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**DO PARENTS DIVIDE RESOURCES EQUALLY
AMONG CHILDREN? EVIDENCE FROM THE
AHEAD SURVEY**

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Abstract

This paper uses data from the Asset and Health Dynamics of the Oldest Old study to determine how parents divide their resources among their children. We find that parents are most likely to name all children as beneficiaries of trusts, life insurance policies, and wills, regardless of income differences among the children. In contrast, cash gifts are made most often to poorer children in the family. Poorer children are also more likely to coreside with parents, and deeds to residences are more likely to be passed to coresident children. In summary, transfers made while the parent is alive are directed more toward poorer children, while transfers to be executed at death are made to all children, irrespective of income differences among them.

1. Introduction

Parents have a variety of ways of transferring their resources to their children: through educational and other human capital-augmenting expenditures, cash gifts, co-residence arrangements, and bequests, among others. Transfers may be complex arrangements of consideration now for reciprocal consideration later. This is the “exchange” motive, as in Cox (1987) and Bernheim, Schleifer and Summers (1985). Or they may be driven by altruistic tendencies as in Becker (1991). There is no doubt that resources are not divided exactly equally among children, but whether the degree of inequality is large, intentional, or systematic remains an important and open question. Of central interest in this study is whether parents attempt to equalize differences among children’s incomes by making larger transfers to relatively poorer children—a prediction consistent with altruism models—or whether they attempt to treat all children “equally” by transferring equal amounts over the course of a lifetime to each child. Recent research on cash transfers finds that parents give more gifts and larger gifts to their poorer children.¹ Studies of bequests, on the other hand, have found that estates tend most often to be divided in equal shares among children, regardless of income differences among them.²

This study combines the analyses of the distributions of cash transfers and bequests and includes other forms of transfers as well. We use panel data techniques to examine the patterns of transfers within families, rather than across families, to assess how parents react to income differences among siblings when awarding transfers. The analysis controls for the observable and unobservable characteristics of the parents. Our results confirm and extend those in the separate strands of the literature. Parents preferentially award cash gifts and other *inter vivos* transfers, including coresidence, to poorer children, while transfers made at the time of death, including bequests, are made most often to all children without regard to income differences among them.

When taken together, these results suggest that, over the course of a lifetime, a poor sibling receives more total transfers from his parents than his richer siblings.

The paper proceeds as follows. The next section describes the Asset and Health Dynamics of the Oldest Old (AHEAD) data set, the sample, and the variables we use in the analyses. We describe the empirical approach in Section 3. In Section 4 we present simple cross-tabulation results showing the incidence rates of various transfers to children and the prevalence of equal division of transfers within families. Multivariate analyses of the determinants of receiving a transfer are presented in Section 5. Section 6 summarizes and concludes the paper.

2. Data

The data for this analysis are drawn from the Survey of Asset and Health Dynamics among the Oldest Old (AHEAD).³ The respondents to this survey are aged 70 or older and are asked a variety of questions about their health, income, assets and family structure, including a series of questions about each of their children. Of particular interest to us is the battery of questions asking whether and which of the respondent's children are named as recipients of a variety of transfers, including wills, trusts, deeds to property, insurance policies, cash gifts and coresidence arrangements.

Of the 6,052 households in the survey, we omit a few cases (130) in which the respondents were unable or unwilling to provide even the most basic information about a child (for example, age and sex). Since we wish to examine how parents divide resources among siblings, we also omit 1,031 families with only one child. We are left with 4,168 families and a total of 15,245 children.⁴ Summary statistics for the samples of parents and children appear in Table A1.

Our analysis uses the following information provided by the respondents about each of their children: sex, age, education, marital status, whether a stepchild, whether has children, whether working full-time, income, distance from the respondent's household, and whether the child provides the parent with any "activity of daily living" (ADL) help. Parents report the children's incomes using categorical, rather than actual, dollar amounts through a series of unfolding questions. The six mutually exclusive categories are 0 to \$20,000, \$20,000 to \$30,000, \$30,000 to \$50,000, greater than \$50,000, and two broader categories—less than \$30,000 and greater than \$30,000. Assignments into the broader categories are presumably made by parents who are less sure about their children's incomes; therefore, these may be noisier measures of income than the assignments into the more tightly defined categories. We find evidence for this interpretation in a later section. While we would prefer actual dollar reports of children's income (reported by the children themselves, perhaps), we argue that the parents' categorical reports give enough information to allow a relative ranking of siblings' incomes that provides useful variation within the family that can be exploited in the analysis below.

