease with their income level (pushing up the 'price' of supplying help) because income without such 'strings' is more readily available to high-income children than to low-income children. Parents may respond to this variation in price by 'purchasing' (demanding) less help from high-income children than from low-income children. With a lower quantity of reciprocal help demanded of high-income children but a higher 'price' being paid, the resulting effect on the level of financial transfers from parents is uncertain. If we are willing to make the assumption that parents' demand for their children's reciprocal help is independent of the 'price' (i.e., exogenous to level of children's income), then the exchange model predicts larger transfers to high-income children. Lee and Aytac (1998) make this simplifying assumption, but other recent studies do not (Cox & Rank 1992; McGarry & Schoeni 1995).

Evidence to date for altruism or exchange based on interhousehold financial transfer data is inconsistent and dependent on whether the focus was on *inter-vivos* transfers or bequests (*inter-vivos* transfers are made while the parent is alive). Contrary to the expectation of altruism that parents should leave more to their least well-off children, studies testing the motivation for transfers by examining bequests largely find that parents give relatively similarly sized bequests to their children (Wilhelm 1996; Menchik 1988; Tomes 1981; 1988). Studies examining *inter-vivos* transfers are less consistent. Earlier work by Cox (1987) and Cox and Rank (1992) found that the higher a child's earnings, the less likely he or she was to

receive a net financial transfer from a parent, but the larger the net transfer received. They argue that this finding supports the exchange model of transfers and is inconsistent with the altruism model. MacDonald's (1990) analysis of the same data set yields signs on the coefficients of child's earnings consistent with those of Cox and Rank, but of small enough magnitude to provide little support for exchange theory. Recent work more consistently suggests that *inter-vivos* transfers disproportionately help children who are least well off in terms of both the likelihood of receipt and amount received (Altonji, Hayashi, & Kotlikoff 1997; Dunn 1997; Lee, Parish, & Willis 1994; McGarry & Schoeni 1995).<sup>1</sup> Few studies examine the relationship between child's income and receipt of assistance separately by race and ethnicity. Using a nationally representative sample of African American families, Taylor (1986) finds that child's income has a positive relationship with receipt of support, but a more recent comparative study by Lee and Aytac (1998) finds no substantial relationship between child's income and receipt of financial assistance in white, black, or Latino families.

Considering these findings together, it is not at all clear whether parents are motivated most by the relative financial need of their children and whether there are any race or ethnic differences in such motives. The inability to account for race and ethnic differences in interhousehold financial transfers to children may reflect researchers' assumptions about parental motives being too narrowly drawn between altruism and exchange, logically implying a need to consider the role of other ties between parents and children.

In Figure 1 we extend the explanatory framework to include a broader set of factors that parents consider when making decisions about which children will be given financial assistance. We classify these factors into three overlapping sets: financial ties, non-financial ties, and markers of child independence.

[Figure 1 About Here]

## **Financial Ties**

Financial ties are the financial needs of children and parents as well as the mutual potential to reciprocate assistance as suggested by the altruism and exchange models of motivation. *The altruism model hypothesizes that children with greater financial need receive more, while the exchange model makes no clear prediction about the relationship between financial need and receipt of assistance.*

## **Non-Financial Ties**

Non-financial ties reflect aspects of parent-child relationships such as emotional identification, extent of interaction, intergenerational connections to grandchildren, and biological relatedness. As indicators of non-financial ties we consider child's relative proximity, biological relatedness, the presence of grandchildren, and whether a child's gender matches that of their single donor parents. We address these non-financial ties in turn: *Hypothesis 1: Net of other child characteristics, proximity to parents relative to other children positively influences financial transfers.* Proximity to parents characterizes greater levels of interaction and possibly more intimate involvement and knowledge of children's lives. Parents may also have a greater sense of responsibility for children who are near.

Studies that consider children's proximity, also a potential indicator of a child's ability to reciprocate help to parents, report both positive correlations (McGarry & Schoeni 1995) and no association (Jayakody 1998). Though children who are near may have selectively moved to be closer to parents for financial reasons, we regard proximity net of child's income, work status, homeownership, and other characteristics to be independent of financial need.

*Hypothesis 2: Net of financial need, children with children of their own will receive more financial assistance.* Desire to be involved with grandchildren binds parents to their adult children. An aging parent's identity as a grandparent as well as sense of responsibility for helping with grandchildren is an important motivating factor that may differentiate Latino, African American, and white families (Markides, Boldt, & Ray 1986). Work on this topic has largely focused on the role grandparents have in the provision of childcare services rather than as donors of financial transfers (Soldo & Hill 1993). Evidence is inconsistent about whether ties associated with grandchildren influence financial transfers. McGarry and Schoeni (1995) find that adult children with kids are more likely to receive. Lee and Aytac (1998) find that black adult children with young kids receive less, but find no effect for whites or Latinos. Interpreting parental motives based on the presence of grandchildren is problematic because young adults with children, on average, have greater financial need. To better disaggregate the extent to which assistance is given based on financial need rather than non-financial ties to grandchildren, we compare transfers to single parent children relative to transfers to married children with kids. Because children who are single parents, on average, have greater financial need than married children with kids (35% versus 13% have income below \$10,000), a finding that single parent children receive the bulk of assistance given to children with kids implies that parental concern for children's financial need dominates their motives for giving. Jayakody (1998) used this approach, reporting that single parent children receive *less* relative to children who are married with children.

*Hypothesis 3: Stepchildren are at a disadvantage in receipt of financial assistance relative to their half-siblings who are by birth of both parents.* Some scholars have suggested that parents may allocate resources to children depending on their relatedness to them (Eggebeen 1992), but there has been little empirical effort to verify this claim. We regard biological relatedness to be an important dimension of parent-child ties, hypothesizing that parents feel less responsible for the financial well being of stepchildren than children by birth.

*Hypothesis 4: In families with single donor parents, children who are of the same gender as the parent will receive more financial assistance.* Life-span developmentalists and social psychologists have observed gender differences in affective exchanges between parents and children, with mothers initiating more complex and intense exchanges with their daughters. It is plausible that children with greater socioemotional ties to their parents will as a result receive greater financial assistance. Black and Latino households are more likely than white households to be headed by single parents (47% and 40% vs. 21%, respectively). The prevalence of female-headed households, especially in African American families, may result in daughters benefiting at the expense of sons given possible stronger bonds between single mothers and their daughters (Stack 1974; Wodak 1986).

## **Child Independence**

*Hypothesis 5: Net of other child characteristics, older children will receive less financial assistance.* Older children are likely to have lived away from home longer, removed from the supervision and day-to-day concern of parents (Goldscheider & DaVanzo 1986). Research has established that both receipt and amount of financial assistance from parents to adult children are greatest when children are in their early adult years and then decline, but not in an entirely linear fashion (Cooney & Uhlenberg 1992; Hill, Morgan, & Herzog 1993). There is little evidence to suggest that the age-pattern of financial assistance varies by race and ethnicity, but the greater likelihood that black and Latino children live closer to parents into their twenties may result in a more gradual age-related decline in financial assistance in these families. Besides child's age, several child characteristics are associated with independence from parents (e.g. full time work status, having finished school, owning a home, and income), but these factors are significantly associated with financial need. We regard only age, net of other child characteristics, to reflect aspects of independence that sufficiently exclude financial need.

