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Intervivos Giving in the Older Population: Who Receives Financial Gifts from the Childless?

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Introduction

Intervivos financial transfers from older parents to their adult children or their grandchildren are widespread in the United States. For example, among parents aged 51 or older about 35% gave a financial transfer to their children or grandchildren over a two-year time period (Hurd, Smith and Zissimopoulos, 2006).¹ These transfers are not simply for educational expenses. Indeed much older parents whose children are beyond school-attending ages give financial transfers at high rates: among parents aged 76–80 the rate was 27% over a two-year period. Yet, transfers by children to their parents are much less frequent: Just 4.9% of parents aged 51 or over report receiving a financial transfer from their children.² Even much older parents, who might be financially needy, receive transfers only infrequently from their children: among those 80 or older just 6.3% report such a transfer over a two-year period. A general conclusion, which is also found in European data, is that financial transfers are predominantly from the older generation to younger generations, including grandchildren.³

The leading hypothesis to explain financial gifts is the altruistic motive for giving. Its main assumption is that the giver cares about the well-being of a particular person (Barro, 1974; Becker, 1974, 1981). An additional assumption, which is well founded in economic theory, is that a given level of financial transfer can increase the well-being of a poor person more than the well-being of a wealthy person. With this addition, an implication of altruistic giving is that financial transfers will be targeted more frequently to the poor. The patterns of transfers to children support this altruistic motive: the frequency of giving is greater to the child who is the least well-off in multi-child families. The altruistic motive is also supported by data on financial transfers from middle-aged children to their elderly parents: the frequency of giving is greater when the parents are less well-to-do (McGarry and Schoeni; 1995, 1997).

Other hypotheses to explain financial gifts involve some type of reciprocity. The reciprocity can be explicit such as actual gifts or the giving of attention. Or the reciprocity can be implicit such as establishing or strengthening social networks. The latter type of reciprocity is difficult to study among families with children: all have presumptive social networks.

Financial transfer behavior by the childless is both more simple and more complex. Lacking children, it may be that the childless simply make fewer transfers. But, because they have to shift the target of giving away from children, their decisions are more complex in that there are a number of targets of approximately equal attractiveness. However, even the basic facts of which targets are chosen and how those targets vary with observable characteristics are not known.

¹To be precise, a financial transfer of \$500 or more.

²Author's calculations based on five waves of data from the Health and Retirement Study.

³See Attias-Donfut, Ogg and Wolff (2005) for results based on the Survey of Health, Ageing and Retirement in Europe.

The primary aim of this paper is to document the facts about financial transfers by the childless and to study the patterns of those transfers. An additional aim is to find whether these patterns reveal something about the motivations for the transfers. Should that be the case, the results should provide a basis for forecasting how financial transfers will change with the increasing childlessness we observe both in the U. S. and in Europe.

Outline of theoretical model

People realize utility through their own consumption and, less tangibly, through gifts that promote the consumption of others they care about—children, parents, other relatives and friends, and unknown others (through donations). Such gifts may take the form of bequests or inter vivos transfers.

The utility realized through gifts may not come from the gift itself but from some favorable return, often of a personal nature. Most materially, transfers may engender a sense of obligation in the recipient. They may strengthen the ties that bind family and friends. Particularly in the case of children, they may reflect the giver's desire to see the recipient achieve a higher economic status. As such they may represent investments that will pay off after the giver has died, thus allowing the giver an effect beyond his or her lifetime. In the case of transfers from children to parents, the transfers may reflect a sense of gratitude or obligation for the many years of support and care given by the parents. In the case of transfers from parents to children they may reflect gratitude for contemporaneous attention.

The utility realized from a gift will depend not only on the amount of the gift but also on a variety of other factors such as the nature of the gift, the nature of the bond with the recipient, the wealth of the recipient, and the wealth of the giver. For example, other things equal, most givers are likely to realize greater utility from an inter vivos transfer than from a bequest, because they have a better chance of seeing concrete results. Other things equal, greater utility is likely from a gift to children with lower wealth than to children with higher wealth.

A utility model that incorporates these ideas would have provision for altruistic transfers, which are transfers where there is no expectation of a reciprocal benefit. Donations to charity is an example, but gifts to children, relatives and friends could also be altruistic. The model would also have a provision for strategic transfers which are given with some expectation of reciprocity. The return could be material such as the expectation of an inheritance from parents or support from children, but also simply social contacts or the maintenance of family connections.

