

The Magnitude and Correlates of Inter-vivos Transfers in the UK

Eleni Karagiannaki

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For further information on the work of the Centre, please contact the Centre Manager, Jane Dickson, on:

Telephone: UK+20 7955 6679
Fax: UK+20 7955 6951
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Web site: <http://sticerd.lse.ac.uk/case>

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Abstract

This paper uses data from the British Household Panel Survey and the Attitudes to Inheritances Survey to estimate the magnitude of and the factors that are correlated with private inter-household transfers from parents to their adult children in the UK. Our evidence suggests that inter vivos transfers in the UK are fairly common although regular financial transfers may be less so. AIS suggests an aggregate value of all gifts received so far in people's lifetimes of around £83 billion in 2004. This is about one tenth of the aggregate value of inheritances reported to the same survey, or about 2.3 per cent of total wealth at the time. One section of BHPS implies an annual flow of parental transfers of only around £1.1 billion, or 4 per cent of the flow of inheritances, but other parts of the same survey imply a much greater prevalence of transfers. It appears that none of the available datasets captures the whole picture. Consistently, however, the surveys suggest that financial transfers are negatively associated with age and the income of the recipient indicating that parental transfers are reach children when help is most needed, and most for those with greater needs. However, it is the parents with greater resources who are able to do this, meaning that the process tends to reinforce intergenerational links.

Keywords: Inter-vivos transfers, inequality, altruism

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1. Introduction

This paper investigates the magnitude and the correlates of parental inter vivos transfers in the UK. This issue is important for a number of reasons. First, inter vivos transfers are an important way by which families can redistribute resources across their members and may be a significant source of inequality and of the intergenerational transmission of inequality. Moreover, parental financial transfers may influence the effectiveness of government redistribution policies by interacting with publicly provided transfers (Barro 1974; Becker 1974; Cox and Jakubson 1995; Kotlikoff et al. 1990; Bernheim and Bagwell, 1988; Altonji et al. 1992). Finally, to the extent that family transfers represent a significant motive for savings they may be a significant determinant of savings behaviour and therefore a significant driver of wealth accumulation and national savings rates.

For the US, Gale and Scholz (1994) estimate that the annual flows of parental inter vivos transfers in 1986 was \$67 billion and that inter vivos gifts account for about 20 per cent of total wealth accumulation. More recent estimates by Wolff suggest that among households who had received a transfer by 2007, about 10 per cent of the value of these transfers had come from gifts and another 10 per cent from trust funds (Wolff, 2011). For France, evidence from estate duty statistics indicates that the total amount of (declared) inter vivos transfers accounts each year for approximately one third of the total amount of declared inheritances (Pestieau, 2002). In 1970s, the Royal Commission on the Distribution of Income and Wealth (1977) in the UK suggested that lifetimes gifts were just over a fifth of the scale of inherited wealth, accounting for about 4.4 per cent of total wealth compared to 20.3 per cent accounted for by inheritances.

Although financial transfers are probably one of the most direct ways by which parents can support their children, they are not the only ones. An enlarged conception of parental transfers would also include transfers provided in context of co-residence and/or time transfers. As stressed by Rosenzweig and Wolpin (1993), ignoring transfers provided via or in the context of co-residence ignoring household living arrangements among young adults, many of whom are engaged in human capital investment activities, gives a misleading picture of appropriate life-cycle resource constraints and of the extent of intergenerational financial support for these investments. As shown by Altonji et al. (1996) and Shoeni (1997) time transfers are very common and flow both from children to their parents but also from parents to their children.

Despite the importance of studying inter vivos transfers there has been very limited information on this behaviour in the UK (with the notable exception of the US similar limitations exist worldwide). The objective of this paper is to provide estimates of the prevalence and the magnitude of different types of parental inter vivos transfers (cash-transfers, time transfers and co-residence) in the UK and to analyse the determinants of these different types of support. Our empirical analysis synthesizes data from the

British Household Panel Survey (BHPS) and the Attitudes to Inheritance Survey (AIS) to provide some preliminary evidence on the scale and the factors associated with parental transfers. Despite their many limitations BHPS and AIS provide valuable starting points for analysing transfers behaviour and for uncovering the motivations and the drivers of parental giving behaviour in the UK.

The paper begins with a general discussion of the main models of transfer behaviour, their distributional effects and a summary of findings from previous studies (which mainly document findings from the US). The subsequent sections describe the data sources used in our analysis (section 3) and the results based on these data (sections 4 and 5). A concluding section synthesises our findings and discusses their implications for the intergenerational transmission of inequality.

2. Models of intergenerational transfers

One issue which attracted considerable attention in the relevant literature is the motivation behind parental transfers. The two most widely cited explanations of transfer motives are *altruism* and *exchange*. Under the *altruism* model, parents' utility is directly linked to their children's utility (Barro 1974; Becker 1974). The main prediction of the altruistic model is that transfers are negatively related to the income of their children and positively related to the income of the parents (Becker 1981). Under the exchange model, on the other hand, inter vivos transfers and bequests (Cox, 1987; Bernheim et al., 1985; Cox and Rank, 1992; Cox and Jakubson, 1995) are form of exchange and represent payments to children for the potential reciprocal provision of services (time help, attention, companionship, visits etc). With the exchange model the amount of parental transfers is positively related to parental income (since higher income will buy more services from children) while it may be either positively or negatively related to children's income. An alternative model is the 'warm glow' model (Andreoni, 1989). Under this model parents may get utility from the amount of the transfers they give to their children (joy of giving) but not from the utility their children derive from these transfers. Therefore the main prediction of this therefore is that the amount of the transfer may be independent of the characteristics of the children.

Other models of transfer behaviour are the *insurance* and the *access to credit market* models. Under the former, parental transfers are used to smooth consumption across time (insuring against children's income fluctuations) while under the latter parental transfers may substitute for credit markets and provide money transfers when current income of their children is below their future income and the children have no assets.

A growing body of empirical research (mainly from the US) examines the relationship between the size of the transfer and the recipient's and donor's income in an effort to shed light on the motivation behind inter-household transfers and to understand their distributional effects. Since all models predict that the amount of the transfers increases with parents' income, the main test of inter-households transfers models has

been to examine the direction of the relationship between the size of the transfer and recipient's income. As our brief discussion above highlighted, the altruism model is consistent with a negative income effect while the exchange model is consistent with either a negative, positive or negative effects. Although some studies found a positive income effects (Cox, 1987; Cox and Rank, 1992) – behaviour which is inconsistent with the altruistic model and suggests that parents give more to their better off children – most empirical studies have found that the children's income has a negative effect on the amount of transfers received *from* the parents, consistent with the altruism (Altonji et al, 1997; McGarry and Schoeni 1995, 1997). However in most of these studies the estimated impact of the change in income on the amount of transfers is much lower than the one predicted by the pure altruistic theory. In contrast to the consistent negative relationship between recipients' income and transfer amount, most studies have found that bequests are divided equally across siblings, regardless of their incomes (Menchik, 1980, 1988; McGarry, 1999; Light and McGarry, 2004).