## **Family Structure, Living Arrangements, and Non-Financial Forms of Support**

The decisions that parents make about financial assistance and the type of support (money, time, or space) are shaped by family resources and cultural preferences as well as financial needs and non-financial ties between children and parents. The lower the incomes of the parents, the smaller the transfer to children (Altonji, Hayashi & Kotlikoff 1997; Rossi & Rossi, 1990), and also the more likely parents are to coreside rather than give money (Rosenzweig & Wolpin 1993). Different ways of allocating support may reflect black and Latino families being larger, more likely to have intergenerational living arrangements, having fewer economic resources to distribute, and also possibly having different perceptions of children as caregivers or pension supports (Mutran 1985; Lee and Aytac 1998; Stack 1974; Wong, Capoferro & Soldo 1999).

Research generally focuses on the household as the decision-making unit, but it is possible that the decision-making unit may be broader for some families, including extended family members as well as non-relatives (Altonji, Hayashi, & Kotlikoff 1997). For example, given the potentially greater importance of non-kin ties in African American families, we might find greater differences in considering the wider net of support relationships. While noting this, we focus on the household as the decision-making unit so that we can adjust for both donors' and recipients' characteristics as well as more systematically consider aspects of parent-child relationships.

## **A Statistical Model of Parental Motivations**

By comparing related siblings rather than unrelated children, the fixed-effects model reflects the family-based decision making process of allocating resources to competing adult children and adjusts for differences across families in unobserved factors that influence how assistance is allocated to children (Rosenzweig & Wolpin 1993). First, we estimate a logistic

fixed-effects model predicting **receipt of assistance** (1 if a transfer, 0 otherwise) *at time 2* by the  $c^{\text{th}}$  unordered child in the  $i^{\text{th}}$  family as:

$$Y_{ic}^* = \mathbf{d}_i^* + \mathbf{a}' \mathbf{x}_{ic} + \mathbf{m}_c$$

where  $\mathbf{d}_i^*$  is a fixed family-specific lagged effect and  $\mathbf{a}'$  is a vector of estimated coefficients corresponding to the vector  $\mathbf{x}$  of covariates *measured at time 1*. Predictors  $\mathbf{x}$  are measured prior to transfers rather than at the same time, thus more closely reflecting the conditions under which parents made the decision to give support. We omit the subscript for time in the equations for simplicity. Most prior studies that examine transfers are limited by the cross sectional nature of existing data (Lee & Aytac, 1998; McGarry & Schoeni, 1995; Jayakody, 1998). The error term,  $\mathbf{m}_c$ , represents the effects of the omitted variables that are peculiar to both the families and children and is characterized by an independently identically distributed random variable with mean zero and variance  $\mathbf{s}_m^2$ . Because the  $\mathbf{d}_i^*$  term represents all fixed differences between siblings in a family, the effect of constant  $\mathbf{x}$  variables (e.g. parent's age) are absorbed into  $\mathbf{d}_i^*$ .

A second fixed-effects model estimates the log **amount of assistance** received *at time 2* by the  $c^{\text{th}}$  unordered child in the  $i^{\text{th}}$  family:

$$\ln A_{ic} = \gamma_i^* + \mathbf{b}' \mathbf{x}_{ic} + \mathbf{e}_{ic}$$

where  $\gamma_i^*$  is a fixed family-specific effect and  $\mathbf{b}'$  is a vector of estimated coefficients corresponding to the vector  $\mathbf{x}$  of covariates *measured at time 1*. As above, the error term,  $\mathbf{e}_{ic}$ , represents the effects of the omitted variables that are peculiar to both the families and children and is characterized by an independently identically distributed random variable with mean zero and variance  $\mathbf{s}_e^2$ . Only the effects of  $\mathbf{x}$  variables that vary across children are estimated because fixed  $\mathbf{x}$  variables are absorbed into  $\gamma_i^*$ . A necessary restriction in order to compute within-family estimates is to include only families with two or more children.

When there are data for all children within a family, the fixed-effects model is an appropriate analytic strategy for adjusting for unmeasured factors that vary across families (Hsiao 1990). Unmeasured factors associated with transfers, such as family closeness, their emphasis on earning money, and their aptitudes for achieving financial success, may be correlated with child characteristics that influence how resources are allocated. Arguably many of these unobserved factors are fixed at the family level and children are equally exposed to them. For example, parents who take a keener interest in their children's success might be more likely to both give them financial assistance and help them to launch a career. Because the fixed-effects model controls for any characteristic that is invariant across family members, examining race and ethnic differences requires estimating separate models for white, black, and Latino families.<sup>2</sup>

## DATA AND MEASURES

The Health and Retirement Study (HRS) is a nationally representative panel study of individuals born between January 1, 1931 and December 31, 1941 and their spouses or

partners. The survey respondents are the parents of the child recipients, providing all the information about both their children and any assistance given or received. Extensive information about various types of transfers between these respondents, their parents, and their children was collected in interviews averaging one hour in length. HRS is an ideal data set for this study because intergenerational support is most prevalent among retirement-aged parents and their adult children (Hill, Morgan, & Herzog 1993, Soldo & Hill 1995).

Wave-1 and wave-2 were fielded in 1992 and 1994, collecting information on first 25,189 and then 22,537 adult children associated respectively, with 7,547 and 6,710 respondent households. In both waves most children live outside the household and are between the ages of 18 and 40, with a mean age of 29 in wave-1. Children are categorized as black or Latino if either parent is identified as such.<sup>3</sup> Other ethnic groups could not be examined due to insufficient data. The respective number of white, black, and Latino adult children (age 18 and over) with complete information for both waves is 13,920, 4,076, and 2,051; of which 11,974 (86.0%), 3,370 (82.7%), and 1,572 (76.6%) are non-resident children in wave-1.