A peculiarity of the AHEAD study introduces another problem. The survey instrument treats co-resident children differently from children living outside the respondent's household with regard to the income measure. The respondent is asked to report the *labor earnings* of each co-resident child and his or her spouse and the *family income* of each child living outside the household. This feature of the survey introduces a potential problem in that a coresident child is likely to appear poorer than his noncoresident siblings simply because his income report excludes his nonlabor income. We conducted a test to determine if this is a severe problem, drawing on income information reported by the members of the Health and Retirement Study (HRS), a household survey similar in design to that of AHEAD.⁵

This exercise is similar in spirit to the imputation exercise in Freedman and Wolf (1995), which uses elderly female respondents with living children to create a shadow sample of children similar to the respondents for whom information about their mothers is missing. Our applications differ on two dimensions. First, whereas they use the shadow sample to impute a value for a missing variable, we use the shadow sample to simply gauge the seriousness of the income reporting problem outlined earlier. Second, they use one subsample of respondents from the National Survey of Families and Households (NSFH) to impute information for another subsample in the NSFH; we use a sample of respondents from a separate, but similar, data set.

We extracted a “shadow” sample of HRS respondents who were near in age to the children of AHEAD respondents and who coresided with a parent. We imposed the income categories used in the AHEAD survey on their labor income and on their total income reports. Nonlabor income is small enough so that total income falls in the same bracket as labor income for over 90 percent of nonmarried HRS coresidents. In the case of married HRS coresidents, about 40 percent of respondents were boosted out of their labor income bracket when the other household income was added. Most of these jumps occurred when the respondent’s spouse’s labor income was counted. Fortunately, of the 884 coresident children in AHEAD only 84, or less than 10 percent, are part of a two-earner couple. In these cases, we use whichever income is higher, that of the child or the spouse, as the income measure. We re-ran our estimates after dropping out all observations associated with these 84 families and saw no qualitative differences from those reported in Table 2. As a further check, for all of the transfers other than coresidence, we discarded all observations from families in which the parent coresides with a child and saw only small changes from the results reported here. Overall, then, we do not view the difference

between coresident and noncoresident children's income reports in AHEAD as a large problem in our analyses.

Types of Transfers

Central to our analysis are data on the accumulation and transfer of various parental assets. The transfers we focus on are cash gifts, coresidence arrangements, deeds to real property, life insurance benefits, wills, and trusts.⁶ The first two transfers are made while the parent is alive; the others are most likely executed upon the parent's death. Below, we describe the type of information collected on each of these transfer types.

First, respondents were asked whether they had given cash gifts of \$500 or more in the past year to any of their children. If they answered affirmatively, they were asked to identify which children were given transfers and to report the total dollar amount to each child. They were also asked whether they had given cash gifts to any child totaling \$5,000 or more over the past ten years and to identify all such children. When a respondent lives with a child, the respondent was asked to identify each child who lives in the household, whether the child always lived with the respondent, and, if not, who moved in with whom, and (from the respondent's perspective) which party benefits more from the arrangement.

Respondents also reported the type of residence they occupy, whether or not they own it, and its resale value. If the respondent owns the residence, he or she was asked whether any child is named on the deed to the residence and, if so, to identify all children who are named. They also reported which, if any, children were awarded a deed to property in the last ten years.

Respondents were also asked whether or not they hold life insurance policies. If so, the value of each policy and the children named as beneficiaries were recorded. Each respondent was asked

whether or not he or she has a witnessed will. Those who do have wills are asked to identify the beneficiaries. Finally, if a respondent reported having a trust fund, the beneficiaries and value of the trust fund were recorded.

3. Empirical Methodology

We study transfer behavior at both the family and individual (child) level. First, for each of the transfer types, we calculate how many parents made (or intend to make) a transfer to at least one child and how many of these parents made such a transfer to all their children. We find that some transfers are awarded to all siblings, while others are awarded to just one or a few of them.

Our next goal is to determine which of the child's characteristics is important in determining whether or not he or she is chosen by the parent to receive a transfer. For each type of transfer, we create a record for each child in the family by combining the parent's report of whether the child received a transfer of the particular type with the parent's reports of the child's characteristics. We keep the records of all children from families where at least one, but not every, child was named as a recipient. We discard all observations from families where all or none of the children received this type of transfer, since in these families there is no variation in transfer receipt to explain. We then apply a fixed effects logit estimator to the set of valid observations for each transfer type.⁷

4. Results

We first report simple cross-tabulations to show the prevalence of parental holdings of various transfer instruments. Then we examine the pattern of transfers to children within families to determine how frequently transfers of the various types are made to all of the children or to

only some of the children. In the second part, we look more closely (using fixed effects analysis) at those families in which some, but not all, children are named as recipients to determine which child characteristics parents respond to when they make transfers differentially. We are especially interested in whether parents react to differences in the children's income when awarding transfers.