3. Data

The data that I use in this paper come from the Attitudes to Inheritance Survey (AIS) and the British Household Panel Survey (BHPS). The AIS is a specialised nationally representative survey of more than 2,000 individuals which was conducted in 2004 by researchers from Bristol and Bath universities in order to study the importance of inheritances and inheritance intentions.¹ Although inter vivos transfers were not the direct focus of the survey, some basic information was collected. The specific question regarding inter vivos transfers contained in AIS asks respondents to specify whether they or their spouses have *ever* received a lifetime gift exceeding £500 and the reason for the gift. Possible reasons included: cash to spend, a wedding or large social occasion, buying a car, buying or maintaining a property, education, paying for driving lessons, birth of children, paying off debts, paying for holiday or other luxury, general living expenses, business start-up and any other type of gift. Respondents who reported that they (or their spouses in the cases of married people) had received inter vivos transfers had to specify the total value of all gifts that they have ever received, the relationship with the donor and the age at which the last gift was received.

On the basis of the total value of all gifts and the age at receipt of the last gift (which effectively provides an upper estimate of the average date of receipt) we can compute the value of *all gifts* ever received by the respondents (and their spouses) as of the survey year. Using the Retail Price Index we convert the total value of lifetime gifts ever received by respondents to 2005 pounds. In computing the value of inter vivos gifts we had to address several methodological issues. First, because the total value of

¹ Although the original sample design in AIS was designed as a regionally stratified, clustered sample due to difficulties with the random sampling method halfway of the survey the sampling strategy was switched to a quota design. Overall, about 50 percent of the cases were based on random sampling and 50 percent on quota sampling (Rowlingson and McKay, 2005).

inter-vivos gifts is recorded in bands we assigned the mid-point value of the band.² Secondly, because the survey records the age at which the last gift was received and not the age of each gift separately when we uprate the total value of all gifts we had to adjust all gifts for inflation since the date of the receipt of last gift. Therefore the value of gifts received earlier than the last gift (and which would be included in the total value of all gifts) would be underestimated (and in some cases seriously). Furthermore, because the age of receipt is recorded in 10 year bands we had to assume that the receipt took place at the mid age of the age specific band. Given that the reported value of gifts includes all gifts received by the respondent (and/or his spouse in the case of married couples) to derive an estimate of individual receipts we assume that both the respondent and his spouse received gifts of equal value (i.e. if respondent is married we divide reported gifts by two).

The second dataset we use is the British Household Survey (BHPS), an annual panel survey of about 5,000 households (10,000 individuals) which is conducted continuously since 1991. For our analysis we compile evidence from three different sections of the BHPS questionnaire. First, we use data from the ‘household finances’ section which collects income and payments data for each household member. The specific question from this section which forms the basis of our analysis asks respondents whether they received any transfers from non-resident family members in the last year prior the survey and to specify the value of these transfers. These data are recorded continuously from wave one onwards.

Secondly, we use data from a series of questions included in waves 11 and 16 as part of ‘social support network’ module with the aim to explore the links across households. As part of these questions respondents were asked about the kinds of help provided for and received from, adult children and parents who are not living in respondents household (see Appendix A). This yielded four sets of data: support *for* adult children, support *for* parents, support *from* adult children and support *from* parents. Given the focus in this paper, we focus on data on support *for* adult children and support *from* parents. The question about help from parents asked respondents: ‘And do you regularly or frequently receive any of the things listed on this card from your parents not living here?’ The types of support specified by the survey included: getting lifts in their car; shopping for you; providing or cooking meals; looking after your children; washing, ironing or cleaning; dealing with personal affairs e.g. paying bills; writing letters; decorating, gardening or house repairs; financial help; anything else. In our analysis we examine financial help separately from all the other types of support (which we group into one category which we term practical support).

A similar question is used to assess the extent to which parents provide support for their children. The specific question for support provided to non-resident children asks respondents: ‘Nowadays, do you regularly or frequently do any of the things listed on this card for your children who are not living here?’. Again the types of support

² In the top band (open ended) we set the value of the transfer at the minimum value of the open band (i.e. £50,000).

specified by the question included financial help as well as different types of practical support (similar to those listed above).

In addition to the above, in each wave BHPS asks respondents to report whether they made ‘external transfers’ to any non-resident children and the reason for these transfers (as part of more general questions of external transfer to any non-resident persons). Respondents were prompted to consider five types of payments: maintenance, alimony and child support; educational payment; spending money or allowance; debt repayment; and other kinds of payment (but excluding pocket money for children and payments to charity). Although not explicitly stated the survey questions seem to imply regular payments rather than one-off sums of money. In our analysis we use external transfers data recorded in waves 2-16.

From the brief description above it is clear that each of the different sources captures different aspects of parental giving behaviour and it is highly unlikely that any of them would provide a complete picture of the total scale of parental inter vivos transfers. For example data from the household finances section may be expected to capture regular transfers while financial help data from the ‘social support network’ module would capture a wider forms of parental support including smaller payments and possibly would include loans. Similarly, data from the external transfers section most probably captures more regular payments. Furthermore it seems highly unlikely that any of the surveys systematically capture life insurance or establishment of trusts which could account a substantial share of lifetime transfers of most wealthy. Notwithstanding these differences, combining the different sources we can highlight different aspects of parental giving behaviour and provide some indication of its overall scale.

4. Patterns of transfers

In this section we provide estimates of the frequency and the magnitude of inter vivos cash transfers, the annual flow of these transfers and we provide evidence on the importance of parental practical support and co-residence.

4.1 *Inter vivos financial transfers*

LIFETIME CASH TRANSFERS

We first examine inter vivos transfers based on data from AIS. As discussed above AIS provides data on the aggregate value of all transfers ever received by respondents and their spouses during their lifetime and up to the survey year (2004). Data are recorded for receipts of both the respondent and his/her spouse and therefore can be considered as capturing inter vivos transfers at a family unit level.

Table 1 provides information concerning the proportion of respondents who reported that they (and/or their spouses) have received inter vivos transfers and the conditional mean value of their transfers. Statistics are presented overall and by age group of the respondent. As shown in Table 1, about 31 per cent of all respondents aged over 18

years old reported inter vivos transfer. The conditional mean value of reported transfers was about £10,400.³ Transforming these data to individual receipts (based on the assumption that both the respondent and his/her spouse have received gifts of equal amounts) gives an estimate of the mean value of inter vivos transfer for each adult of about £1,800. This is about 10 per cent of the mean value of inheritances as estimated by Karagiannaki (2011) using again data from AIS (about £19,000). Although the total received so far is higher for the 55-64 year olds (reflecting the fact that they have had more time to receive an inter vivos gift than younger cohorts) the proportion of recipients is higher among the 25-34 year olds. This could indicate either a lower recall of receipts by later cohorts (particularly the oldest) or the fact that younger cohorts are more likely to receive cash transfers than their predecessors.