### **Outcome Variables: Incidence and Amount of Money Transfers**

Families with at least one living child, regardless of age or coresidence, were asked if any child had been given financial assistance at or above a specified threshold during the last 12 months. In wave-1 the threshold was a total of \$500 or more. In wave-2 the threshold was lowered to \$100 to address concern that the \$500 threshold excluded many transfers, particularly in low-income families (Soldo & Hill 1995). With some comparison to wave-1 patterns, analyses in this paper focus primarily on the wave-2 measure because it is more inclusive and enables estimation of longitudinal models. Financial assistance was defined to include “*support, gifts, or loans for specific expenses such as a down payment on a house or medical care or insurance as well as unrestricted contributions that might be used for any purpose including paying bills or living expenses.*” Costs of shared housing or food were excluded. Respondents who reported giving financial assistance were then routed into a sequence of questions asking which child or children had received assistance, and how much was given to each. For married couples, the questions were administered to the female partner, based on the assumption that women are more knowledgeable about the children. Unfolding brackets and imputation techniques were used to address the problems of large amounts of missing data that have plagued earlier investigations (Soldo & Hill 1995). Respondents who were unable to recall the amount of transfer were routed to a series of three bracketing items (“was it more than \$500?” and if so, “was it more than \$1000?”, “...\$5000?”). Responses to these bracketing questions were used to impute transfer amounts.<sup>4</sup>

Table 1 reports parental financial transfers across all adult (18 and older) children, coresident or not. It lists, separately for waves 1 and 2 and by children’s coresidence status, the number of adult children sampled, the proportion receiving a financial transfer during the course of a year, and the mean amount of the financial transfer for those receiving one. The table shows that adult children who receive a financial transfer during the course of a year are in the minority, regardless of race or ethnicity. Receipt of a transfer is more common for coresident children than for children living apart from their parents: regardless of race or

ethnicity, children living with their parents are about twice as likely to receive a financial transfer from those parents. However, there are notable race/ethnicity differences. Among both coresident and non-resident children, Latinos and blacks are substantially less likely than whites to receive a financial transfer (8% and 19% for non-resident and coresident Latinos, 9% and 18% for blacks, and 16% and 37% for whites, respectively). Those who do receive one receive less (e.g., in wave-2, \$1,415 for non-resident black children and \$1,816 for non-resident Latino children as opposed to \$2,750 for non-resident white children).

[Table 1 About Here]

A comparison of wave-1 and wave-2 patterns suggests some sensitivity of the results to the threshold for ascertaining transfers. With the threshold at \$100 per year in wave 2 as opposed to \$500 per year in wave 1, somewhat greater proportions of children are seen to receive transfers (e.g. 20% as opposed to 16% among non-resident whites), which on average are smaller (e.g. \$2,750 as opposed to \$2,956 among non-resident whites). The differences are, as expected, larger for the lower-income groups (blacks and Latinos). To allow for a more comprehensive picture of financial transfers, the remainder of the paper reports analysis of the wave-2 data, with the threshold set at \$100 per year.

From this point forward we limit the analytic focus to interhousehold transfers to non-resident adult children due to the ambiguity of measuring transfers within a household. Though the HRS question did ask respondents to report assistance “excluding shared housing and food”, in-kind transfers must be given a dollar value in order to compare transfers across coresident and non-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 or she 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 such in-kind help is difficult, as is assigning a rental value for children living with their parents without more specific geographical information.

## **DESCRIPTIVE RESULTS**

### **Family Allocation of Assistance to Non-Resident Adult Children**

Table 2 examines within-family allocation of assistance to adult children. Statistics are reported by number of adult non-resident children in the family. The frequency distribution of families by size (first row for each group) shows that blacks and Latinos have more adult children to distribute resources to; the modal number of adult children for black and Latino families is five or more, but only two for white families.

Rows two through seven for each group report the distribution of families by the number of children they give to, given the overall number of adult children in the family. Black and Latino families are more likely not to give, with values ranging from about 0.6 to 0.7 for blacks and 0.65 to 0.8 for Latinos. The proportion of white families giving to no children ranges from 0.56 to 0.60. For each group, the proportion of families giving to no adult children did not change much with number of adult children in the family. Nonetheless,

the predominant finding for all groups is that at least 3 out of 5 families give no transfers of \$100 or more during the course of a single year.

[Table 2 About Here]

Families who give do not give to children equally. Most families giving to adult children give to only one. A consequence of this is that adult children from larger families, of which blacks and Latinos are more represented, stand a lower chance of receiving. Children from larger families also stand to receive a smaller amount on average. The average dollar amount of support declines significantly for white and black families with family sizes above two adult children. For whites, the average family total of \$4,833 for families with two children steadily declines to \$2,839 for families with five or more adult children. For blacks, the average family total of \$2,658 for families with two children steadily declines to \$1,349 for families with five or more adult children. For Latinos, the average family total remains near \$2,800, except for families with 4 adult children giving an average of \$3,746 to their children.<sup>5</sup>

The proportion in the final row assesses the *approximate* equality of transfer amounts among adult children in multiple-adult child families. The reported proportion is produced by allowing a child recipient's transfer amount to range one standard deviation (of the entire sample) above or below their actual amount. Then, if the ranged values for all children intersect, the family is judged to give *approximately equal* amounts to all children. Some studies have found transfer amounts to be quite similar among children (Menchik 1988; Wilhelm 1996), but here there is little evidence of similarly sized transfer amounts for any group. Sensitivity analysis consisting of adjusting the range to include values up to plus or minus two standard deviations did not yield significant differences in the reported proportions. These proportions suggest that few families of any given size or race/ethnicity give *approximately equal* amounts to all non-resident adult children, with overall proportions of eight, seven, and six percent for white, black, and Latino donor families, respectively.

The significant within-family variation in amounts given to children for all groups *may* reflect parents allocating assistance depending on financial need. Selective giving is consistent with an altruistic motive wherein parents are more likely to give (and give more) to some children than others. However, whether financial need is the most salient factor influencing support requires examining the direction of the variation as well as the importance of other parent-child ties. This task is pursued in the remaining sections, which shift the unit of analysis to the child-parent dyad to address this issue.

### **Characteristics of Non-Resident Children and Parents by Race-Ethnicity**

Table 3 reports descriptive statistics for the child-parent dyads, showing the mean values and the percentage receiving assistance for the variables used in the subsequent multivariate analyses. Families with multiple non-resident adult children contribute multiple observations to the sample (e.g. parents with three eligible children contribute three observations). Non-response rates were low for all the items describing the respondent's children except reports of child's income, for which values were imputed for missing data based on income brackets.<sup>6</sup>

[Table 3 About Here]

Only for whites do the descriptive statistics in Table 3 support the expected relationship between the recipient's income and the likelihood of a transfer as predicted by the altruistic model. Among white adult children, those earning less than \$10,000 are more likely to receive help than those with moderate or high income (27% vs. 20 & 15%); children earning less than \$10,000 in black and Latino families are no more likely to receive help than middle and higher income children (12% vs. 14 & 13% for blacks; 10% vs. 13 & 10% for Latinos). The small variation in the percentage of black and Latino adult children receiving by income suggests that parents in these families may allocate support based on other criteria. Subsequent multivariate analyses will examine this further.

The remaining child characteristics in Table 3 suggest, for all groups, that a child who receives assistance is more likely to be younger, currently in school, working less than full time, single with or without children, and not a homeowner. Gender differences in support are larger for blacks and Latinos; among blacks and Latinos, female adult children are more likely to receive assistance than male adult children (19% vs. 14% for blacks; 15% vs. 12% for Latinos; 22% vs. 20% for whites).