Prevalence of Equal Division

Table 1 shows for each transfer instrument the fraction of respondents that holds the instrument, the fraction of respondents that makes this type of transfer to at least one child, the fraction that makes transfers of this type to all children, and the conditional median value of the transfer or asset (when available). For example, 24 percent of parents gave a cash gift of \$500 or more to a child in the past calendar year and 31 percent of these parents gave such a gift to all children. The median gift amount in families where one was given (summed over all children in the family) was \$2,000. About the same fraction of parents (20 percent) gave gifts of \$5,000 or more to a child over the past ten years, but they were more likely to be given to all children (40 percent of cases) than were the cash gifts in the past year.

Parents are less likely to have named a child on the deed to their residence—only 11.6 percent of homeowners did—and when they do, it is uncommon for them to name all the children (only 30 percent did). This is not too surprising, given that the “lumpy” nature of a house makes division among several children potentially difficult.⁸ Similarly, only 6.3 percent of parents named a child on a deed in the past ten years and only one in five of these named all their children. The reported median resale value of the parents' residence is \$70,000.

Witnessed wills are a commonly held transfer instrument; 65 percent of households have them. Ninety-one percent of testate parents name at least one child as a beneficiary, and 90

percent of these name all the children on the will. Respondents who named all children as beneficiaries were asked if the will “provides for all children about equally?” Ninety-five percent answered this question affirmatively and this fraction is constant across families with different numbers of children. Parents were not asked to report the value of their estate, so we report the parents’ median net worth (\$111,000) in Table 1 as a proxy.

Trusts are rare—only about 8 percent of the parents in the sample have one—but they are large (\$250,000 is the median value). All children are almost always named as beneficiaries (86 percent of the time), as is the case with wills.

Slightly fewer parents have insurance policies than have wills (58 percent) and they name children as beneficiaries in about half the cases.⁹ Of these, all children are named as beneficiaries half of the time, and only some children are named as beneficiaries in the other half. The median conditional value of the total benefit amount is \$5,000.

The final transfer type we examine is coresidence. Twenty percent of parents in our sample have a child living in their household, and, of these, only 19 percent live with all of their children. Further analysis of the coresidence arrangements shows that in about one-third of the cases the child always lived with the parent. In two-thirds of the remaining cases where a move brought the parent and child back together, the child moved in with the parent; otherwise, the parent moved in with the child. Unsurprisingly, children are more likely to have moved into the homes of high-income parents. Surprisingly, perhaps, the same pattern holds for parent moves; over all the parent moves, richer parents were more likely than poorer parents to have moved in with a child.¹⁰

In summary, we see a wide range in the frequency of holding different transfer instruments and in the way they are distributed or intended to be distributed among children. All children are

almost always named as beneficiaries on wills (which are quite common) and trusts (which are quite rare), for instance, while it is less likely that all children are named as beneficiaries of the other transfers, especially in the cases of cash gifts, deeds and coresidence.¹¹ In the next section we use multivariate regression analysis to determine which child characteristics predict whether or not the child receives a transfer.

Family Fixed Effects Analysis

The fixed effects logit regressions are run on the sample of children's observations left after omitting all the observations from households where all or none of the children received a transfer. These families must be omitted since there is no variation in the dependent variable to explain. The family fixed effect allows us to control statistically for observable and unobservable parental characteristics that are common across all children in the family, such as health, assets or financial obligations, attitudes toward children, or generosity, for example. Otherwise, ignoring or incompletely controlling for parental characteristics that are correlated to the child's characteristics might bias the estimated regression coefficients. Since all the parents' characteristics are captured by the family fixed effect, only the child's characteristics are used as explanatory variables. It is the variation in these variables across siblings, not across families, that identifies the logit coefficients.¹² The error term captures unobserved idiosyncratic differences in the children's attributes or the parents' attitudes toward particular children in the family.

All of the fixed effects logit regressions control the following characteristics of each child: age, education, sex and marital status, number of kids, distance from the parent, whether working full-time, whether provided ADL help to the parent, and income bracket. Table 2 presents only the estimated income effects, because we are most interested in determining whether parents award transfers differentially to poorer siblings. (See Table A2 for the full set of regression

results.) In the text, we also discuss the effects of the other child characteristics when they are significant predictors of receiving a transfer of the particular type. To make the interpretation easier, all of the estimated logit coefficients have been converted to odds ratios. The reported effects for the income categories are interpreted with respect to the omitted income category, “greater than \$50,000.” For example, the entry of 5.78 for the “0 to \$20,000” income bracket in the row for “Cash, \$500 or more in past year” means that the odds of a child in this category receiving a cash gift are 5.78 times higher than the odds of a child in the highest income category.