Parents have supported their children during their childhood years and often material support continues throughout the lifetime of the parents. The clear implication is that children are typically the primary desired target of inter vivos transfers by parents. Or stated differently, in the thought experiment of adding a child to a childless couple, the couple would then preferentially target transfers to the child. Because of a constraint on lifetime resources, the couple would have to reduce financial transfers to other potential targets such as other relatives or charity (or reduce spending on other consumption items which we hold constant for this comparison). However, transfers that offer a possible reciprocal benefit could be substitutes for transfers to child. For example, if parents have close ties with their children they are less in need of having close ties with other relatives or friends. If the need for familial and social connections can be satisfied by connections with children, the substitution effect would further reduce transfers to relatives and friends beyond the reduction operating through the budget constraint.

Bequests operate differently because there is no opportunity for a reciprocal benefit at a later date. Furthermore, transfers during the lifetime are intended transfers whereas bequests may be entirely unintended: people do not know when they will die, and, not wanting to spend completely their assets in case they survive to advanced old age, they will die with bequests whether intended or unintended. Thus, we cannot tell from the magnitude of bequests whether they are intended. Nonetheless, we can deduce something about intended bequests from the variation in bequests according to their targets. As far as the targets of bequests are concerned, about 90% of the assets of parents are bequeathed to their children (Hurd and Smith, 2002) confirming the lifelong pattern of parents transferring economic resources to their children. This pattern does not necessarily mean that bequests are intended: for a bequest to be (partially) intended, the amount of the bequest should be larger than it would be otherwise. That is we would like to compare the magnitude of bequests by the childless with the magnitude of the bequest by parents.

Under the altruistic bequest motive, total bequests by a parent should vary with the number of children, not just by whether someone has children or not. The reason is that total utility of the giver is greater when a given amount is split between two children than when it is all given to one child. The greater utility is the result of declining marginal utility of consumption. To illustrate, suppose a parent gave \$100,000 to one child. According to the principle of declining marginal utility, the child would value the first \$50,000 at a higher level than the second \$50,000. But if the parent gave \$50,000 to each of two children, each child would value the \$50,000 at the same high level. Thus total utility achieved by the two children each receiving \$50,000 would be greater than total achieved by the one child receiving \$100,000. Under altruism, the greater total utility would lead to greater total bequests. In this hypothetical example we might see a desired bequest of \$90,000 to one child and desired bequests of \$55,000 to each of two children. In general, we would expect total bequests to be an increasing function of the number of children even holding constant economic resources.

Summary and predictions

According to the utility maximizing theory of spending, transfers benefit the giver and in that way they are similar to other types of spending. As with other types of spending the theory predicts that transfers of all types will increase with the economic resources of the giver. However, there are important differences: the characteristics of a potential recipient influence the utility derived from a transfer; furthermore, differing types of transfers are likely to satisfy differing needs of the giver. These distinctions are important when comparing transfers by parents with transfers by the childless. Both may give to charity, their own parents and to relatives, but only parents may give to their children. Because parents favor their children, they will make smaller transfers to other recipients such as their own parents, their siblings and their families, and charity simply because they will have fewer economic resources remaining after the transfer to their children. However, some types of transfers may be reduced even further because of a substitution effect: if transfers to children act to maintain and increase family bonds, parents may feel less of a need to spend on family bonds via transfers to parents, siblings or other relatives. In terms of formal economic theory there would be an income-compensated substitution effect: transfers to children would reduce transfers to the extended family members beyond the reduction predicted by the effect operating through the budget constraint.⁴

⁴The income-compensated substitution effect measures how consumption of one good affects consumption of another good when the consumer is compensated for the spending on first good by an increase in the budget. Thus the budget constraint is not affected by the spending on the first good, so that the substitution of the first good for the second only arises because both goods satisfy similar desires.

While transfers to children may substitute for transfers to the extended family, transfers to children would not seem to substitute for transfers to charity or similar organizations. We would expect such transfers to be motivated by, for example, religious feelings, concern for the less fortunate or for the environment. It is difficult to see how giving to one's own children would satisfy those needs. This reasoning implies that the income-compensated substitution effect of transfers by parents to their children on transfers to charity would be zero. Any effect would be through the budget constraint.

An important prediction of this reasoning is that relative to the childless, parents would give somewhat less to charity reflecting the diminished budget constraint but considerably less to the extended family reflecting both the budget constraint and the substitution effect. Such a pattern in the data would be consistent with the idea that transfers satisfy differing needs of the giver that depend on the target of the transfer.

Data and Methods Data

The Health and Retirement Study (HRS) surveys a panel of over 20,000 Americans age 51 or over and their spouses every two years.⁵ The survey includes complete measures of income and wealth, as well as extensive health measures. The first wave of the HRS was fielded in 1992 but we will only use data from the 1996 through 2004 survey waves because of differences in the questions about financial transfers prior to 1996.

Types of financial transfers addressed here

In this paper, we analyze several classes of inter vivos financial transfers, as well as the subjective probability of a bequest.