Parent and family-level characteristics included in Table 3 have no direct bearing on tests for why some children *in a given family* receive more or less because they do not vary for children in the same family. Nonetheless, they reveal important group differences that are worth noting.<sup>7</sup> White parents are nearly twice as likely to have more than a high school education: 34% versus 20% for black parents and 15% for Latino families. Total household income and net worth starkly illustrate inequalities in income, and especially wealth. Parents in each group with fewer resources give to a substantially smaller proportion of children. Black and Latino parents (either spouse) are substantially more likely to report their overall health as "fair" or "poor" (42% of white parents; 70% of black parents; 72% of Latino parents) versus "excellent," "very good," or "good." Finally, black and Latino parents are more than twice as likely as whites to live in households with four or more family members (whites: 15%; blacks: 31%; Latinos: 40%). These findings that transfers are sensitive to parental health, wealth, and family size concur with recent findings by Wong, Capoferro and Soldo (1999).

## MULTIVARIATE RESULTS

Columns 1-3 of Table 4 report the estimated odds ratios ( $e^a$ ) from logistic fixed-effects models. Columns 4-6 report estimated **b** coefficients from fixed-effects models predicting log amount of transfers. In general we expect the same relationships to hold between the predictor variables and amount of transfers that hold for the receipt of support. Table 4 is vertically organized into measures that reflect financial ties, non-financial ties, and child independence, which we discuss in turn.

### Financial Ties

Controlling for unobserved family effects, black and white adult children who make \$25,000 or more in wave-1 are less likely (53% and 45%, respectively) to receive a financial

transfer in wave-2 than moderate-income siblings (\$10,000 to \$25,000). However, only among whites are children earning less than \$10,000 more likely (30%) to receive than moderate-income siblings. In the amount model, black and white adult children who make \$25,000 or more in wave-1 receive an average of 52 and 32 percent less in wave-2 than their moderate-income siblings. The coefficient for Latinos is not statistically significant, though it is in the direction predicted by altruism (-0.16). As in the estimates for receipt of transfers, black families diverge from whites by not giving more to their lowest earning children relative to siblings in the middle-income category. Overall the pattern for whites of more to low-income and less to high-income children is fully consistent with altruism. The relationship of child's income to transfers is partially consistent with altruism for blacks and not at all consistent for Latinos.

[Table 4 About Here]

The lack of any relationship for Latinos and the finding that low-income children in black families do not receive more than their moderate-income siblings may imply family support strategies that emphasize both helping needy children as well as practically allocating multiple types of support to children. For example, parents with limited financial resources may ration financial assistance selectively to children who can most benefit from it (e.g. paying college expenses) while giving other kinds of support (e.g. coresidence) to children who are near and not making such investments. Pursuing this line of inquiry, we re-estimated the logistic fixed-effects models after making two changes. First, we expanded the sample to include both coresident and non-resident children aged 18 and over. Second, we treated the "incidence" of coresidence support in wave-2 the same as the incidence of financial support, producing a dependent variable equal to 1 if either is true (the proportion of the sample classified as receiving support changed from 0.19 to 0.27). Despite these changes, these alternative results reasserted that poor children in African-American and Latino families are no more likely to receive "support" than other children in the family. In fact, black children earning less than \$10,000 were now significantly less likely than moderate-income siblings to receive support (odds ratio became 0.58, with  $p=0.008$ ). Black children earning more than \$25,000 remained less likely to get support than moderate-income siblings (odds ratio became 0.40,  $p=0.0001$ ). The odds ratios for Latino children earning less than \$10,000 and \$25,000 or more became 1.11 and 0.76, respectively, which are not statistically significant but are in the direction predicted by altruism. The coefficients for whites changed little. Therefore, it appears that coresidence support is not selectively substituted for financial assistance for poor children in these families.

### **Non-Financial Ties**

Given these inconclusive findings about the importance of financial need, we turn to consider non-financial ties. Proximity to parents measured as living within 10 miles has opposite influences for whites and Latinos: white children who live within 10 miles are 27% more likely than their siblings to receive a financial transfer, while Latino children who live within 10 miles by are 58% less likely to receive. In the amount models, white and black families give 14 percent more to children who live within 10 miles while the effect is no

longer significant for Latinos but in the same direction (-0.15). As with child's income, the distinction between whites and Latinos in the role of proximity may imply differences in the valuation of money in relationships as well as the rationing of scarce financial resources to children who do not live near enough to benefit from time and coresidence help. In the above re-estimated models that expanded the definition of assistance to include coresidence in wave-2, we continued to find that Latino children who lived near in wave-1 are less likely than their siblings to receive this broader definition of support in wave-2 (for Latinos, the odds ratio changed to 0.60,  $p=0.067$ ; for blacks, 1.30,  $p=0.173$ ; for whites, 1.27,  $p=0.005$ ).

Both white and Latino children with children of their own, regardless of marital status, are more likely to receive, with the effect particularly strong for Latinos. The importance of grandchildren to receiving support implies that their presence is a central tie motivating Latino parents to give assistance, surpassing in importance the influence of a child being enrolled in school. This finding supports findings elsewhere that parent-child ties in Latino families may take on greater significance when grandchildren are present (Markides, Boldt, & Ray 1986). In the amount models, single parent children from all three groups, often the most economically vulnerable marital status-parenthood combination, get more money (33, 17, and 31% more for white, black, and Latino children, respectively) relative to their single childless siblings (omitted category). However, only Latino families give relatively equal amounts to married and unmarried children with kids. The finding that Latino families strongly support children with kids regardless of marital status suggests that parental ties to grandchildren are somewhat independent of the financial need associated with being a single parent (Latinos give 31 and 30% more, respectively, to single and married children with kids, relative to siblings who are single and childless).<sup>8</sup>

Turning to child's gender, white and particularly black male children are at a disadvantage relative to their sisters in receiving a financial transfer (13 and 49% less likely to receive, respectively). In the amount models, only black families prefer female children to male children when giving financial assistance, transferring 22% less to male children relative to female siblings. A closer descriptive look at the data shows that single parents are more likely to give to the child of their gender—most significantly, single black mothers are more likely to give to their daughters (78%, or 276 of 356 gifts) than sons (22%, or 80 of 356 gifts). Because single black mothers are more prevalent than single black fathers as well as more likely to give (single black moms give to 20%, or 356 of 1763 of non-resident adult children vs. 14%, or 163 of 1126 for single black fathers), daughters in African American families benefit from financial transfers more than their brothers. White and Latino families fit a similar pattern, with single parents giving more to children of their gender (results not shown). Besides financial assistance, unreported descriptive results show that black male children are also less likely to be coresident with parents (7.9% vs. 19.3%) and equally likely to live near. While the results are consistent with the hypothesized role of stronger bonds between mothers and daughters, another possible interpretation is that greater support to daughters may reflect young black men's lower levels of academic achievement (e.g. not going to college) as well as other barriers that may hinder young black men more than their sisters (Hofferth 1984). Wilson (1987) and others have suggested that a shortage of male role models in the African American community is an important factor contributing to young black males not attaining higher education at the same rate as young black women.