The number of families in which a transfer was made to at least one but not all children varies by transfer type (see the first column the table) and depends on the number of parents who hold the particular asset type and the prevalence of equal division among these families. For example, there are relatively large numbers of parents who transferred cash to some but not all children or who coresided with a child. The numbers of families with unequal division are smaller for some of the other transfer types shown in the table. Consider trusts: the number of families having trusts is very small to begin with (about 8 percent of respondents) and about 90 percent of those that do have a trust name all children as beneficiaries. This leaves a very small number of families (32, with a total of 148 children) on which to run the fixed effects logit.

Cash Transfers and CoResidence

We begin with a discussion of the fixed effects logit estimates for cash transfers of \$500 or more in the past year. There are 568 families (with 1,966 children) where at least one child, but not all, received such a gift in the past year. The children’s income effects are all significant and decrease as the children’s income increases. For example, the odds of a sibling in the lowest income category receiving a cash gift are 5.78 times larger, the odds of a sibling in the \$20,000 to \$30,000 category are 4.90 times larger, and the odds of a sibling in the \$30,000 to \$50,000

category are only 1.52 times larger than the odds of a sibling in the highest income category. The sizes of the effects in the broader (and probably less reliably reported) income categories are consistent with this pattern. A sibling whose income is less than \$30,000 (greater than \$30,000) has odds 3.76 (1.89) times higher of receiving a cash gift than one with income greater than \$50,000.

Several other child characteristics play significant roles in determining whether the child receives a cash transfer. Being a stepchild reduces the odds of receipt by a factor of five, having children doubles the odds, and providing ADL help to the parent nearly quadruples the odds. Living more than ten miles away from the respondent has a small negative effect and working in a full-time job has a small positive effect on receiving a cash gift. Age, marital status, education and sex do not significantly affect the probability of a child receiving a cash transfer from his or her parents.¹³

The results for cash transfers of \$5,000 or more made over the past ten years are very similar. Poorer siblings are significantly more likely to have been the recipients of such gifts; being a stepchild, having kids and providing help all have impacts of comparable magnitudes as in the case of cash given in the past year.

We also find that the child's income plays a very strong role in the determining whether he or she coresides with parents. The odds that a sibling in the lowest income category coresides with a parent are about 12.4 times higher than the odds for a sibling in the highest income category, while in the next higher income category the odds are 7.20 times greater and fall to 2.41 time higher in the \$30,000 to \$50,000 income bracket. Several other child characteristics affect the likelihood of co-residence. Single sons (daughters) are approximately 15 times (9 times) more likely than married sons to coreside with parents. Children with children are about half as likely to

coreside with parents as childless children. Finally, we also find very large positive and significant effects for providing help with ADLs and the odds of coresidence, but the direction of the causality in this case is not clear.

There is a large body of literature that studies co-residence arrangements between parents and children. Many of the results found in this diverse literature are consistent with results from our study. Importantly, many studies support our claim that coresidence should, in fact, be counted as a transfer from parents to children. Rosenzweig and Wolpin (1993, 1994) argue that coresidence is a source of intergenerational support for children. Because of the public goods aspect of many household consumption goods and services (such as kitchen facilities and telephone service), parents can provide them more cheaply in their household than outside the household. Aquilino (1990) finds that most co-residence occurs in the parents' home as a result of the needs of the child, rather than the parents' needs as measured by low income or poor health. Weinick (1995), using data from the National Survey of Families and Households (NSFH), finds that co-residence in the parent's home accommodates the needs or desires of the child (for example, the child is unable to afford to live on his or her own) in 94 percent of the return trips home. Additionally, Wolf and Soldo's (1988) analysis of the composition of the households of frail elderly women in the National Long-Term Care Survey finds that in households where the primary care giver is not the spouse, about half of the co-residence arrangements were made prior to the need for care. The authors suggest that these arrangements were probably intended to meet the financial needs of the adult child. In our sample the majority of co-residence arrangements take place in the home of the parent: about 36 percent of coresident children always lived with their parents, 44 percent moved back in after a spell of living away, and the rest coreside with a parent because the parent moved in.¹⁴ When a child moves in with the

parent, the parent claims that the child benefits from the arrangement more than the parent does in four out of five cases.