- *Intervivos transfers to children.* The HRS asks, "Including help with education but **not** shared housing or shared food (or any deed to a house), in the last **two** years did you give financial help totaling \$500 or more to any of your children (or grandchildren)?" Follow-up questions determine the amount given to each child, within bracketed ranges. These questions were asked in all waves analyzed for this paper.
- *Intervivos transfers to parents and parents-in-law.* The HRS asks, "Not counting any shared housing or shared food, did you give financial help to your parents amounting to \$500 or more in the last **two** years?" Follow-up questions establish the amount, within bracketed ranges. These questions were asked in 1996, 1998, and 2000.
- *Intervivos transfers to friends and/or relatives.* The HRS asks, "Did you give financial help totaling \$500 or more in the last **two** years to friends or relatives other than children, grandchildren, or parents?" A follow-up question asks about how much altogether, and, if there is no response, subsequent questions establish the amount within bracketed ranges. These questions were asked in all waves.
- *Donations.* The HRS asks, "In [**last calendar year**], did you donate money, property, or possessions totaling \$500 or more to religious or other charitable organizations?" A follow-up question asks for the total amount. These questions were asked in all waves.
- *Subjective probability of a bequest.* The HRS asks, "Including property and other valuables that you might own, what are the chances that you and your husband

⁵See <http://hrsonline.isr.umich.edu/>

(wife) will leave an inheritance totaling \$10,000 or more?” Target totals of \$0, \$10,000 and \$100,000 were asked in all years.

General method of this paper

Because this paper is a study of the transfer behavior of the childless, our focus will be almost exclusively on a comparison of transfers by them with transfers by parents: without such a comparison we would not know what is “normal.” Of course, we cannot compare transfers to children. We simply note that parents make inter vivos transfers to children at a high rate: about 35% of parents give financial transfers to a child during a two-year period (Hurd, Smith and Zissimopoulos, 2006).

Omitting inter vivos transfers to children, we analyze transfers in the order given above. For each of the types, we compare the probability of a transfer by those with children to the probability by those without children. We then compare the amount of transfer, conditional on transfer. These comparisons help determine which recipients are substituted when there are no children. Finally, we compare the subjective probability of a bequest by those with children to the probability by those without children. This seeks to establish whether bequests are intended or accidental.

We perform separate analyses for single persons (never married, divorced or widowed) and for couples including those living with a partner. Separate analyses are required because we would like to study transfers conditional on age and economic resources. But the “age” of a couple is not comparable with the age of a single person and economic resources are not comparable across marital status because of returns-to-scale in consumption.

Simple Comparative Analysis

Economic status

Income does not vary much between couples with children and those without (see Table 1). However, those without children are wealthier. The wealth difference is even more striking when comparing singles with and without children. Mean income is also substantially higher among singles without children than among those with. Presumably, some of the wealth difference is the result of the expenditure of resources in raising children—an expenditure that could be viewed as an investment, given the potential for support, material and otherwise, to aged parents by children. (Note also the lower economic status of singles compared with couples—even on a per-person basis.) The difference in income and wealth as a function of parental status mean that we must control for them; otherwise, we would attribute part of the difference in transfer behavior to parental status rather than to income or wealth.

Propensities for inter vivos transfers to parents and parents-in-law

This analysis is limited to those having a living parent or parent-in-law.

Singles—Childless singles with living parents, or (in the event of a previous marriage) parents-in-law, are substantially more likely to give to them than singles with children (see Table 2). In some income/wealth quartiles, the propensity is twice as high among the childless.⁶ For both childless couples and those with children, there is some relationship between economic resources and the propensity to give. It is not a very strong one, though. A likely reason is that HRS respondents with low income and/or wealth are likely to have

⁶Here and in the following analyses, quartiles are defined separately for singles and couples.

parents with low income and/or wealth. Thus the need for transfer declines with increases in income/wealth even as the resources available increase. The total effect is that transfer propensity is not highly sensitive to respondent resources.

Couples—Among couples, the overall level of transfers is about the same as for singles (compare the last column of Table 3 with that of Table 2). The patterns do not differ much from those of singles. The difference between the childless and those having children with respect to transfers to parents is somewhat smaller for couples than for singles. The effect of higher economic status is a little stronger for couples.

Propensities for inter vivos transfers to friends and/or relatives

Singles—Childless singles are much more likely to give to friends or relatives than single parents (Table 4). Except in the highest income and wealth quartiles, there is very little transfer to friends or relatives among the parents. Perhaps having children substitutes for the desire to maintain extended family connections via transfers—or raising children preempts the resources (e.g., time) needed to maintain the connections that merit transfers. But for both the childless and those with children, the propensity to give increases sharply across income and wealth quartiles. That is, giving to friends or relatives is a strongly superior good.