Finally, non-financial ties reflected by a child's biological relationship to his/her donor parents shows that white stepchildren are 54% less likely to receive than their half-siblings who were born to or adopted by both parents (there were no statistically significant distinctions between naturally born and adopted children when separate indicators were included). This finding for receipt of support is not found for black or Latino stepchildren (the odds ratios are close to one and not significant). Results for amount of support parallel those for receipt of support--in white families stepchildren receive 60 percent less than children born to or adopted by both parents. Parents may well feel less responsible for a child who is not their offspring. Stepchildren, like more self-sufficient children, may be more removed from being classified as dependents. This alternative interpretation is more consistent with the findings for white families especially. Norms of responsibility for children in white families may be more strictly bound to the traditional nuclear family defined as parents and children by birth rather than family and community viewed more broadly.

### **Child's Independence**

Child's age as a marker of independence, net of other controls, suggests that only white families concentrate their giving in the youngest age group—white children who are older than 30 are 42% less likely to receive a financial transfer; for amount of support, white children younger than 25 receive 20% more, on average, while white children older than 30 receive 30% less than children in the middle age group (age 25-30 omitted). The coefficients for black and Latino are generally in the same direction, but larger odds ratios for adult children older than 30 years (0.72 for blacks and 1.02 for Latinos) suggest that the decline of financial assistance with age may be more gradual for Latino and black children than what has been found in analyses of pooled samples (Cooney & Uhlenberg 1992; Hill, Morgan, & Herzog 1993).

Several other findings are noteworthy but not central to the hypotheses. First, families in all groups strongly support children who are in school compared to siblings who are not in school, a finding that demonstrates the value for higher education. For child's education, only the results for whites reach statistical significance—white children with less than high school education are 29% more likely to receive, while white children with a college degree are 40% less likely to receive than their high school educated siblings (omitted category). The odds ratios for blacks are in the same direction but not statistically significant. In the amount model, white and black families transfer 38 and 24 percent less to college-educated children relative to their high school educated siblings. This finding of less to college-educated children is inconsistent with other studies using cross-sectional data that report a positive correlation with education (Lee & Aytac 1998; Jayakody 1998). Most recent studies using nationally representative data, including Lee and Aytac's (1998) comparative analysis, report that child's education is positively correlated with both receiving financial assistance from parents and the amount received (Cox & Rank 1992; McGarry & Schoeni 1995; Jayakody 1998). Indeed, we also find that college education is a positive indicator of transfers in bivariate models not adjusting for fixed-effects.<sup>9, 10, 11</sup>

## SUMMARY AND CONCLUSION

This examination of race and ethnic distinctions in what parent-child ties influence interhousehold financial transfers shows both clear patterns and also divergent findings. Contrary to findings from recent research on bequests (Wilhelm 1996; Menchik 1988; Tomes 1988), we find that few families in any group give even *approximately* equal amounts of *inter-vivos* assistance to all adult children (see Table 2). This result establishes that there are substantial inequalities within families for all groups in which children receive financial transfers and which do not. To try to understand why, we estimated within-family fixed-effects models to better isolate family based motivations as well as unmeasured resources that influence the allocation of resources. These estimates show that both white and African American parents tend to transfer most to their financial needy children, a pattern that goes towards equalizing outcomes. Other recent studies examining race and ethnic differences in transfers have not found substantial effects for child's income (Lee & Aytac 1998). However, only white families transfer more to their lowest income children, thus being the only group fully consistent with altruism. Hence, based on the limited measure of child's income, it appears that black and Latino parents may not as strongly base their financial transfer decisions on the financial needs of children as hypothesized by the altruistic model.

Addressing the inadequacies of existing explanations, we hypothesized that non-financial ties between parents and children are important considerations that round out explanations for why some children receive financial transfers at the expense of others. While others have noted the potential importance of these ties (Lillard & Willis 1997; Lee & Aytac 1998), this is the first study to incorporate non-financial aspects of parent-child relationships into existing explanations and systematically examine their relative importance in determining financial transfers. Results suggest that there are important differences in parental motivations by race and ethnic identity when we consider parent-child ties more broadly. First, close connections between mothers and daughters in black families may account for daughter's substantial benefit at the expense of sons (Stack 1974; Wodak 1986). The hypothesized connection by gender between the donor parent and recipient child was not significant for whites or Latinos.

Second, the importance of family connectedness across multiple generations for Latinos may account for their strong support for children with kids regardless of their marital status. While white families also give more to children with kids, the relative influence of single parent child status versus those who are married with children suggests that financial need may be a more important motivating factor for white parents. Third, proximity to parents confers financial benefits to white children, but Latino children who are close by receive less than their siblings at a distance, suggesting possible differences in the valuation of money in relationships as well as the rationing of scarce financial resources in Latino families to children who cannot benefit from other kinds of help. Treating coresidence as a transfer, however, did not close the gap in assistance for Latino children who live near. Finally, the disadvantaged status of stepchildren compared to children by birth in white families may reflect norms of responsibility for children being more strictly bound to the nuclear family rather than family and community viewed more broadly. A number of scholars have examined the importance of extended family, non-kin support, and neighbors for

African American and Latino families (Bastida 1979; Lee & Aytac 1998; Martin & Martin 1978; Mutran 1985), but fewer have addressed the extent to which white families may confine their support to the nuclear family (White & Rodgers 1997).

The substantial race and ethnic differences in the ties that bind parents to children suggests a need for future studies to conceptualize family motives as both attuned to distinct preferences of parents as well as closely adapted to family characteristics and established behaviors. Future work into how race and ethnic identity shapes parental motives for support of their adult children can benefit from taking this larger perspective, as well as considering the broader array of supports that comprise intergenerational assistance.<sup>12 13</sup>

## NOTES:

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<sup>1</sup> McGarry (1999) gives a possible reason for these discrepancies by suggesting that *inter vivos* transfers are more tied to the current incomes of children because they are directly made in response to liquidity constraints. Bequests, however, are only indirectly related to the current incomes of children because parents have imperfect knowledge of their children's permanent income.

<sup>2</sup> Fixed-effects models also have the benefit of removing systematic biases that may exist in measurements of income. Juster and Stafford (1991) find that retrospective data, like that in the HRS, systematically underestimate measures of income. Here, assuming that reports of children's income and transfer amounts are systematically biased (they are reported by the same parent), then estimated effects will not be distorted by this bias.

<sup>3</sup> The Latino oversample is primarily Mexican-American.

<sup>4</sup> The author used a hot-deck imputation method based on bracketed responses (<\$500, \$500-1000, <\$5000, >\$1000, >\$500). These imputed data are not yet available in the wave-2 public release of HRS, but the author can provide further details of this data and the imputation procedures upon request. See Freedman and Wolf (1995) for an excellent discussion of imputation methods.

<sup>5</sup> A closer look at the high average of \$5,965 for Latino families with one adult child shows that these Latino families have substantially higher levels of financial resources than larger Latino families.