We split our sample of coresidence arrangements into those that occur in the parent's home and those that occur in the child's home and re-estimated the fixed effects logit regressions. In the subsample of coresidence in the parent's home, the strength and pattern of the income effects and the large positive effects of being a single child and without children were the same as in Table 2. The results for the sample of families where the parent moves into the child's home, on the other hand, show less pronounced effects of the child's income, and, in contrast, the coresident child is more likely to be married and female, a result also documented by Soldo, Wolf and Agree (1990).

In summary, we find that parents award cash transfers and coresidence to their poorer children. Stepchildren are less likely, while children who provide help to the parent are more likely, to be recipients of these transfers. Having children raises the probability of receiving a cash gift, but lowers the probability of living with a parent.

Deeds, Life Insurance, Wills, and Trusts

In contrast, we find few notable or significant effects of the child's income on the likelihood of being named on a deed to property either currently or in the past ten years. Parents do not seem to base deed transfer decisions on the incomes of their children. We do not see the highly significant and monotonically decreasing effects of children's incomes as in the previous transfers. In the case of the current deed, all of the income effects are small and only one is marginally significant. Although there are a few significant income effects for deeds awarded in the past ten years, there is only weak evidence that poorer siblings are targeted for these transfers.

It appears that this is a result of the previous finding that coresident children are most often the poorest siblings. This is because the only two significant determinants of being named on a deed are being a stepchild (which reduces the odds of being named on the deed to the parent's residence by a factor of 7 and on a deed to other property in the past ten years by a factor of 12) and providing ADL help (which triples the odds of being named on the current deed, but has no effect on a being named on a deed to other property in the past ten years). When an indicator for whether the child coresides with the parent is included in the regression, all the income effects disappear and being a coresident child raises the odds of being named on a deed by a factor of 6. Coresidence, then, provides the child with two forms of benefits—those derived from the arrangement itself, and the increased odds of being named on the deed to the residence.

The results of the fixed effects regression for life insurance policies imply that parents do not consider the incomes of children when naming them as beneficiaries of these policies. All but one of the income effects in the specification are insignificant, and the one that is significant suggests that a relatively poor child is less likely to be named than a richer one. Again, the only other child characteristics that affect the odds of being named as a beneficiary are being a stepchild (which causes a reduction of 20-fold) and providing ADL help (which raises the odds by a factor of 6).

The child's income is also an insignificant predictor of being named as a beneficiary on a will or trust. Being a stepchild is associated with a 10-fold reduction in the odds of being named in a will, but has no effect in the trust equation. The variables measuring whether the child provides ADL help and the distance from the parent have no effect on receiving either of these transfers. Keep in mind that the samples of families in the fixed effects regressions are a relatively small percentage of all families that have wills or trust funds because in about 90 percent of cases

all children were named as beneficiaries. These results imply that not only is it unusual for parents not to name all children as beneficiaries, but when they do not name all the children the relative incomes of the children do not help to predict which are in fact named.

In summary, differences in children's incomes appear not to be important in determining which children are named as beneficiaries on life insurance policies, wills, and trusts when not all the children are named. The lack of significance may be attributable to the small sample sizes, but the small sample sizes are themselves indications that parents most often name all children as beneficiaries. In awarding the deed to their current residence, parents strongly favor the coresident child.

5. Conclusions

In this paper we have examined a variety of instruments that older parents can use to transfer their resources to their children. In addition to the two frequently studied transfers, cash gifts and bequests, we accounted for coresidence arrangements, trusts, deeds to property, and life insurance policies. Our primary goal was to determine whether parents divide these assets equally among their children or if they award them differentially among children in some systematic way. We looked within families and paid close attention to the effects of the relative incomes of children on the probability of receiving each of the transfers. Many of our findings are new ones in the literature on intergenerational transfers.

In the cases of trusts and wills, two of the largest transfers made at the end of life for most parents, we almost always find that all children are named as beneficiaries. Furthermore, when not all children are named, a child's income does not help in determining whether he or she is named. The other evidence in the survey suggests that parents intend to leave approximately

equal shares of their estates to their children. Both of these findings are consistent with much of the existing work on estate division (Wilhelm 1996; Menchik 1980, 1988).

In the case of insurance policies, which are owned by over half of the parents in our sample, parents are less likely to name all children as beneficiaries. When they do not name all children, it appears that they do not consider the relative incomes of the children in deciding which of the children are named. Parents rarely name children on the deed to their current residence. When they do make such an award, the coresident child is most often the recipient.

Cash gifts, on the other hand, are less frequently given to all children, and when they are differentially awarded they are more often given to the poorer children. Parents also appear to extend coresidence arrangements to their poorer children.