Aggregating these estimates to national level we find that the *total* value of lifetime inter vivos gifts in 2004 was of the magnitude of about £83 billion (in 2005 prices). Comparable estimates for inherited wealth based on AIS suggest that the total value of inherited wealth in 2004 amounted to about £700 billion. This lifetime gift total is equivalent to about 2.3 per cent of HMRC's estimates of total marketable wealth for 2003. This is lower than the comparable 4 per cent estimate for gifts made more than seven years before death as estimated by the Royal Commission on the Distribution of Income and Wealth for 1973 (1977),⁴ although that may mainly reflect the much higher value of personal wealth in relation to income in 2003 than 30 years before.

As shown in Table 2 the most prevalent type of gifts are cash to spend and financial assistance for paying a wedding or a large social occasion (each received by 9 per cent of respondents or their spouses) followed by gifts for buying and maintaining a property, buying a car (each received by 7 per cent). Gifts for education were received by 5 per cent of respondents (a similar percentage reported gifts for the birth of a child) while gifts for paying-off debts and for business start-up were received by 3 and 1 per cent of respondents respectively. The conditional mean values of total gifts were larger among respondents who received gifts for buying or maintaining a property (£19,000) and those who received gifts for their education (£17,000) and business start-up (£22,000). Recall that the value of gifts in the AIS is recorded for all gifts that respondents and their spouses received during their lifetime up to the survey year. Given that the majority of recipients receive more than one type of gift (see last column in Table 2) the conditional mean by type of gift reflects the value of all gifts that respondents received and not only of the specific gift listed in Table 2. Also note that more than 80 per cent of respondents who received financial assistance with their education and about 70 per cent of those who received assistance with house purchase had received another type of gift.

³ These figures are comparable to those reported by Rowlingson and McKay (2005) who also employ AIS in their analysis.

⁴ The aggregate value of lifetime transfers is calculated by multiplying the mean value of lifetime inter vivos transfers (£10,400) by the percentage of inheritors and the total number of UK adult population (46.6 million). Total marketable wealth according to HMRC statistics in 2003 and 2005 was £4,050 and £5,005 billion respectively.

CURRENT CASH TRANSFERS

In this section we provide evidence on the magnitude of inter vivos cash transfers based on data from the income section (which provides data on financial transfers from non-resident family members) and the ‘social support network’ module of the BHPS (which provides information on financial help from non-resident parents). Recall that data from BHPS income section refer to financial transfers from non-resident family members (not only parents) made in the year preceding the survey while data from the ‘social support network’ module refer to regular or frequent financial help from non-resident parents (here there is an uncertainty as to the reference period of regular or frequent transfers as well as to the interpretation made by respondents). Therefore although both set of questions refer to current as opposed to lifetime receipts (as in AIS) they appear to be capturing different aspects of parental transfers to a varying degree. For example note that while BHPS income section data most probably refer to more regular financial transfers, the financial help data from the ‘social support network’ module probably refer to a wider form of parental transfers including larger one-off payments/gifts (of the nature captured by AIS) as well as smaller gifts and possibly loans. Therefore the two data sources may be expected to provide different answers about the prevalence and the magnitude of annual parental transfers.

Table 3 presents statistics based on these data. All statistics are provided for adults aged 18 years old or over as well as by age group. According to data from the income section, each year on average 0.9 per cent of adults receive financial transfers from family members who live in separate households. The conditional mean value of these transfers was about £2,600 (in 2005 prices) while the (conditional) median about £1,400. This yields a national level aggregate for the annual flow of inter vivos gifts of about £1.2 billion (or about £1.1 billion if we exclude transfers received by those aged 55 and over) which is only around 4 per cent of the £30 billion annual inheritance flow (see Karagiannaki, 2011). Note that the 2004/05 Student Income and Expenditure Survey (SIES) statistics on parental support received by students aggregated by the total number of UK students yields an estimate of parental transfers received by UK students of around £1.95 billion which is substantially higher than the total BHPS financial transfer estimates (note that SIES estimate would include financial transfers to students living with their parents which are explicitly excluded from BHPS).⁵ To further assess the coverage of BHPS financial transfers data statistics we calculate the proportion of wave 16 BHPS respondents who have

⁵ The 2004/05 Income and Expenditure Survey covered both full-time and part-time English and Welsh-domiciled students at HE institutions and further education (FE) colleges, including the Open University (OU). According to this survey English and Welsh domiciled full time students on average received about £1,600 in parental support and part time students about £130 (for details about the survey see Finch et al. 2006). To derive the aggregate we multiply the mean amount of transfers for each group (ft-pt) with the total number of full-time and part-time UK domiciled students. According to HESA, *Statistical First Release 130*, the numbers of full-time and part-time students in 2004 were 1.135 million and 784 thousands respectively- HESA statistics accessed at http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=1356&Itemid=161

received a transfer in any year prior to their wave 16 interview and the mean value of the sum of their transfers and compare these estimates with those derived from AIS. The sample for this comparison is restricted to respondents aged 18-34 who do not live with their parents (in accordance to AIS where the majority of respondents are not living with their parents). On this cumulative basis the BHPS estimates imply an average probability of having received a transfer among adults aged 18-24 of around 16 per cent and an average per adult transfer across the whole age group of around £600. Similarly for the 25-34 age group the estimates imply that about 21 per cent would have received a transfer with an average per adult transfers across the whole age group of about £1,000. It appears therefore that this part of BHPS captures only about half of the receipts captured by AIS.

Data from the ‘social support network’ part of the survey (presented in the left hand side of Table 3) show that about 7 per cent of all adults receive financial help from their non-resident parents regularly or frequently (or 14 per cent of adults with non-resident parents). This is apparently much higher than the estimates derived from the financial transfers data from the income section (0.9 per cent), but also on a cumulative basis substantially higher than the AIS estimates. Referring to our discussion above, differences between the two set of questions probably reflect differences in coverage of different types of support (for example data from the income section probably refer to more regular or larger cash transfers while data from the social support network captures more irregular or smaller transfers and probably loans). Unfortunately since the ‘social support module’ does not record the amount of financial help we cannot assess how these compare to financial transfers data or AIS.

Notwithstanding these differences, both parts of the BHPS show a very similar age pattern in the probability of transfer receipt. This age pattern reflects a declining probability of receiving cash transfers with age and a corresponding peak for the youngest age group (about 5 per cent based on data from the income section and 18 per cent based on the social support network). No significant pattern is detected in terms of the average value of transfers among recipients.

The information in Table 4 views the transfers from the parent’s perspective. The statistics in the left hand side of the table are based on the social support network modules (included in waves 11 and 16) which records whether respondents provided financial help to their non-resident children while those in the right hand side are based on the external transfers section which records whether respondents made monetary transfers to any non-resident children.⁶ Overall according to data from the external transfers section, 6 per cent of households with non-resident children said that they were making transfers to their non-resident children, averaged over the year 1992-2006 (with 2 per cent of households making educational payments). Respective

⁶ As discussed in the data section respondents had to specify the reason for these transfers (possible reasons specified by the survey included: transfers of money for maintenance; alimony and child support; educational payment; debt repayment; and other). Transfers for maintenance, alimony and child support are excluded from our analysis and reports are aggregated at household level.

estimates based on the ‘social support’ network module suggest that about 29 per cent of households with non-resident children over 18 ‘regularly or frequently’ provided financial help to their non-resident children. Again it is not entirely clear why the two estimates differ in such an extent, but as discussed in the data section a potential reason can be that data on external transfers refer to transfers made in some regular basis while the data from the social support network refer to more irregular forms of support and probably include loans.