<sup>6</sup> This item asked respondents to categorize a child's income into three broad ranges (less than \$10,000, \$10,000-\$25,000, more than \$25,000). About 20 percent of the respondents were unable to give the income range for one or more children (Soldo & Hill 1995). About 8 percent of children used in the analysis sample were younger than 18 in wave-1 but 18 or older in wave-2, so we have no wave-1 income information for them but do have wave-2 transfer information. In order to include the transfers that these children receive in wave-2, their wave-2 income measure was used.

<sup>7</sup> In Table 3, parental measures of age, race, and education are of the male partner in a couple; income and net worth are household level measures; number of living parents is for both respondents in a couple. Self-rated health is represented with two dichotomous indicators--one set equal to one if health of either spouse is reported to be fair or poor; the other set equal to one when both spouses have very good or excellent health.

<sup>8</sup> A consideration of the time that parents spent helping children reinforces the finding that single Latino children with kids receive as much support as married Latino children with kids. OLS regression models (not shown) predicting hours of time assistance (for families giving time help and controlling for number of children) show that Latino children who are married with kids receive nearly as much time help as children who are single and kids, while white and black children who are married get substantially less time assistance than single children with kids (standard errors were adjusted for clustering at the family-level). A caveat is that these results are based on time help reported at the family level (each eligible child in a family is assigned the same amount). Two questions in HRS determine time assistance. First, parents were asked whether they gave 50 or more hours in the past 12 months for help with grandchildren (37.2% of families gave such help), and, if so, how many hours. A second question asked about time help given for other reasons. Combining these measures, 44.7% of families in the sample give time assistance to children, averaging 462 hours per family.

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<sup>9</sup> McGarry and Schoeni (1995), using HRS's wave-1 transfer measure (\$500 threshold), report that children with "more than high school" education receive more than their high school educated siblings. Efforts to resolve this inconsistency by duplicating models with wave-1 transfers and alternative specifications of education show that the cross sectional data, the higher \$500 threshold, and collapsing of education above high school in this previous study contribute to this discrepancy. Furthermore, McGarry and Schoeni (1995) examine a substantially smaller sample of children (HRS alpha release), did not benefit from imputed transfers, and did not use a logarithmic transformation of transfer amounts. Other recent studies reporting a positive coefficient for child's education include Jayakody (1998) and Lee and Aytac (1998), who use a linear specification and find a significant positive coefficient for blacks, whites, and Latinos. The average age of child recipients in both of these studies is about 10 years older and more variable than HRS children in wave-1. Furthermore, neither of these studies benefit from panel data or control for school enrollment status, a variable that is highly correlated with educational attainment for young adults. Finally, financial assistance in Lee and Aytac (1998) are net flows (amount received minus amount given), include loans, and reflect amounts given in the past 5 years. Future work should more carefully examine the relationship between child's education and transfers, paying particular attention to whether that education is completed or still being obtained.

<sup>10</sup> If families of varying sizes differ in their transfer behavior for unobserved reasons related to their size, then pooling children from all families of different sizes into one model would bias parameter estimates. To address this concern, family fixed effects models were estimated by family size (not reported). Separate models were estimated for families with 2-3 children and 4 or more adult children. There were an insufficient number of Latino children to estimate models for this group, but, for white and black families, these results do not significantly differ from those found in Table 4.

<sup>11</sup> As an alternative multivariate framework for examining transfers, we estimated models for receipt and amount of support using Heckman's method (1979) for adjusting for sample selection bias into transfers. These results also concur with results from family fixed-effects models.

<sup>12</sup> A descriptive examination time assistance, which is available at the family level, shows that black and Latino families are more likely to combine coresidence and time help, but less involved in the exclusive giving of time help.

<sup>13</sup> In an effort to consider support more broadly, we examined money, coresidence, and proximity together. We omit these descriptive results due to space constraints, but they largely reinforce the findings for financial support. Overall, high levels of coresidence help and the potential for help measured by proximity appear to be important means of support in black and Latino families. Black and Latino children overall are significantly more likely to benefit from proximity and coresidence (Proximity is an important dimension of support because it reflects a potential for support associated with having family members near. HRS lacks measures of support from other relatives and non-relatives, a type of support believed to be more prominent for blacks and Latinos. However, proximity likely captures some of this support because being nearer to parents is associated with extended family being nearer as well.). For all three groups and for both children receiving and not receiving a money transfer, lower income children are more likely than higher income children to either live near or coreside with parents. In other words, families for all groups appear to situate themselves geographically through proximity and household living arrangements in ways that disproportionately help children with the lower income. Among black children, daughters are more likely to live near and coreside with parents than sons. This result for coresidence is the opposite for white daughters. The fixed-effects results, which compare related children, showed that only white

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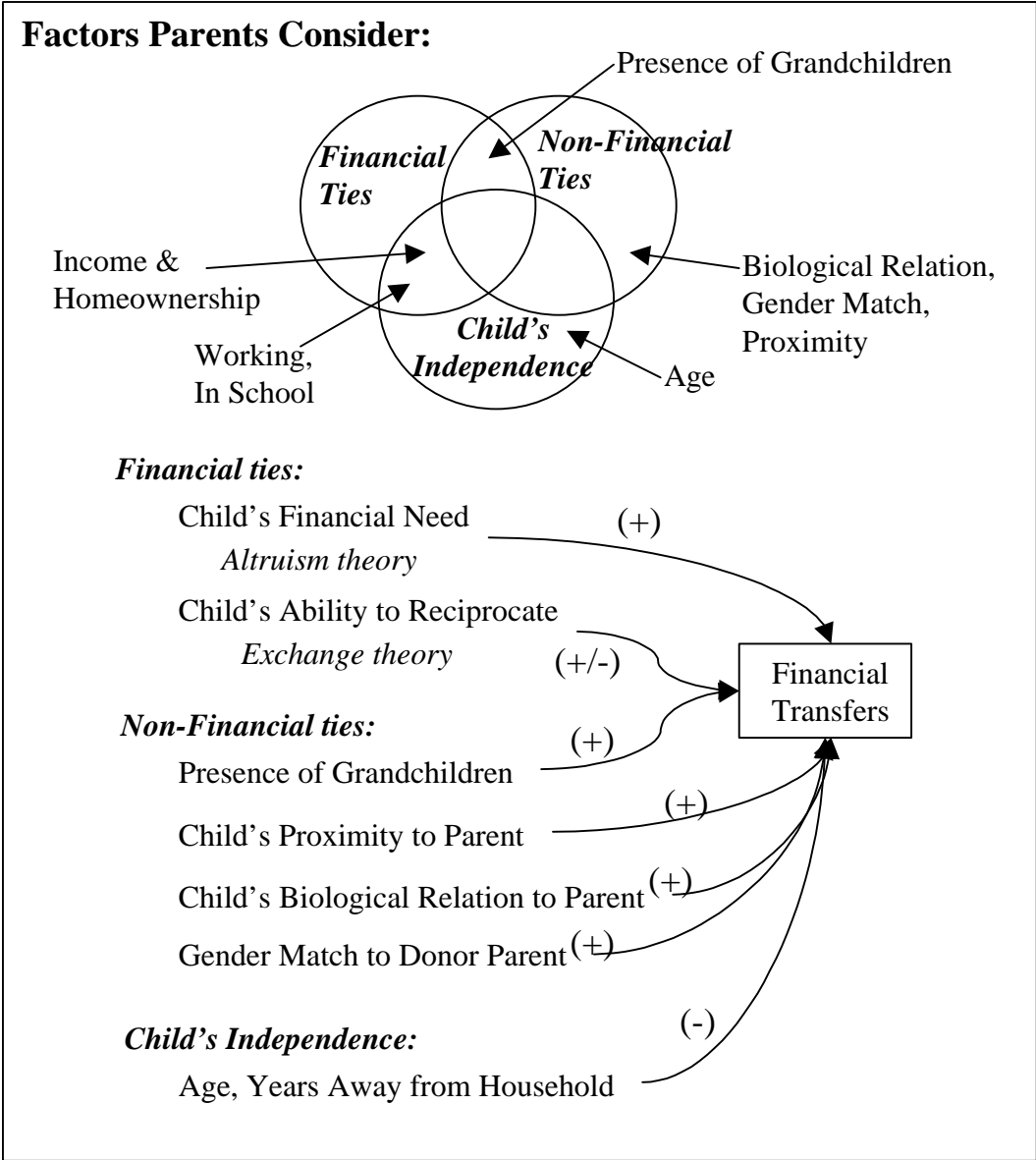
stepchildren receive less financial assistance than their half siblings who are by birth of both parents; these descriptive results find that white, black, *and* Latino stepchildren are less likely to coreside. Few clear group differences emerge when comparing children with kids to children without kids. Coresidence with parents for all groups is largely reserved for children without kids. Finally, paralleling the results for financial support, older children are substantially less likely than younger children to coreside with their parents.