Couples—The results for couples are similar to those for singles (compare Table 5 with Table 4). Again, here, the likelihood of inter vivos transfers to friends or relatives is small, particularly in the lower income and wealth quartiles. The childless are much less likely to give to friends or relatives. And, such giving is a superior good, though the gradients of transfer probability with economic status are not quite as steep as for singles.

Donation propensities

Singles—Among singles with and without children, the propensity to give to charity increases sharply with income and wealth, from less than 10 percent in the lowest quartiles to more than half in the highest (see Table 6). The gradient across income quartiles is much steeper than is the case for giving to parents, and the gradient is also somewhat steeper than that for giving to friends and relatives. One reason could be that the need of the recipient is not related to the wealth of the giver, in contrast to inter vivos transfers to parents and, to a lesser extent, friends and relatives. Except in the lowest quartile, the propensity to make donations is a little higher among the childless than among parents.

Couples—Couples are much more likely to give to charity overall (compare Table 7 with Table 6), but they have higher income and wealth (recall Table 1). As with singles, propensity to give increases sharply with income or wealth. Differences between childless couples and parents are generally small, and there is no consistent pattern.

Controlling for Age

The preceding analyses hold income, wealth, and marital status constant. However, there may be other determinants that should be controlled. In particular, the propensity to engage in inter vivos transfers may vary with age, other things equal. For example, someone who feels closer to the end of life may be more willing to give wealth away that he or she may not have the time to personally consume, and age may be correlated with wealth.

To control for age, we undertake a logistic estimation of probabilities. We estimate the propensity to give as a function of income and wealth quartiles, age bands, and whether the individual has children. We do separate analyses for singles and couples. In the case of

couples, the “age” of the couple is the age of one of the spouses chosen at random provided both are age-eligible.⁷ If only one spouse is age-eligible, the age of the couple is that spouse’s age. Results are stated as relative odds: the odds that a person with some particular set of characteristic will give relative to the odds that a reference person will give.⁸ A reference person is childless, in his or her 50s, and in the lowest income and wealth quartile.

Propensities for inter vivos transfers to parents and parents-in-law

Singles—Controlling for age, income, and wealth, the probability that a single parent will make inter vivos transfers to his or her own parents is only about half (0.51) the probability that a single childless person will (see Table 8). Singles in their 60s are 31 percent more likely to give to their own parents than singles in their 50s. Those in the upper income quartiles are twice as likely to give as those in the lowest quartile. There is not a strong correlation between giving to parents and wealth, however.

Couples—The results for couples are similar (compare Table 9 with Table 8). As with singles, having a child reduces the likelihood of inter vivos transfers to parents and parents-in-law. Income but not wealth is associated with an increased likelihood of giving. If both partners have a living parent, the probability that a couple will give to a parent is 82 percent higher than if only one has a living parent.

Amounts of inter vivos transfers to parents and parents-in-law conditional on giving

Singles—Analysis of the amounts given to parents by singles, for singles who give anything, reveals sizeable amounts in the highest income and wealth quartiles, even though the estimates are not statistically significant (see Table 10). The only variable that is even marginally associated with amount given is having a child. Singles with a child give \$2800 less to their parents over the course of two years than those without one.

Couples—As with singles, among couples the relationships between the variables of interest and amounts transferred to parents by givers are generally not statistically significant (see Table 11). The sole large effect, and a significant one, is that being in the highest wealth quartile raises the conditional amount given by two thousand dollars over being in the lowest quartile. The unconditional amount given, that is, the total given by all couples to their parents, is also likely to be higher for the highest wealth quartile, because the conditional amounts are larger for the highest quartile than for the lowest and the probabilities are similar between the two. The association of conditional giving with having a child is not statistically significant.

Propensities for inter vivos transfers to friends and relatives

Singles—Having a child reduces the probability of transfers to friends and relatives by a factor of 5. (see Table 12). The probability of giving is lower at older ages. For example, singles in their seventies are only about half as likely to give as those in their fifties. The likelihood of transfers to friends and relatives strongly increases with income and wealth.

Couples—Patterns of transfers by couples to friends or relatives are similar to those for transfers by singles (compare Table 13 with Table 12). The likelihood of giving is low if the

⁷A person is age-eligible if he or she was born in a cohort that HRS samples in a population-representative manner. For example, in 1998, the HRS was population-representative of the cohorts born in 1947 or earlier. They were approximately 51 or older at that time.

⁸The odds that someone will give are $p/(1 - p)$ where p is the probability of giving. If p is smaller than 0.5 the relative odds are about the same as the relative probabilities. The average probabilities of giving are substantially less than 0.5, so we will simply speak of relative probabilities rather than relative odds in discussing the results.

couple has a child. The probability is reduced at older ages, and it goes up with increasing income or wealth.