Despite differences in scale a common age pattern again emerges from both sources. In particular, both show that the probability of making monetary transfers to non-resident children increases between the age groups 35-44 and 45-54 and then decreases substantially as parents get older (with the peak coinciding with an age when children would be young adults and possibly in higher education). This age pattern is consistent with findings from other studies which show that inter vivos transfers are received in an earlier stage of the one’s lifetime and reach the recipient when help is most needed (Rosenzweig and Wolpin 1993; Altonji et al., 1996; McGarry, 1999; McGarry and Schoeni 1995 and 1997; Schoeni, 1997).

In summary, both AIS and BHPS suggest that inter vivos transfers in the UK are fairly common although regular financial transfers may be less so. From a lifetime perspective AIS estimates suggest an aggregate value of all gifts of around £83 billion (which represents about 2.3 per cent of total marketable wealth in 2003 or around 10 per cent of the size of inheritances) while BHPS financial transfer data imply an annual flow of parental transfers of around £1.1 billion. Adjusting BHPS estimates by the factor by which it apparently understates AIS estimates increases the annual flow of transfers to £2.2 billion. However, even with this adjustment these estimates should probably be still viewed as lower bound estimates of the overall magnitude of parental transfers since neither of them fully captures small or irregular payments (of the kind that are probably captured by the ‘social support network’ module). Furthermore it seems highly unlikely that any of the surveys systematically captures life insurance or establishment of trusts which could account a substantial share of lifetime transfers of the most wealthy. Although the understatement arising from incomplete coverage of small irregular transfers would probably be rather small and insignificant, the understatement arising from incomplete coverage of trusts would probably be more important.

4.2 Practical support and co-residence

In this section we provide evidence on the magnitude of two alternative types of parental support i.e. parental transfers in the form of practical support to non-resident children and support provided in the context of co-residence. To identify children’s living arrangements (i.e. whether they live with their parents or not) we rely on variables that describe the relationship of each household member to the household head. In case that neither the child nor the parent is the household head then we used a separate variable which identifies each household member’s mother and father if they live in the household. To assess the extent to which children receive practical support from their parents we use data from the social support network module of waves 11

and 16 which record whether children receive different types of practical support from non-resident parents.

Results for each of these two alternative types of support are reported in Table 5. Overall, about 10 per cent of all adults aged 18 years or over live with their parents. Age patterns reveal substantial declines in the probability of living with parents with age. Between the age groups 18-24 and 25-34 the probability of co-residence falls by more 45 percentage points (from more than 60 to less than 14 per cent). Receipt of practical support from parents is also substantial. Overall according to the statistics presented in Table 5 about 19 per cent of respondents receive practical support from their non-resident parents regularly or frequently while about 54 per cent of parents provided help to at least one of their children with the percentage of parents providing support to resident children reaching two-thirds for those aged 45-74. Once again the age patterns reveal substantial declines in the probability of receiving support from non-resident parents by age (and an equivalent decrease in the probability of giving support to non-resident children with the age of the parent).

5. Multivariate analysis of the determinants of parental transfers

In this section I present estimates for the probability that a child receives a transfer and the amount of the transfers based on data from AIS and BHPS. In order to examine more closely the correlation between transfers and parental characteristics we also estimate models for the probability that a parent makes transfers to their non-resident children (based on BHPS). Recall that cash transfers in AIS refer to lifetime cash transfers (i.e. cash transfers received by the respondents (and their spouses at some point up to the survey year) while the BHPS cash transfers data refer to transfers made in the year preceding the survey (or regularly as in the ‘social support network’ module). Therefore, the two data sources capture different aspects of transfers. Data on lifetime receipts capture the correlation between transfers and later outcomes of the recipient while data from BHPS capture the correlates of parental giving behaviour i.e. how parents of a given background respond to their children’s economic conditions.

5.1 *Inter vivos financial transfers*

LIFETIME CASH TRANSFERS BASED ON DATA FROM AIS

In Table 6 we present marginal effects from a logit model which predicts the probability of having received inter vivos transfers as well as estimates of an OLS model of the amount of the transfers based on data from AIS. For each of these two equations we estimate two specifications. The first specification includes respondents’ age, educational attainment and marital status while the second adds controls for respondent’s educational attainment. Because we want to abstract from lifecycle factors that affect the probability of receiving a transfers (i.e. age differences in receipt) and in order to minimize the effect of liquidity constraints and transitory variations in income the sample used in our estimation is restricted to respondents aged between 35 and 55 years old.

The result of the first specification (columns 1 and 3 of Table 6) suggest a rather strong positive association between transfers and income. People in the highest income category have about 44 percentage points higher probability of having received a transfer than those in the lowest income category and the expected amount of their transfers is about £8,000 higher than for those in the lowest category shown (note that the mean amount is about £3,800). Given the absence of controls of parental background the positive association between income and lifetime transfers most probably reflect the positive correlation between parental resources with both transfers and recipients' income. In the second specification where we add controls for respondents' educational attainment the association between income and transfers falls slightly but there still remains some positive association between transfers and gross household income of the respondents. Of course the positive association between educational attainment and transfers partly captures parental transfers to children's education (recall that 4.9 per cent of people reported transfers said they received transfers for education) but similarly to income it may also capture the effect of unmeasured parental resources. Overall, given the lack of controls for parental resources, the best way that we can interpret the positive association between transfers, and recipients' income and education is that it reflects the positive correlation of parental resources with both transfers and children's income and educational attainment.

CURRENT CASH TRANSFERS

In this sub-section we present estimated regression results for the probability and the amount of parental cash transfers based on data from the two different modules of BHPS (i.e. the 'income section' and the 'social support network' module). Because inter vivos transfers in BHPS are measured concurrently with other attributes of the parent and the child, the estimates capture more accurately the possible correlates of the parental giving behaviour at the time of the transfer. Therefore unlike the AIS lifetime cumulative receipts (up to the survey year) the estimated results on the effect of children's characteristics would reflect parents' responses to current economic circumstances of their children.

The specifications I estimate include child's current income, educational attainment, age, sex, marital status as well as an paternal social class when the respondent was 14 years old. I first, estimate ordinary logit models predicting the probability that a child received parental transfer and an ordinary least square model predicting the amount of the transfers. Then, I estimate these two models controlling for individual fixed effects in order to account for the possibility that there are unobserved differences across children that are correlated with transfer behaviour and with some of the right-hand side variables.