We also find strong effects on transfer receipt associated with being a stepchild (always negative, large, and significant) and providing the ADL help to the parent (usually positive, sizeable, and significant).

Taken together, the general pattern is that transfers awarded at the time of death—wills, trusts, and life insurance benefits—are most often awarded to all children and without regard to income differences among them, while transfers made while the parent is alive—cash gifts and co-residence arrangements—are usually awarded to the poorer siblings. The award of a deed is an intermediate case, in that the real property is passed to the child at death, yet the child's relative income does determine (through coresidence) whether he or she is named on the deed.

Phillips (1997) uses this data to study whether and how parents “bundle” different transfers together. He finds that receiving one type of transfer does not reduce the probability of receiving any other type of transfer; that is, parents do not offset one transfer by withholding another, so that overall, poorer siblings stand to receive more transfers from parents than richer

siblings. Work by Laferrere (1992) and McGarry (1996) confirms the general pattern of division reported here. In Laferrere's study of French probate records, about 7 percent of estates were divided unequally among siblings. French law requires an accounting of *inter vivos* gifts to children in the probate record as well; Laferrere finds that unequal division is twice as common when these gifts are attributed to siblings. McGarry uses AHEAD and the HRS to test a model in which a parent's allocation decision depends on the parent's ability to observe how the transfer is consumed. The fact that the consumption associated with an *inter vivos* transfer can be observed, while same is not true for a bequest, leads the parent to award the two types of transfers differently, with *inter vivos* gifts going more often and in larger amounts to poorer siblings and bequests being divided most often equally among siblings. She finds these patterns in both AHEAD and the HRS.

Endnotes

1. See Dunn (1993, 1995); McGarry and Schoeni (1995); and Altonji, Hayashi, and Kotlikoff (1996).
2. See Menchik (1980) and Wilhelm (1996). Tomes (1981) finds that poorer children receive larger estate shares, but his results are disputed by Menchik (1988).
3. See Hurd, Rodgers, Soldo and Wallace (forthcoming) for a description of the AHEAD study. While it is designed to be a panel study, we use only the first wave of data, collected between October 1993 and July 1994.
4. Our sample is comprised of 1,468 two-child families, 1,051 three-child families, 634 four-child families, and 997 families with five or more children.
5. For a description of the HRS data, see Juster and Suzman (1995).
6. In a later section we argue that coresidence should indeed be counted as a transfer to the coresident child. Parental expenditures on children's educations should also probably be counted as transfers, but the AHEAD respondents provided no such information, other than the education levels of the children.
7. We use Stata's conditional logit technique, which is based on Chamberlain (1980).
8. A slightly larger fraction of parents with only one child, 13 percent, named the child on a deed. Menchik (1980) finds that the only instances where equal division of estates did not obtain was in the case of lumpy assets, such as a family business. Similarly, Laferrere's (1992) study of French probate records shows that many of the cases of unequal division among siblings occurred when the testator was self-employed or a farmer, that is, likely to hold an asset difficult to divide.
9. Spouses, rather than children, are named as beneficiaries in nearly all the remaining cases.
10. As the parents' income increases from lowest to highest quartile, the probability that a child moved in with the parent increases from 0.12, 0.23, 0.29, to 0.36. Of all parent moves, 11 percent occurred among the poorest parents, 18 percent occurred among those in the second income quartile, 23 percent in the third, and 48 percent in the highest parental income quartile.
11. We also examined the prevalence of equal division after stratifying the sample by number of children in the family. As expected, for all transfer types the likelihood that all children are named as recipients decreases as the number of children increases. Interestingly, the rate of decrease differs considerably across transfer types. For example, the probability that all children receive a cash transfer is 0.45 in two-child families, 0.35 in three-child families, and only 0.17 in three-child families. In the case of wills, on the other hand, conditional on at least one child being named as a beneficiary, all children are named in 95 percent of two-child families, 91 percent of three-child families, and 88 percent of four-

child families.

12. The fact that the variation within families identifies the coefficients reinforces the point made earlier about the efficacy of using categorical, rather than continuous, reports of the children's income. For our purposes, the parent's guesses about the children's actual incomes may be imprecise, as long as the ordinal ranking of the children's incomes is accurate.
13. McGarry and Schoeni (1995) and Dunn (1995), also using AHEAD, find that poorer children receive cash gifts more often and, further, they receive larger gifts than their richer siblings.
14. In the NSFH a similar fraction, 75 percent, of coresidence arrangements involving parents over age 65 occur in the home of the parent (Aquilino 1990).