Amounts of inter vivos transfers to friends or relatives conditional on giving

Singles—Not only does having a child reduce the probability that a single will make an inter vivos transfer to a friend or relative, but for those who do give, the amount is smaller—by about \$3500 (Table 14). Differences with income or wealth are not big enough or consistent enough across individuals to yield significant associations. Differences with age are too small to be statistically significant, with the exception that givers in their eighties transfer higher amounts (by almost \$3300 over two years) than givers in their fifties.

Couples—As with singles, couples who make inter vivos transfers to friends or relatives give less if they have a child, but the difference vis-à-vis parents (less than \$900) is smaller than for singles (Table 15). In contrast to singles, couples in their seventies who give transfer greater amounts, though the difference is not large compared with the nearly \$1500 extra given by those in their eighties (relative to those in their fifties). Amounts transferred by givers also increase with higher wealth, though not with higher income.

Propensities for donating to charity

Singles—In contrast to the preceding analyses, having a child is the only tested variable that is *not* related to the probability of donating to charity (Table 16). This absence of a relationship is similar to the results without age controls (Table 7), where the numbers for parents and the childless are similar. As for age, those over 60 are more likely to give to charity than those in their 50s. This is consistent with the life-cycle model of consumption, which holds that, other thing equal, older people should spend more because of the higher likelihood of dying with wealth. Donation propensities increase very strongly with income and with wealth: those in the highest wealth quartile are over six times as likely to give as those in the lowest.

Couples—Patterns of donation propensities for couples are very similar to those for singles (compare Table 17 with Table 16).

Amounts given to charity conditional on giving

Singles—Although having a child is not related to the probability of donating to charity, single parents who do donate give about \$1800 less over a two-year period than childless singles who give (see Table 18). Given the constant of \$2200, this leads to the prediction that singles in their fifties and in the lowest income and wealth quartiles donate only about \$400 over the course of two years. Because the probabilities are about the same for parents and couples while the conditional amounts are smaller for parents, the unconditional amounts, that is, the total amounts given by all single parents, should also be smaller. Amounts donated, conditional on giving, are also higher for singles in their eighties than for those in their fifties, and for singles in the highest income and wealth quartiles than for those in the lowest. These differences fall between \$1100 and \$1500.

Couples—The patterns for donating to charity by couples are similar to those for donating by singles (compare Table 19 with Table 18). The amounts vary somewhat. In particular, donations by couples in the highest wealth quartile who give are almost \$2500 larger, over two years, than donations by those in the lowest quartile who give.

Subjective Probability of a Bequest

An analysis of the relationships between transfers to others and parenthood, age, and other covariates is incomplete without consideration of bequests. So far, we have seen an apparent substitution of children for other transfer targets. That is, parents give less to potential recipients other than children, suggesting that some of the money that the childless are sending outside their immediate family is, in parents' case, being given to their children. Does this behavior change when the transfer changes from an *intervivos* gift to a bequest? Does the availability of children invite larger bequests?

As shown in Table 20, childless singles are slightly more likely to predict that they will grant a bequest of at least \$100,000 than single parents. For couples, the probabilities are essentially the same. Similar results are obtained when controlling for income and wealth in a regression analysis. Neither do the results change materially if the threshold is changed to \$10,000, or \$0 (i.e., the probability of leaving any bequest). Furthermore, there is no consistent pattern when the number of children is taken into account. As might be expected, subjective probability of a bequest does increase strongly with wealth.

The implication of the results in Table 20 is that having children does not motivate a bequest. The childless are about as likely to bequeath something, or some large amount, as parents are. This result is consistent with actual wealth change in panel data: among retired singles or couples the rate of wealth decline does not differ according to whether the wealth holders are parents (Hurd, 1990).

Summary and Conclusions

Our central interest has been in the difference between parents and the childless in monetary gifts to people other than their children. Overall, parents tend to give less to other people than the childless. This can be seen directly from the results on the prevalence of giving and on the amount given conditional on giving. From those estimates (which control for income, wealth and age), we calculate that among singles, parents give about \$1750 less per year in total to their own parents, to relatives and friends and to charity than do the childless. Among couples, parents give about \$950 less per year. However, we have found some variation depending on the nature and target of the gift. Table 21 summarizes these effects. The entries are the probabilities of a transfer and the amount conditional on a transfer both calculated from the results shown in Tables 8–19. Thus they hold constant income, wealth and age.

The previous discussion emphasized the lack of substitution between giving to children and to charities and the substitution between giving to children, and to parents, family and friends. Table 21 suggests an additional differential substitution. Having children reduces the prevalence of giving to parents but not by nearly as much as the reduction in giving to family and friends. These results can be explained in a utility framework in which people gain utility from altruistic transfers, from the satisfaction of obligations through transfers, and from social and/or family ties which can be maintained with financial transfers. Altruistic transfers, which are made with no expectation of reciprocity, are of two broad types: personal where the giver knows the receiver and cares about the receiver's well being; and impersonal such as donations to charity. It is likely there is little substitution between personal and impersonal transfers, although they would interact through the budget constraint. A sense of obligation comes from past material, time or emotional transfers and is targeted at an individual. Thus a sense of obligation to parents is not reduced by giving to charity or by transferring to children. The desire for social and/or family ties can be at least partially satisfied by wide range of people including children, parents, family and friends although they are not perfect substitutes for each other.