Table 7 reports marginal effects from the logit models for the probability that a child receives a transfer from his/her parents and estimates of an OLS model for the amount of this transfer as well as fixed effects specifications of these models (note that the sample used in this models include only those BHPS respondents aged between 18-34 years old who do not live with their parents). The probability models are estimated

using data from both the ‘social support network’ and the income section modules while the levels models are estimated using data only from the income section. In general, although the two modules appear to be capturing different parts of overall transfers, the general direction of the results appears very similar.

Probably the most striking difference between the two modules is in the sign and significance of the estimates of father’s social class. This is estimated to have a positive effect (which however is significant only for upper social classes) in the model estimated using the income section data whereas a negative and insignificant effect in the social support network module. Again we view differences in the estimates to reflect the different nature of the transfers captured by the two set of data (the wider forms of support in the ‘social support network’ are less correlated with parental resources) as well as the fact that paternal social class when the respondent was 14 is a poor proxy of parental resources (as we will show below parental resources have strong effects in both modules). The estimates in the second and third columns indicate that both the probability and the amount of the transfers are strongly negatively related to child’s current income. In the income section results, increasing child’s income by £10,000 decreases the probability of receiving a transfer by about 1 percentage point (relative to a mean sample probability of 4.1 per cent) while it decreases the expected amount of the transfer by about £76 (relative to sample mean of £110). Similarly, the probability and the expected amount of the transfer fall significantly with the age of the children. These results are consistent with the altruism and the insurance models wherein parents make transfers when their children are liquidity-constrained. Other variables that affect positively the probability of receiving an inter vivos transfer are being in full time education, being unemployed and being unmarried. Holding current income constant, married people are about 25 per cent less likely than their unmarried counterparts to receive a transfer (probably reflecting that married couples may be less likely to be liquidity-constrained because they have a second potential worker to buffer income shocks (McGarry, 1999)) while unemployed people are significantly more likely to receive a transfer than their employed counterparts (the estimate on both these variables in the OLS models are insignificant). Children in full-time education are 3 percentage points more likely to receive a transfer than employed children (and 12 percentage points more likely in the models estimated using the ‘social support network’ module) and the amount of their transfers is £610 higher. In the models estimated using the income section data the estimates on the variables indicating respondents’ educational attainment suggest that education is positively associated both with the probability and the amount of the transfer. The positive association between educational attainment and transfers may reflect that there are other unmeasured parental resources (e.g. parental income and wealth) that may be correlated both education and transfers and are not captured by father’s social class variable included in our specification. By contrast, the estimated coefficient on highest educational category from the wider kinds of transfers captured by the social support network is negative and significant. We view this effect to reflect the fact that children with higher educational qualifications are less likely to be in need of financial help from their parents (similarly we view differences in the

estimated effects between the two sections of BHPS to reflect differences in the nature of support captured by the two sources).

In the models estimated controlling for individual fixed effects (second panel of Table 7) there continues to be a negative relationship between transfers and income but the magnitudes of the effects are reduced (and becomes insignificant for the probability of receipt). To the extent that there is a positive correlation between income and unmeasured ability the drop in the income estimates suggests that there is a negative correlation between transfers and unmeasured ability. As in McGarry (2000) we view this result to be consistent with a model of transfer behaviour wherein parents make larger financial transfers to children with less ability and invest in the schooling of more able children (Behrman, Pollak and Taubman, 1982).

In Table 8 we examine inter vivos transfers from the parent's perspective. In the left hand side of the table we report marginal effects from a logit model estimating the probability that a parent makes a transfer to at least one of his/her child based on data from the 'social support network' module while the right hand side reports results from a similar model estimated based on the external transfers section. Note that despite the fact that the two set of questions have very different coverage of parental transfers they give a consistent picture of the correlates of parental giving behaviour. Both suggest that parents who are more educated, home owners and have higher incomes are more likely to make a transfer. In the 'social support network' module the estimates suggest that increasing parental income by £10,000 increases the probability of making a transfer by about 3 percentage points (or by about 7.5 per cent). An equivalent increase in parental income based on the estimates from the external transfers data would raise the probability of making a transfer to non-resident children by about 2 percentage points (or by about 20 per cent). Holding household income constant, married parents are found to be 6 percentage points more likely to provide financial help to their children although they do not have any significantly different probability of making transfers. In both parts of the BHPS parental education has substantial effects (moving from the lowest to the highest educational category increase the probability of making a transfer to non-resident children by about 15 percentage points). As it could be expected in both modules the age of the parent has a very strong negative effect on the probability of making a transfer. Again the negative relationship between parent's age and transfers is consistent with the fact that the age of the parent is positively correlated with the age of the children and therefore reflects the fact that children needs are a decreasing function of age. Observe that the effects of most economic variables are substantially stronger in relative terms in the models estimated using data from the external transfers section than in the models estimated using data from the social support module.

The main conclusion that we can draw from the analysis so far is that inter vivos transfers are strongly positively associated with parental resources and negatively associated with children's current income. Holding parental resources constant (as proxied here by parental social class) children with lower incomes are more likely to receive a transfer. Referring to the results in the previous section the patterns

estimated in this section show correlates of parental giving at the time of the transfer i.e. show how parents respond to their children's economic circumstances. These results contrast to the results from AIS for cumulative lifetime receipts, which show the correlation between transfers with children's income and education at a later time than the time of transfer receipt. The latter relationship captures the correlation between transfers with later outcomes as well as the effect of parental background characteristics.

5.2 *Parental practical support*

In this subsection we turn to examine correlates of parental practical support. In the first column of Table 9 we report estimates from the equation which predicts the probability a child *receives* practical support from a non-resident parent while the second column views practical support from the perspective of the parent showing the probability a parent *provides* practical support to children. The specifications which analyse parental support from the child's point of view includes child's current income (not-including parental financial transfers) as well as educational attainment, age sex, marital status and father's social class when the respondent was 14 years old while the specifications which examine practical support from the parents' point of view include parents' age, educational attainment, current income and marital status. Unfortunately in the specification which examines parental practical support from the perspective of the parents we cannot control for any of the children's characteristics.

The estimates from the equation which predicts parental support from the perspective of the donor parent suggest that parental income have no significant effect on the probability that a parent provides practical support to at his/her child. According to the estimates an increase in income by about £10,000 would increase the probability of providing practical support to non-resident children by about 0.5 percentage points which is a very small increase in terms of magnitude and also insignificant in statistical terms. The only parental variables which significantly affect the probability of providing practical support to non-resident children is education and marital status. According to the estimated effects parents with at least one A-level and those with degrees are 7 and 10 percentage points less likely to provide practical support to their children than parents with no educational qualifications while married parents are about 15 percentage points more likely to provide practical support to their children than their unmarried counterparts. This may reflect the greater costs of time to provide practical help for parents with greater earnings potential or who are single, but other explanations are possible.

Similarly, the equation which predicts the probability that children receive practical support from non-resident parents shows that the recipients' income has no statistically significant effect on the probability of receiving practical support from non-resident parents. Two variables with important effects however is the number of children in the household as well as the variable which indicate if spouse is working both of which have a significant positive effects on the probability of receiving practical support from non-resident parents.