Table 1. The Incidence of Transfers From Parents to Their Children^a

Transfer Type	Parents Who Have This Transfer Instrument (in percent)	Fraction Who Make a Transfer of This Type to a Child (in percent)	Fraction of These Who Make a Transfer of This Type to <u>All</u> Children (in percent)	Conditional Median Value
Cash, \$500 or more in last year	--	24.0 (1019)	31.0 (317)	\$2,000 (1019)
Cash, \$5000 or more in last ten years	--	20.0 (842)	40.0 (334)	--
Coresidence	--	20.0 (821)	19.0 (157)	--
Deed to current residence	71.0 (2964)	11.6 (345)	30.0 (104)	\$70,000 (2964)
Deed to property in last ten years	71.0 (2964)	6.3 (187)	20.0 (38)	--
Life insurance policy	58.0 (2419)	47.0 (1138)	50.0 (572)	\$5,000 (2406)
Will	65.0 (2712)	91.0 (2455)	90.0 (2203)	\$111,000 (2712)
Trust fund	8.3 (338)	91.0 (306)	86.0 (263)	\$250,000 (204)

^aAnalysis is limited to 4,168 families with two or more children. These account for 80 percent of families with children in the data set. Frequencies appear in parentheses. The third column of figures is reported as a fraction of the second column. In the case of deeds, the first column shows the fraction of respondents who own their current residence and the last column shows the median home value of homeowners.

Source: Authors' calculations using AHEAD data, wave 1.

Table 2: Fixed Effects Logit Estimates by Transfer Type^a
(Dependent Variable: Child received a transfer of this type? 0/1)

Transfer Type	Number of Observations [number of families]	Income of Child					
		\$0- 20K	\$20- 30K	\$30- 50K	> \$50K	< \$30K	> \$30K
Cash, \$500 or more in past year	1966 [568]	5.78** (1.61)	4.90** (1.07)	1.52* (0.27)	--	3.76** (1.82)	1.89* (0.50)
Cash, \$5,000 or more in past ten years	1461 [425]	6.27** (1.93)	2.97** (0.70)	2.25** (0.43)	--	3.54* (1.88)	1.34 (0.49)
Coresidence	3359 [781]	12.38** (5.12)	7.20** (2.96)	2.41* (0.98)	--	6.85** (3.64)	0.93 (0.12)
Deed to current residence	558 [155]	0.41 (0.27)	0.43 (0.21)	0.96 (0.37)	--	0.08* (0.09)	0.77 (0.52)
Deed to other property in past ten years	424 [108]	3.50* (2.13)	1.34 (0.74)	2.65* (1.22)	--	2.82 (3.52)	0.08 (0.11)
Life insurance policy	1645 [408]	0.92 (0.29)	0.57* (0.16)	0.97 (0.21)	--	0.63 (0.35)	0.46 (0.19)
Will	706 [180]	0.81 (0.39)	1.99 (1.70)	1.44 (0.49)	--	0.63 (0.56)	0.71 (0.40)
Trust	148 [32]	2.04 (2.33)	1.48 (1.32)	1.28 (0.85)	--	1.16 (2.71)	19.57 (30.5)

^aThe samples are limited to families with two or more children in which at least one child, but not every child, is named as a recipient of the particular transfer type. All regressions also include the following control variables: child's age, education, sex and marital status, number of kids, distance from parents' residence, and indicators for being a stepchild, working full-time, and providing the parent with ADL/IADL help. None of the parents' characteristics are included, since they are constant for children in the family, and, therefore, captured in the fixed effect.

*Odds ratio (standard error) is significant at the 5 percent level.

**Odds ratio (standard error) is significant at the 1 percent level.

Source: Authors' calculations using AHEAD data, wave 1.

Table A1. Means (Standard Deviations) of Families with Two or More Children

Parent Variables (N = 4,168) ^a	Mean (standard deviation)	Child Variables (N = 14,602) ^b	Mean (standard deviation)
Number of Children	3.66 (2.02)	Child has Children	0.81 (0.39)
Number of Stepchildren	0.58 (1.56)		
Married	0.44 (0.50)	Married	0.68 (0.47)
Female	0.46 (0.50)	Female	0.51 (0.50)
Race			
Black	0.13 (0.34)	Full-time Work Status	0.66 (0.47)
White	0.85 (0.36)		
Other	0.02 (0.15)		
Age		Age	
Less than 70	0.02 (0.15)	Less than 40	0.21 (0.41)
70 to 80	0.70 (0.46)	40 to 55	0.64 (0.48)
Over 80	0.28 (0.45)	Greater than 55	0.16 (0.36)
Education		Education	
Less than High School Graduate	0.49 (0.50)	Less than High School Graduate	0.13 (0.33)
High School Graduate	0.26 (0.44)	High School Graduate	0.43 (0.49)
Some College	0.13 (0.34)	Some College	0.17 (0.37)
College Graduate	0.06 (0.24)	College Graduate	0.17 (0.38)
Graduate School	0.06 (0.23)	Graduate School	0.11 (0.31)
Household Income (\$)	25,029.97 (31,485.24)	Income Bracket ^c	0.16 (0.37)
Household Net Worth (\$)	167,791.90 (410,041.38)	\$0 to \$20,000	0.16 (0.37)
		\$20,000 - \$30,000	0.12 (0.32)
		Greater than \$50,000	0.20 (0.40)
		Less than \$30,000	0.02 (0.15)
		Greater than \$30,000	0.29 (0.45)