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**Figure 1. Parent-Child Ties That Influence How Families Allocate Financial Assistance to Adult Children**



**TABLE 1. CHILD-PARENT PAIR SAMPLE SIZES AND FINANCIAL TRANSFERS, BY RACE/ETHNICITY AND RESIDENCE <sup>1</sup>**

	Wave-1: Threshold of \$500 or more					Wave-2: Threshold of \$100 or more				
	Number of Adult children	Number receiving	Proportion receiving	Mean Amount <sup>2</sup>	Std Dev.	Number of Adult children	Number receiving	Proportion receiving	Mean Amount <sup>2</sup>	Std Dev.
<b>Non-Resident</b>										
White	11,972	1,905	0.16	\$ 2,956	5299	12,715	2,543	0.20	\$ 2,750	5345
Black	3,370	293	0.09	\$ 1,832	3693	3,532	505	0.14	\$ 1,415	3223
Latino	1,572	121	0.08	\$ 2,626	4663	1,749	192	0.11	\$ 1,816	3596
<b>Coresident</b>										
White	1,948	725	0.37	\$ 4,737	5766	1,443	522	0.36	\$ 3,174	4951
Black	706	126	0.18	\$ 2,673	4231	610	152	0.25	\$ 1,631	2691
Latino	479	92	0.19	\$ 2,634	4499	416	93	0.22	\$ 2,840	4536

1 Adult children are defined as 18 or older.

2 Mean Amount given in the last 12 months.

**TABLE 2. FAMILY-LEVEL PATTERNS OF INTERHOUSEHOLD FINANCIAL SUPPORT TO NON-RESIDENT ADULT CHILDREN, BY RACE AND ETHNICITY**

	Number of Adult Children in the Family					Overall
	1	2	3	4	5+	
<b>Whites</b>						
Number of families	560	1275	1003	628	759	4225
Proportion of families giving to:						
None	0.58	0.56	0.56	0.57	0.60	0.57
1 Adult Child	0.42	0.27	0.29	0.26	0.25	0.29
2 Adult Children		0.17	0.09	0.09	0.09	0.10
3 Adult Children			0.06	0.03	0.04	0.03
4 Adult Children				0.04	0.01	0.01
5 + Adult Children					0.02	0.00
<i>Of those families giving to at least one adult child:</i>						
Total Amount Given to Adult Children <sup>2</sup>	\$ 3,488	\$ 4,834	\$ 4,150	\$ 3,492	\$ 2,839	\$ 3,959
Proportion giving <i>approximately</i> <sup>3</sup> equal amounts to all adult children	--	0.17	0.05	0.03	0.02	0.08 *
<b>Blacks</b>						
Number of families	189	243	175	148	309	1064
Proportion of families giving to:						
None	0.68	0.66	0.58	0.62	0.68	0.65
1 Adult Child	0.32	0.22	0.22	0.25	0.21	0.24
2 Adult Children		0.12	0.09	0.09	0.06	0.07
3 Adult Children			0.11	0.02	0.02	0.03
4 Adult Children				0.02	0.01	0.01
5 + Adult Children					0.02	0.01
<i>Of those families giving to at least one adult child:</i>						
Total Amount Given to Adult Children <sup>2</sup>	\$ 1,817	\$ 2,658	\$ 2,494	\$ 2,259	\$ 1,349	\$ 2,078
Proportion giving <i>approximately</i> <sup>3</sup> equal amounts to all adult children	--	0.12	0.06	0.05	0.03	0.07 *
<b>Latinos</b>						
Number of families	66	123	103	76	147	515
Proportion of families giving to:						
None	0.65	0.67	0.67	0.67	0.82	0.71
1 Adult Child	0.35	0.27	0.19	0.18	0.09	0.20
2 Adult Children		0.07	0.08	0.11	0.05	0.06
3 Adult Children			0.06	0.00	0.02	0.02
4 Adult Children				0.04	0.00	0.01
5 + Adult Children					0.03	0.01
<i>Of those families giving to at least one adult child:</i>						
Total Amount Given to Adult Children <sup>2</sup>	\$ 5,965	\$ 2,967	\$ 2,868	\$ 3,746	\$ 2,760	\$ 3,497
Proportion giving <i>approximately</i> <sup>3</sup> equal amounts to all adult children	--	0.07	0.09	0.04	0.00	0.06 *

Note: These results examine wave-2 transfer amounts (\$100 threshold).

\* These Overall statistics exclude single child families

1 Non-resident adult children are defined as age 18 and older and not living at home

2 Mean total amount given per family, including only families giving to one or more children.

3 Families are judged to give *approximately* equal amounts if the transfer amounts, expanded to range from minus to plus one standard deviation, all intersected each other.