In summary, the results of this section suggest that practical support is not associated with the income of either the recipient or the donor but that is more closely associated with needs of the children for practical support. This contrasts with the results for financial transfers which are strongly associated with both the recipients' and donors' incomes. This result is consistent with finding from other studies including Altonji et al. (1996) who also find that parental and children's income have economically and statistically insignificant impact on time transfers from parents to their children.

5.3 Co-residence

Table 10 reports marginal effects from a logit model which predicts the probability that an adult child lives with his/her parents. The sample used in the estimation of this model is restricted to all people aged 18-34 years old. As expected, the estimated results suggest that the probability of living with parents falls significantly with the age and the income of the children (indicating that privacy is a normal good). To get an idea of the magnitude of the effects note that a £10,000 increase in current income decreases the probability of living with parents by about 2 percentage points. Holding current income constant more educated people are found to be less likely to live with their parents. This negative relationship may reflect unobserved differences across children that are correlated with education that are not captured by our model. Finally, the estimated effects suggest that there is a significant negative relationship between paternal social class and the probability of living with parents. This negative relationship most likely reflect the fact that wealthier parents (as proxied by father's social class difference) are more able to substitute financial transfers for co-residence.

6. Conclusions

In this paper we presented evidence concerning the magnitude and the determinants of inter vivos transfers in the UK using data from the Attitudes to Inheritance Survey and the British Household Panel Survey. Data from the AIS suggest that overall about 31 percent of individuals aged over 18 have ever received an inter vivos gift during their lifetime and up until the survey year while the average amount of these gifts amounted to about £10,000 for recipients. Aggregating these estimates at national level we find that the total value of all gifts ever received (valued more £500) amounts to about £83 billion which is the equivalent of about 2.3 percent of total marketable wealth in 2005, or about one tenth of reported accumulated inheritances.

Depending on which information we rely on BHPS provides a very wide range estimates of the proportion of individuals that receive financial transfers in each particular year. Data from the social support network module imply that about 7 per cent of individuals receive financial help regularly or frequently from non-resident parents. On the other hand if we rely on financial transfer data from the income section we find that only 1 percent of individuals receive financial transfers from non-resident family members with a mean value of about £2,600. This yields an annual flow of parental transfers of around £1.1 billion and corresponds only to around 4 per

cent of the annual flow of inheritances⁷. Similar discrepancies exist in the estimates of the percentage of parents who make financial transfers to their children. According to the external transfers section data about 6 per cent households provide ‘transfers’ to their non-resident children while data from the social support network module imply that 29 per cent of households provide ‘financial help’ to their non-resident children. We view differences across the different parts of BHPS to reflect different forms of parental giving. In particular data from the income section appears to be capturing more regular payments but (at least not systematically) neither irregular one-off payments of the kind included in AIS nor smaller payments of the kind captured by the financial help data from the social support network module. Cumulative BHPS receipts over the period 1991-2005 suggest that the BHPS transfer data capture only about half of those reported to AIS. If one adjusts in line with this, the annual flow of inter vivos transfers would rise to about £2.2 billion (2005 prices).

Despite these differences, the intergenerational transfers data from the various parts of BHPS reveal similar patterns for relationship between transfers and the characteristics of the donor and the recipient. In particular the results indicate that the probability and the amount of the transfers are positively related to parental characteristics (such as income, education and social class) and negatively related to recipients’ income. These results suggest that parental transfers reach the recipient when needs are more acute. Analysis of the association between cumulated inter vivos transfers and the characteristics of the recipient using data from AIS suggests that inter vivos transfers are positively associated with recipients’ income and education. In the absence of controls for parental socio-economic characteristics we view this positive association as capturing the positive association between transfers and parental socio-economic background. The latter finding along with the corresponding effects of parental background variables from BHPS implies that inter vivos transfers tend to reinforce intergenerational links.

Other forms of support such as co-residence and practical support also appear to be significant, with about 9 percent of all people aged over 18 living with their parents and about 22 per cent receiving practical support from non-resident parents. Unlike financial transfers, practical support is not associated with the income of either the recipient or the donor. Rather it seems that it reaches the recipient in periods of greater needs for practical support.

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The estimates on the annual flow of inheritance as derived by Karagiannaki (2011).

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Table 1: Per cent of individuals who reported they and/or their spouses received a lifetime transfer worth £500 or more so far in their lifetime and mean amount of lifetime transfers, overall and by age

	% of respondent reported that they or their spouses had received lifetime transfers	Mean amount received conditional on having received a transfer (total amount of respondent and his/her spouse) ^{1,3}	Mean amount among all individual adults (£) ^{2,3}
All	30.6	10,400	1,800
18-24	31.4	4,800	1,300
25-34	46.6	7,300	2,100
35-44	40.9	10,500	2,500
45-54	34.7	14,200	2,700
55-64	20.4	16,200	1,600
65-74	11.3	12,200	600
75+	6.9	5,900	200

Note:

1. Mean amount of transfers was calculated by setting the banded value of transfer to the mid value of the band.
2. The mean amount for all adults have been calculated under the assumption i) that both the respondent and his/her spouse received a lifetime gift and ii) that the each of them have received an equal amount of gifts (i.e. the total amount was divided by two)
3. All figures are expressed at constant 2005 prices.

Source: Own analysis of the AIS.

Table 2: Per cent of individuals ever received (either them or their spouse) cash transfers so far in their lifetime and mean amount of transfers, overall and by type of transfers

	% who received lifetime transfers	Mean amount of total inter-vivos transfers by whether the contained each type of gift ^{1,2}	% of respondents who received more than one type of gift by whether received each specific type of gift
Any type of gift	30.6	10,400	
Cash to spend	8.3	13,900	50.9
Buying a car	6.9	12,700	68.4
Paying for driving lessons	3.1	11,700	92.1
Wedding or large social occasion	7.6	11,800	68.0
Buying or maintaining a property	5.9	19,100	67.0
Birth of a child	3.8	14,900	84.4
Education	4.9	16,800	80.6
Business start up	0.7	21,800	61.5
Paying off debt	2.6	8,300	69.2
Paying for a holiday	2.9	10,700	67.8
Other type of gift	3.0	12,100	41.7

Notes:

1. Mean amount of transfers was calculated by setting the banded value of transfer to the mid value of the band.
2. All figures are expressed at constant 2005 prices.

Source: Author's calculation based on data from AIS.