^aSample of 4,168 is limited to respondents who have at least two children.

^bSample of 14, 602 is limited to children from families with at least two children.

^cIncome bracket categories are mutually exclusive.

Source: Authors' calculations using AHEAD, wave 1.

Table A2. Fixed Effects Logit Results^a

Child's Characteristic	Transfer Type			
	Cash, \$500 or More in Past Year	Cash, \$5,000 or More in Past Ten Years	Coresidence	Deed to Current Residence
Stepchild	0.22 **	0.23 **	0.35	0.15**
Single Son	0.68	0.98	19.51 **	1.85
Married Daughter	1.12	1.04	1.09	1.26
Single Daughter	1.10	1.44	10.45 **	1.32
Number of Kids	2.34 **	1.55 *	0.38 **	0.61
Age < 40 years	1.30	2.29 **	1.42	0.66
Age > 55 years	0.59	0.65	0.96	1.85
Less than High School	1.01	0.78	0.70	0.44
Some College	1.05	0.88	1.23	1.66
College Graduate	0.99	1.21	1.42	1.71
Post-Graduate	0.87	1.04	0.83	2.44 *
Working Full-time	1.40 *	1.24	1.00	0.85
Distance > 10 miles	0.69 *	1.27	--	1.85
ADL help (small)	3.78 *	6.80 *	11.84 **	3.28 *
ADL help (large)	2.99	1.20	77.80 **	2.11
Income				
\$0 - 20,000	5.78 **	6.27 **	14.40 **	0.41
\$20,000 - 30,000	4.90 **	2.97 **	6.37 **	0.43
\$30,000 - 50,000	1.52 *	2.25 **	2.37	0.96
< \$30,000	3.76 **	3.54 *	12.45 **	0.08 *
> \$30,000	1.89 **	1.34	0.10 **	0.77
Number of Observations	1,966	1,461	3,359	558
Number of Families	568	425	781	155

Table A2. Continued

Child's Characteristic	Transfer Type			
	Deed in the Past Ten Years	Life Insurance Policy	Will	Trust
Stepchild	0.69*	0.05**	0.10**	0.18
Single Son	1.47	0.67	1.07	4.00
Married Daughter	0.83	1.37*	1.27	0.82
Single Daughter	0.94	1.18	1.77	0.55
Number of Kids	1.21	0.96	1.04	1.73
Age < 40 years	1.81	0.78	0.96	0.74
Age > 55 years	0.75	0.96	1.22	1.90
Less than High School	1.32	0.76	1.07	1.03
Some College	1.09	1.81**	1.27	0.60
College Graduate	1.61	1.59*	2.21 *	1.65
Post-Graduate	0.89	2.62**	2.27	2.40
Working Full-time	1.22	1.24	1.13	1.72
Distance > 10 miles	1.72	1.18	0.94	0.81
ADL help (small)	2.30	5.77**	2.06	--
ADL help (large)	0.96	4.88**	2.07	--
Income				
\$0 - 20,000	3.50*	0.92	0.81	2.04
\$20,000 - 30,000	1.34	0.57	1.99	1.48
\$30,000 - 50,000	2.65*	0.97	1.44	1.28
< \$30,000	2.82	0.63	0.63	1.16
> \$30,000	0.08	0.46	0.71	19.57
Number of Observations	424	1,645	706	148
Number of Families	108	408	180	32

^aThe samples are limited to families with two or more children in which at least one child, but not every child is named as a recipient of the particular type of transfer. Omitted categories are married sons, aged 40 to 55, high school graduate, income greater than \$50,000, ADL help (small) is defined as helping a parent with one ADL, ADL help (large) is defined as helping a parent with more than one ADL.

*Odds ratio is significant at the 5 percent level

**Odds ratio is significant at the 1 percent level.

Source: Authors' calculations using AHEAD, wave 1.

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