**TABLE 3. CHARACTERISTICS OF CHILD-PARENT DYADS AND PERCENT OF NON-RESIDENT ADULT CHILDREN RECEIVING ASSISTANCE, BY RACE-ETHNICITY**

Child Characteristics	Whites		Blacks		Latinos		Parent Characteristics <sup>2</sup>	Whites		Blacks		Latinos	
	Mean	% of Children Receiving	Mean	% of Children Receiving	Mean	% of Children Receiving		Mean	% of Children Receiving	Mean	% of Children Receiving	Mean	% of Children Receiving
Income < \$10,000	0.12	27	0.31	12	0.25	10	Age < 51	0.18	30	0.16	19	0.16	21
Income \$10,000-25000	0.30	20	0.35	14	0.33	13	Age 60+	0.15	15	0.13	10	0.15	7
Income > \$25,000	0.47	15	0.21	13	0.24	10	Education Less than H.S.	0.23	13	0.49	9	0.66	11
Income missing	0.11	41	0.14	33	0.18	27	High School	0.43	19	0.30	19	0.18	18
Homeowner	0.46	14	0.20	9	0.29	6	Some College	0.20	24	0.13	25	0.12	25
Does not own a home.	0.54	26	0.80	18	0.71	17	College Graduate	0.14	35	0.07	32	0.03	26
Male	0.51	20	0.50	14	0.50	12	Income: Lowest 20%	0.16	12	0.39	10	0.37	6
Female	0.49	22	0.50	19	0.50	15	Highest 20%	0.22	31	0.08	31	0.09	20
Not a Step Child	0.72	23	0.77	17	0.83	15	Married	0.79	22	0.53	18	0.60	16
Step Child	0.28	15	0.23	13	0.17	10	Widowed	0.07	16	0.15	11	0.10	8
Married with Children	0.46	15	0.33	11	0.47	10	Health Fair/Poor	0.42	17	0.70	14	0.72	13
Single with Children	0.09	24	0.33	17	0.13	17	Health Excellent to Good	0.58	23	0.30	20	0.28	17
Married without Children	0.13	18	0.05	12	0.10	12	1-2 Family in Household	0.63	18	0.47	15	0.40	11
Single without Children	0.32	30	0.29	21	0.30	20	4+ Family in Household	0.15	28	0.31	18	0.40	18
Lives within 10 miles	0.35	20	0.40	14	0.35	13	No Living Parents	0.34	17	0.42	13	0.39	11
Does not Live within 10 mi	0.65	21	0.60	17	0.65	15	One Living Parent	0.36	21	0.37	17	0.36	14
							Two+ Living Parents	0.30	25	0.21	19	0.25	20
Age < 25	0.18	38	0.17	29	0.24	22	<b>Number of Observations</b>	<b>15012</b>		<b>2217</b>		<b>1427</b>	
Age 25-30	0.28	22	0.26	17	0.28	13							
Age > 30	0.54	14	0.57	12	0.48	10							
In School	0.12	42	0.10	37	0.15	29							
Full Time	0.73	18	0.65	13	0.61	13							
Part Time	0.10	30	0.08	24	0.11	22							
Not Working	0.17	25	0.27	21	0.28	13							
Education Less than H.S.	0.10	16	0.19	13	0.28	6							
High School	0.44	18	0.51	14	0.43	16							
Some College	0.23	28	0.18	24	0.19	21							
College Graduate	0.24	21	0.13	18	0.10	16							

Source : explanatory variables, 1992 HRS (wave-1); transfer status, 1994 HRS (wave-2). Restricted to HRS respondents with at least one adult child (non-coresident and 18 years or older). Race-ethnicity corresponds to that declared by the HRS respondent parents. <sup>1</sup> Adult children are aged 18 or over and not living with parents. Total percentages are weighted to account for oversampling of Blacks and Latinos in the HRS. <sup>2</sup> Parental measures of age, race, and education are of the male partner in a couple; number of living parents is for both respondents in a couple. Self-rated health is represented with two dichotomous indicators--one set equal to one if health of either spouse is reported to be fair or poor; the other set equal to one when both spouses have very good or excellent health.

**TABLE 4. FAMILY FIXED EFFECTS ESTIMATES OF THE RECEIPT (ODDS RATIO) AND LOG AMOUNT OF TRANSFERS BY NON-RESIDENT ADULT CHILDREN, BY RACE-**

Child Characteristics	Whether Received			Log Amount Received		
	Whites Odds Ratio	Blacks Odds Ratio	Latinos Odds Ratio	Whites Coefficient	Blacks Coefficient	Latinos Coefficient
<b>Financial Ties</b>						
Income < \$10,000	1.30 *	0.79	1.00	0.24 **	-0.08	-0.02
Income \$10,000-25000	--	--	--	--	--	--
Income > \$25,000	0.47 ***	0.55 *	1.14	-0.52 ***	-0.32 **	-0.16
Income Missing	2.24 ***	4.79 ***	2.13	1.06 ***	1.02 ***	0.43 *
<b>Non-Financial Ties</b>						
Lives within 10 miles	1.27 *	1.39	0.42 *	0.14 *	0.14 +	-0.15
Married with Children	1.26 *	0.94	3.64 *	0.16 *	0.03	0.30 *
Single without Children	--	--	--	--	--	--
Single with Children	1.67 ***	1.46	4.89 *	0.33 ***	0.17 +	0.31 +
Married without Children	0.96	0.31 +	1.90	-0.06	-0.25	0.08
Male	0.87 +	0.51 ***	1.33	-0.07	-0.22 ***	0.01
Step Child	0.46 ***	0.93	0.89	-0.60 ***	-0.31	-0.17
<b>Child Independence</b>						
Age < 25	1.07	1.21	1.55	0.20 *	0.14	0.12
Age 25-30	--	--	--	--	--	--
Age > 30	0.58 ***	0.72	1.02	-0.30 ***	-0.08	0.04
<b>Other Controls</b>						
Work Full Time	--	--	--	--	--	--
Working Part Time	1.25 +	1.39	1.44	0.23 *	0.16	0.13
Not Working	1.29 *	1.87 ***	1.81	0.18 *	0.27 **	0.13
In School	1.57 ***	1.93 +	3.48 *	0.50 ***	0.58 ***	0.56 ***
Education Less than High School	1.29 +	1.15	1.10	0.04	0.06	-0.03
High School	--	--	--	--	--	--
Some College	0.84	1.11	0.95	-0.12	0.06	-0.22
College Graduate	0.60 ***	0.59	1.07	-0.38 ***	-0.24 +	-0.11
Homeowner	0.61 ***	0.72	0.18 ***	-0.28 ***	-0.10	-0.32 **
Constant				0.76	-2.39	-1.00
LR Chi Sq	529.06	134.37	48.91			
Degrees of Freedom	18	18	18			
-2LogLikelihood	2593	494	172			
F-statistic (model)				41	11.3	3.2
Number of Observations	11,987	3,309	1,613	11,987	3,309	1,613
Mean of dependent variable	0	0	0	0	0	0

Source: explanatory variables, 1992 HRS (wave-1); transfers, 1994 HRS (wave-2); these data are not weighted.

Analyses exclude one-child families. +, \*, \*\*, and \*\*\* denote significance at the 0.10, 0.05, 0.01, and 0.001 level, respectively.

<sup>1</sup> Non-resident adult Children are defined as 18 years or older and not living with parents.

The dependent variable is the natural log of financial assistance to child reported in wave-2 (\$100 threshold)