Table 3: Percentage of individuals currently receiving cash transfers (annual rate of receipt and mean amount of receipt)

	Household finances section ¹			Social support network module ²		
	Per cent receiving <i>financial transfer</i> from non-resident family members	Mean amount of non-zero <i>financial transfer</i> ³	Median value of non-zero <i>financial transfer</i> ³	Per cent receiving <i>financial help</i> from non-resident parents	Per cent receiving <i>financial help</i> from non-residing parents (among those with non-resident living parents)	Per cent with non-resident parents (among those with living parents)
Overall	0.9	2,600	1,400	7.00	14.5	85.6
By age						
18-24	4.8	2,500	1,500	17.5	35.5	51.0
25-34	0.9	2,700	1,100	14.0	17.2	86.4
35-44	0.5	3,500	1,100	10.2	12.3	95.5
45-54	0.4	2,300	1,100	5.2	8.4	95.8
55-64	0.3	2,500	1,400	2.2	7.7	94.4
65-74	0.3	3,300	2,200	0.1	2.2	94.8
75+	0.2	2,300	1,200	0.0	0.00	-
Obs. (weighted)	140,552	1,885	1,885	16,575	9,079	10,339
Cumulative receipts for wave 16 respondents aged 18-34						
18-24	16.0	3,800				
25-34	20.5	5,000				

Notes:

1. The left hand panel of the table is based on BHPS waves 1-16 and the sample includes all respondents aged 18 years old or over (with non-missing income data).
2. The right hand panel of the table is based on BHPS ‘social support network’ module (waves 11 and 16) and the sample includes respondents aged 18 years old or over.
3. All figures are expressed at constant 2005 prices

Table 4: Percentage of families who make cash transfers to non-resident children, BHPS, ‘social support network’ module and the ‘external transfers’ section

	Social support module ¹			External transfers section ²				
	% with children over 18	% with non-resident children (among those with children over 18)	% providing financial help to non-residing children (among those with non-residing children over 18)	% with children over 18	% with non-resident children (among those with children over 18)	% making external transfers to non-resident children (among those with non-residing children over 18)	% making educational payments (among those with non-residing children over 18)	% any other types of payments (among those with non-residing children over 18)
Overall	61.4	88.4	28.5	60.7	89.2	6.0	2.0	5.0
By age								
35-44	13.5	50.3	41.4	13.5	61.0	8.4	2.1	7.2
45-54	56.2	74.9	45.4	67.8	76.2	14.2	6.3	10.9
55-64	82.2	92.3	34.4	85.6	93.6	5.9	1.7	5.0
65-74	82.6	97.6	27.6	79.1	98.4	3.0	0.4	2.7
75+	85.2	97.4	14.6	81.1	99.3	2.2	0.1	2.2
No of obs.	6,703	3,853	3,408	55,081	33,449	29,135	29,135	29,135

Note:

1. The left hand panel is based on BHPS ‘social support network’ module (waves 11 and 16) and the sample includes all households with heads aged 35 years old and over.
2. The right hand panel of the table is based on BHPS external transfers section (waves 2-16) and the sample includes all households with heads aged 35 years old and over.

Table 5: Per cent co-residing with parents and per cent receiving practical support from non-resident parents

	Co-residence	Practical support	
	Per cent of individuals living with parents	Per cent of individuals receiving practical support from non-resident parents (all)	Per cent of parents providing practical support to non-resident children (among families with non co-resident children)
Overall	9.8	19.0	54.0
By age			
18-24	60.6	30.0	na
25-34	13.3	43.3	na
35-44	3.6	36.2	58.2
45-54	2.0	13.2	67.2
55-64	0.9	2.2	68.6
65-74	0.1	0.2	65.2
75+	0.0	0.00	25.2
No. of obs.	140,552	16,575	3,404

Note: The left hand panel is based on data from waves 1-16 of BHPS while the right hand panel is based on BHPS ‘social support network’ module in waves 11 and 16 of the BHPS.

Table 6: Logit estimates of the probability of having ever received lifetime gift (greater than £500) and OLS model of the total amount of all gifts ever received (respondents aged 35-55)

	Logit estimates of the probability of having ever received lifetime gifts		OLS estimates of the amount of lifetime gift	
Age	-0.01*	-0.00	-3.25	13.34
	[0.10]	[0.19]	[0.96]	[0.84]
Education (<i>ref.</i> No qualifications)				
O-level or below		0.07		1192.52
		[0.25]		[0.27]
At least one A-level		0.27***		3699.25***
		[0.00]		[0.00]
Degree or above		0.22***		4762.74***
		[0.00]		[0.00]
Gross household income (£/week) (<i>ref.</i> <£200 ref)				
£200-£399	0.12	0.11	1910.42	1702.05
	[0.12]	[0.16]	[0.17]	[0.22]
£400-£999	0.28***	0.22***	6115.82***	4821.50***
	[0.00]	[0.00]	[0.00]	[0.00]
>£1,000	0.44***	0.33***	8118.85***	5540.28***
	[0.00]	[0.00]	[0.00]	[0.00]
Constant			522.70	-1668.76
			[0.88]	[0.63]
N	752	752	701	701
Pseudo/Adjusted R-sq	0.059	0.084	0.068	0.075
Log-likelihood	466.5	454.1		

Note: The sample of the analysis includes all AIS respondents aged 35-55 years old. Additional variable included but not shown in the table include household size and an indicator for missing income. Sample sizes in the logit and OLS models differ due to missing observations on the amount of transfer. t-statistics are reported in brackets. *** indicates coefficient statistically significant at the 1% level, ** at the 5% level and * at the 10% level.

Table 7: Effects of child's characteristics on the probability and amount of transfers received by non-resident children aged 18-34

	Without fixed effects			With fixed effects		
	Social support module ¹	Income section ²		Social support module ¹	Income section ²	
	Probability of receiving financial help	Probability of receiving financial transfer	Amount of transfer	Probability of receiving financial help	Probability of receiving transfer	Amount of transfer
Age	-0.013*** [-7.296]	-0.002*** [-11.92]	-4.827*** [-3.729]	-0.004 [-1.015]	-0.001* [-1.75]	-5.086*** [-2.699]
Educational attainment (<i>ref.</i> O-level or below)						
At least one A-level	0.023 [1.302]	0.011*** [6.52]	72.374*** [7.024]	0.027 [0.517]	0.003 [0.50]	123.849*** [4.379]
Degree or above	-0.043** [-2.025]	0.028*** [6.69]	105.312*** [5.515]	-0.023 [-0.481]	0.001 [0.21]	-39.720 [-0.870]
Married	-0.082*** [-4.159]	-0.009*** [-5.60]	-2.843 [-0.116]	-0.019 [-0.612]	-0.006 [-1.20]	-36.281* [-1.875]
Labour market status (<i>ref.</i> working)		0.005**				
Unemployed	0.083** [1.995]	[2.17]	-20.795 [-1.299]	-0.013 [-0.520]	0.001 [0.23]	-11.273 [-0.411]
Disabled	0.043 [0.607]	-0.006* [-1.88]	-31.296*** [-2.634]	0.950*** [15.200]	-0.010 [-1.41]	25.097 [0.456]
Ft student	0.123*** [2.979]	0.033*** [7.11]	608.923*** [12.785]	0.056 [0.546]	0.023 [1.27]	421.586*** [12.763]
Other	0.033 [1.343]	0.006*** [3.06]	-22.983* [-1.793]	0.029 [0.620]	0.006 [1.01]	31.968 [1.625]
Log family income	-0.021*** [-5.009]	-0.001*** [-7.81]	-84.753*** [-8.635]	-0.004 [-0.935]	-0.001 [-1.43]	-67.725*** [-16.189]
Parental social class (<i>ref.</i> unskilled)						
Partly skilled-skilled manual	-0.048 [-1.210]	0.016 [1.49]	24.423* [1.940]			
Skilled non manual	-0.059 [-1.482]	0.039 [1.27]	20.237 [1.324]			
Managerial professional	-0.044 [-1.094]	0.040* [1.71]	92.749*** [5.367]			
Constant			837.689*** [10.017]			734.725*** [12.615]
N	3,319	33,939	33,939	314	3,362	33,939
R-squared	0.11	0.42	0.098	0.141	0.28	0.086
Log-likelihood	-1569.3	-3411.2		-93.45	-798.9	
Mean prediction	27.7	4.1	110	8.9	1.6	110