Having children reduces the need to satisfy the desire for family and social ties via links to family and friends including parents. At the extreme it would eliminate transfers that are meant to satisfy that desire. But for parents there would still remain obligations that would require transfers. In this extreme scenario, transfers to family and friends would fall to zero but transfers to parents would not. Transfers to charity would decline via the budget constraint but in total would be less affected. This is the pattern in the prevalence of transfers in Table 21. Giving to charity is unaffected by children; giving to parents declines by 6 to 10 percentage points; giving to family and friends declines by 14 to 17 percentage points. The conditional amounts are smaller most likely reflecting a reduction in resources resulting from transfers to children.

- People without children are about half again to twice as likely to give to their parents as people with children. Singles without children who do give to their parents tend to give more than singles with children who give to their parents. Thus the prevalence for giving and the conditional amounts are reinforcing leading to higher population amounts among the childless.
- People without children are several times as likely to give to other relatives or friends as people with children. For those who do give to relative or friends, those without children (singles and couples) tend to give more. The prevalence and conditional amounts are also reinforcing.
- People without children are no more likely than parents to donate to charity, but among donors, the childless give more.
- People without children are no less likely to leave bequests, or to leave large bequests, than are parents.

These results support the hypothesis that giving operates both through the budget constraint and, in some types of giving, through a substitution effect. Giving to own parents and to relatives and friends varies considerably both in prevalence and in conditional amount according the parental status of the giver. Giving to charity varies only in conditional amount. This suggests that because the childless do not have a family connection via their children they substitute giving to others to foster and perhaps build social connections. Charitable giving is unrelated to family or social connections and so the prevalence does not vary with the presence of the family connection offered by children. Yet, because of the budget constraint the conditional amount given is greater among the childless than among parents, who spend some of their transfer resources on their own children.

When coupled with demographic trends, these findings have implications for total transfers. If, as expected, childlessness continues to increase, total transfers by people over 50 to their parents and other relatives or friends will increase. So will their donations to charity. Charitable donations should also increase as the population continues to age. An increase in childlessness, however, should not materially affect transfers via bequests.

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Table 1

Income and wealth, couples. Thousands 2004\$

	N	Income		Wealth	
		Mean	Median	Mean	Median
Couples					
Children	57101	68.9	45.9	461.0	209.3
No children	2088	72.7	44.0	530.5	241.8
Singles					
Children	27491	26.6	16.2	182.9	60.0
No children	4380	37.0	17.8	257.5	72.2

Based on pooled HRS data 1996–2004 (five waves)

Table 2

Singles
Percent give to parents or parents-in-law, over two years

	N	Income quartiles				All
		Lowest	2	3	Highest	
No children	367	16.3	28.9	28.3	25.8	24.8
Children	2326	9.7	10.9	17.0	18.4	14.0
Wealth quartiles						
		Lowest	2	3	Highest	All
No children	367	22.0	19.8	27.2	30.1	24.8
Children	2326	12.0	12.8	14.7	16.5	14.0

Based on pooled HRS data 1996–2000 (three waves)

Table 3

Couples
Percent give to parents or parents-in-law, over two years

	N	Income quartiles			
		Lowest	2	3	Highest All
No children	343	23.5	12.8	20.9	32.2 22.5
Children	13547	10.6	14.2	15.2	23.7 16.0
Wealth quartiles					
		Lowest	2	3	Highest All
No children	343	12.7	22.4	27.3	26.4 22.5
Children	13547	13.2	14.0	15.6	21.1 16.0

Based on pooled HRS data 1996–2000 (three waves)

Table 4

Singles
Percent give to friends or relatives, over two years

	N	Income quartiles			
		Lowest	2	3	Highest All
No children	3728	5.8	16.1	28.3	36.3 22.2
Children	24537	2.2	2.5	4.8	11.0 5.2

Wealth quartiles

	N	Wealth quartiles			
		Lowest	2	3	highest All
No children	3728	9.2	17.3	25.7	35.8 22.2
Children	24537	2.3	3.9	5.2	9.5 5.2

Based on pooled HRS data 1996–2004 (five waves)

Table 5

Couples
Percent give to friends or relatives, over two years

	N	Income quartiles			
		Lowest	2	3	Highest All
No children	1758	13.7	15.7	20.5	31.6 20.8
Children	53059	2.9	4.4	6.7	11.1 6.3
Wealth quartiles					
		Lowest	2	3	highest All
No children	1758	11.9	14.8	24.7	30.7 20.8
Children	53059	3.4	5.3	6.7	9.9 6.3