Note: The models estimated using social support network data includes all Waves 11 and 16 respondents aged 18-34 years old not living with their parents but with at least one parent alive. The models estimated using financial transfers data from the income sections includes all BHPS wave 1-16 respondents aged 18-34 years old not living with their parents but with at least one parent alive. The estimated standard errors in the cross-sectional models are corrected for repeated observations on the same individual. t-statistics are reported in brackets. *** indicates coefficient statistically significant at the 1% level, ** at the 5% level and * at the 10% level.

Table 8: Logit estimates of the probability of making cash transfers to non-resident children among families with heads aged 35-64 years old with non-resident children

	Social support section Probability of providing financial help to non- resident children	External transfers section Probability of making any type of monetary transfers
Age	-0.005** [-2.549]	-0.003*** [-7.808]
Educational attainment (<i>ref.</i> O-level or below)		
At least one A-level	0.047* [1.750]	0.048*** [5.832]
Degree or above	0.144*** [3.694]	0.151*** [7.538]
Marital status	0.057** [2.014]	-0.007 [-0.923]
Labour market status (<i>ref.</i> working)		
Unemployed	-0.061 [-0.729]	0.003 [0.238]
Disabled	-0.051 [-1.149]	-0.037*** [-4.638]
Other	-0.097*** [-3.086]	0.001 [0.089]
Log family income	0.058*** [3.861]	0.038*** [6.862]
Homeowners	0.062** [1.981]	0.030*** [4.581]
N	1759	15368
Pseudo R-sq	0.048	0.149
Log-likelihood	-1125.44	-4152.27
Mean prediction	40.0	9.7

Note: The first column of the table is based on data from the ‘social support network’ module and the sample includes all households (wave 11 and 16) with heads aged 35-64 with non-residing children. The second column of the table is based on ‘external transfers’ section waves 2-16 and the sample in these models includes all households with heads aged 35-64 which have at least one non-resident child over 18 years old. t-statistics are reported in brackets. *** indicates coefficient statistically significant at the 1% level, ** at the 5% level and * at the 10% level.

Table 9: Logit estimates of the probability of receiving practical support (col. 1) and the probability of providing practical support to non-resident children (col. 2)

	Receiving practical support	Providing practical support
Age	-0.012*** [-4.935]	0.003 [1.483]
Educational attainment (<i>ref.</i> O-level or below)		
At least one A-level	0.026 [1.177]	-0.074*** [-2.902]
Degree or above	-0.124*** [-4.488]	-0.104*** [-2.722]
Married	-0.100*** [-3.463]	0.091*** [3.444]
Labour market status (<i>ref.</i> working)		
Unemployed	-0.018 [-0.368]	-0.147* [-1.753]
Inactive	0.142* [1.888]	-0.029 [-0.679]
Still at school	0.053 [1.149]	
Other	0.079** [2.454]	0.024 [0.769]
Log family income	0.000 [0.001]	0.015 [1.463]
Parental social class (<i>ref.</i> unskilled)		
Partly skilled-skilled manual	0.061 [1.085]	
Skilled non manual	-0.055 [-0.859]	
Managerial professional	-0.004 [-0.071]	
Number of children in the household	0.059*** [5.649]	
Spouse in working	0.055** [2.109]	
N	3,319	1759
R-squared	0.041	0.017
Log-likelihood	-2158.42	-1100.1
Mean prediction	0.56	0.67

Note: The first column is based on data from the ‘social support network module’ in waves 11 and 16 and the sample includes all BHPS respondents aged 18-34 years old with at least one parent not living in the household . The second column is based on data from the ‘social support network module’ in waves 11 and 16 and the sample includes all households with heads aged 35-64 with non-residing children. t-statistics are reported in brackets. *** indicates coefficient statistically significant at the 1% level, ** at the 5% level and * at the 10% level.

Table 10: Logit estimates of the probability of living with parents for all adults aged 18-34

	Logit
Age	-0.020*** [-28.14]
Educational attainment (<i>ref.</i> O-level or below)	
At least one A-level	-0.016*** [-2.75]
Degree or above	-0.071*** [-12.58]
Married	-0.399*** [-39.24]
Labour market status (<i>ref.</i> working)	
Unemployed	0.007 [0.93]
Inactive	0.020 [0.86]
Still at school	-0.098*** [-22.50]
Other	-0.091*** [-19.68]
Log family income	-0.010*** [-9.85]
Parental social class (<i>ref.</i> unskilled)	
Partly skilled-skilled manual	-0.004 [-0.21]
Skilled non manual	0.000 [0.00]
Managerial professional	-0.040*** [-2.66]
N	46,009
Pseudo R-squared	0.46
Log-likelihood	-14,280.1
Mean prediction	0.26

Note: The sample in this table includes all BHPS respondents aged 18-34 years (waves 1-16) . t-statistics are reported in brackets. *** indicates coefficient statistically significant at the 1% level, ** at the 5% level and * at the 10% level.

Annex A:

Questions from the social support network which are used in our analysis

And do you regularly or frequently receive any of the things listed on this card from your parents?

Response options

Getting lifts in their car (if they have one)	01
Shopping for you	02
Providing or cooking meals	03
Looking after your children	04
Washing, ironing or cleaning	05
Dealing with personal affairs eg paying bills, writing letters	06
Decorating, gardening or house repairs	07
Financial help	08
Anything else	09
None of these	10

Nowadays, do you regularly or frequently do any of the things listed on this card for your children who are not living here?

Response options

Giving them lifts in your car (if you have one)	01
Shopping for them	02
Providing or cooking meals	03
Looking after their children	04
Washing, ironing or cleaning	05
Dealing with personal affairs eg paying bills, writing letters	06
Decorating, gardening or house repairs	07
Financial help	08
Anything else (PLEASE SPECIFY)	09
None of these	10

Questions from the external transfers section

Do you send or give money to any person who does not live here for any of the purposes listed on this card? (**not including pocket money for children or payments to charity**)

Purpose of payments listed in the card

Maintenance/alimony/child support

Household bills/expenses

Education/grant

Spending money/allowance

Repay loan from person (**not bank or finance company**)

Other

Respondents who report payment are asked the relationship to the person to whom they make the transfer payment.