Based on pooled HRS data 1996–2004 (five waves)

Table 6

Singles
Percent give to charity, annual

	N	Income quartiles			
		Lowest	2	3	Highest All
No children	3772	8.2	19.9	36.9	56.7 31.3
Children	2437	8.5	18.1	32.9	51.7 28.3
Wealth quartiles					
		Lowest	2	3	highest All
No children	3772	6.9	21.6	38.0	57.3 31.3
Children	2437	7.5	20.2	33.1	52.1 28.3

Based on pooled HRS data 1996– 2004 (five waves)

Table 7

Couples		Percent give to charity, annual						
		Income quartiles						
	N	Lowest	2	3	Highest	All		
No children	1795	25.2	47.5	57.3	79.5	53.6		
Children	52739	27.7	48.7	60.2	74.9	53.5		
		Wealth quartiles						
		Lowest	2	3	highest	All		
No children	1795	25.5	42.4	62.3	81.8	53.6		
Children	52739	26.6	49.0	62.2	75.6	53.5		

Based on pooled HRS data 1996– 2004 (five waves)

Table 8

Singles

Logistic estimation: Relative odds of giving to parents

N = 2693

	Odds	95% confidence	
Has child	0.51	0.39	0.66
Age 51–59	--	--	--
Age 60–69	1.31	1.05	1.64
Age 70–79	0.93	0.48	1.80
Age 80+	2.40	0.24	23.69
2 nd income quartile	1.29	0.91	1.83
3	2.03	1.45	2.84
4	2.03	1.42	2.91
2 nd wealth quartile	0.80	0.57	1.11
3	0.94	0.68	1.31
4	1.00	0.71	1.41

Based on pooled HRS data 1996–2000 (three waves)

Table 9**Couples**

Logistic estimation: Relative odds of giving to parents or parents-in-law

N = 13890

	Odds	95% confidence	
Both have parents alive	1.82	1.65	2.02
Has child	0.69	0.53	0.89
Age 51–59	--	--	--
Age 60–69	1.19	1.08	1.31
Age 70–79	1.16	0.96	1.40
Age 80+	0.92	0.44	1.94
2 nd income quartile	1.35	1.16	1.57
3	1.43	1.22	1.66
4	2.34	2.00	2.74
2 nd wealth quartile	0.90	0.78	1.04
3	0.96	0.83	1.11
4	1.14	0.99	1.33

Based on pooled HRS data 1996–2000 (three waves)

Table 10

Singles

Amount given to parents conditional on giving

N = 376

	Effect	t-statistic
Constant	4417.9	2.26
Has child	-2760.9	-1.92
Age 51-59	--	--
Age 60-69	-2023.7	-1.67
Age 70-79	-1473.3	-0.40
Age 80+	-2692.6	-0.24
2 nd income quartile	-48.7	-0.03
3	-30.7	-0.02
4	2297.4	1.20
2 nd wealth quartile	173.3	0.10
3	1028.9	0.59
4	2738.2	1.52

Table 11**Couples**

Amount given to parents conditional on giving

N = 1285

	Effect	t-statistic
Constant	1239.3	1.85
Both parents alive	-390.6	-1.64
Has child	601.2	1.01
Age 51-59	--	--
Age 60-69	74.0	0.31
Age 70-79	41.9	0.09
Age 80+	644.6	0.39
2 nd income quartile	-329.2	-0.89
3	17.0	0.05
4	729.0	1.92
2 nd wealth quartile	49.4	0.14
3	43.3	0.13
4	2042.7	5.66

Table 12

Singles

Logistic estimation. Relative odds of giving to friends or relatives.

N = 28265

	Odds	95% confidence	
Has child	0.20	0.18	0.23
Age 51–59	--	--	--
Age 60–69	0.61	0.54	0.69
Age 70–79	0.53	0.46	0.61
Age 80+	0.42	0.37	0.49
2 nd income quartile	1.52	1.25	1.85
3	2.30	1.92	2.76
4	3.65	3.05	4.37
2 nd wealth quartile	1.33	1.12	1.59
3	1.70	1.43	2.02
4	2.58	2.17	3.06

Based on pooled HRS data 1996–2004 (five waves)

Table 13**Couples**

Logistic estimation. Relative odds of giving to friends or relatives.

N = 54817

	Odds	95% confidence	
Has child	0.25	0.22	0.29
Age 51–59	--	--	--
Age 60–69	0.94	0.86	1.02
Age 70–79	0.68	0.61	0.76
Age 80+	0.77	0.66	0.88
2 nd income quartile	1.31	1.15	1.48
3	1.75	1.54	1.98
4	2.61	2.30	2.96
2 nd wealth quartile	1.34	1.19	1.51
3	1.59	1.41	1.79
4	2.04	1.81	2.29

Based on pooled HRS data 1996– 2004 (five waves)

Table 14

Singles

Amount given to friends or relatives conditional on giving

N = 2004

	Effect	t-statistic
Constant	6673.7	2.83
Has child	-3490.9	-3.23
Age 51-59	--	--
Age 60-69	424.4	0.32
Age 70-79	-14.8	-0.01
Age 80+	3266.1	1.97
2 nd income quartile	-1210.5	-0.52
3	2193.4	1.04
4	2107.8	1.04
2 nd wealth quartile	-3609.1	-1.75
3	-3073.6	-1.55
4	1100.6	0.57

Based on pooled HRS data 1996-2004 (five waves)

Table 15**Couples**

Amount given to friends or relatives conditional on giving

N = 3511

	Effect	t-statistic
Constant	2511.1	4.49
Has child	-878.2	-2.27
Age 51-59	--	--
Age 60-69	231.2	0.84
Age 70-79	888.7	2.56
Age 80+	1481.2	3.13
2 nd income quartile	-480.9	-1.12
3	-283.9	-0.7
4	532.8	1.32
2 nd wealth quartile	16.1	0.04
3	1059.2	2.76
4	1973.8	5.18

Based on pooled HRS data 1996-2004 (five waves)

Table 16

Singles

Logistic estimation. Relative odds of giving to charity

N = 28109

	Odds	95% confidence	
Has child	0.97	0.89	1.05
Age 51–59	--	--	--
Age 60–69	1.13	1.04	1.23
Age 70–79	1.18	1.07	1.29
Age 80+	1.21	1.10	1.32
2 nd income quartile	1.73	1.56	1.93
3	3.09	2.79	3.43
4	5.50	4.94	6.12
2nd wealth quartile	2.38	2.14	2.66
3	3.80	3.41	4.23
highest	6.37	5.71	7.10

Based on pooled HRS data 1996–2004 (five waves)

Table 17**Couples**

Logistic estimation. Relative odds of giving to charity.

N = 54534

	Odds	95% confidence	
Has child	1.05	0.94	1.16
Age 51–59	--	--	--
Age 60–69	1.11	1.06	1.17
Age 70–79	1.22	1.16	1.30
Age 80+	1.25	1.16	1.34
2 nd income quartile	1.94	1.84	2.05
3	2.77	2.62	2.93
4	4.49	4.21	4.78
2 nd wealth quartile	2.07	1.96	2.18
3	3.04	2.88	3.21
4	4.72	4.44	5.01

Based on pooled HRS data 1996–2004 (five waves)

Table 18

Singles

Amount given to charity conditional on giving.

N = 7389

	Effect	t-statistic
Constant	2202.4	2.60
Has child	-1792.1	-4.41
Age 51–59	--	--
Age 60–69	-145.3	-0.34
Age 70–79	18.3	0.04
Age 80+	1142.4	2.48
2 nd income quartile	-120.6	-0.18
3	117.2	0.19
4	1411.7	2.29
2 nd wealth quartile	4.0	0.01
3	29.6	0.05
4	1493.7	2.34

Based on pooled HRS data 1996–2004 (five waves)

Table 19

Amount given to charity conditional on giving. Couples
N = 26838

	Effect	t-statistic
Constant	2610.0	5.44
Has child	-1275.8	-3.24
Age 51–59	--	--
Age 60–69	214.7	1.13
Age 70–79	265.4	1.21
Age 80+	1059.6	3.62
2 nd income quartile	-461.7	-1.82
3	23.9	0.10
4	1617.2	6.26
2 nd wealth quartile	169.8	0.68
3	317.1	1.29
4	2468.6	9.88

Based on pooled HRS data 1996–2004 (five waves)

Table 20

Singles and Couples

Average subjective probability of a bequest of \$100,000 or more

	Single	Couple
No children	32.4 (3615)	49.0 (1728)
Children	27.8 (22622)	47.9 (48394)
Number of observations in parentheses		

Based on pooled HRS data 1996–2004 (five waves)

Table 21

Summary of effects of parental status on transfer probabilities and amounts

		Percent probability of transfer				Amount conditional on transfer (thousands \$)			
		Parents	Family & friends	Charity	Parents	Family & friends	Charity	Parents	Charity
Singles	Has child	14.4	5.4	30.5	1.6	3.2	0.4		
	Does not have child	24.8	22.2	31.1	4.4	6.7	2.2		
Couples	Has child	16.7	6.2	54.8	1.8	1.6	1.3		
	Does not have child	22.5	20.8	53.6	1.2	2.5	2.6		

Source: Author's calculations from various waves of HRS