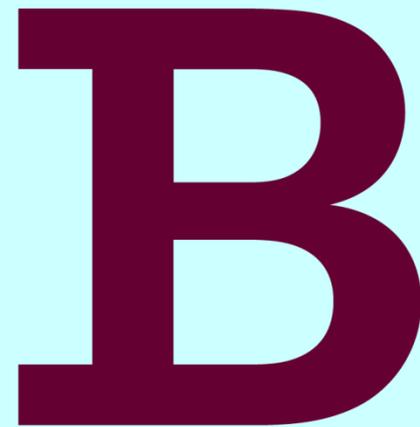


The Generation Game:
Lifetime Gifts, Family
Relationships and Inequality



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LSE, June 2016

INTERGENERATIONAL FINANCIAL GIVING AND INEQUALITY

GIVE AND TAKE IN 21ST
CENTURY FAMILIES

KAREN
ROWLINGSON

RICKY
JOSEPH

LOUISE
OVERTON

PALGRAVE MACMILLAN STUDIES
IN FAMILY AND INTIMATE LIFE

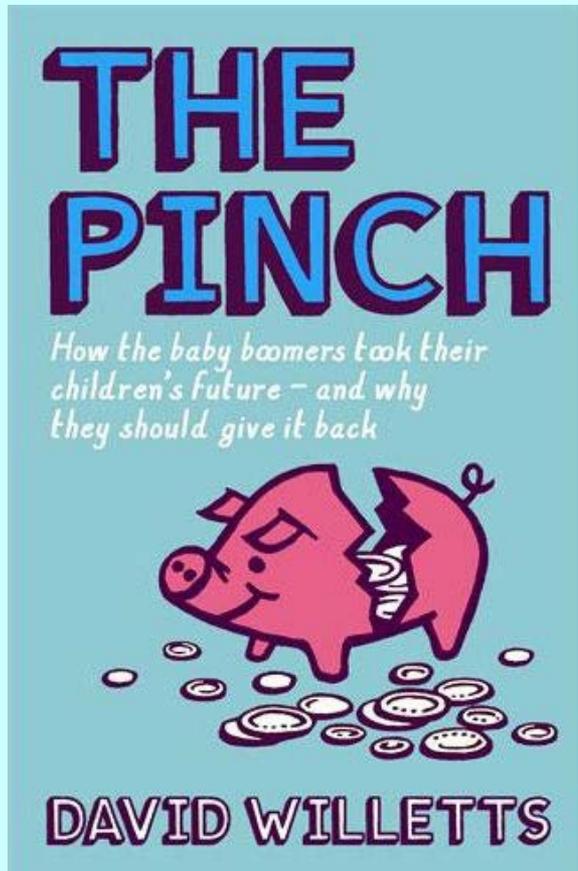


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BIRMINGHAM

Inter-generational financial giving

- Based on research on inter-generational lifetime gifts carried out for Leverhulme Trust
- Contributing to two debates
 - The baby boomers and the potential for inter-generational conflict
 - The nature of ‘the family’ and family obligations

The baby boomers and the potential for inter-generational conflict



'How the baby boomers took their children's future and why they should give it back'

In 2012, Policy Network warned of

'the coming conflict between generations ... Many European countries are on the edge of an intergenerational conflict which could hit home forcefully in the coming years ... the social contract that binds society together is at risk of becoming unstuck.'

In 2013, Angus Hanton, co-founder of Intergenerational Foundation said:

“Rising Intergenerational unfairness should matter to everyone. The usual focus on inequality between rich and poor misses the important inequalities between generations. Poorer young people are increasingly and systematically financing richer, older people. Urgent action must be taken as the Baby Boom cohort starts to retire.”





Debates about the nature of ‘the family’ and family obligations

- Concerns about the ‘decline’ of the family
- Inter-generational/family solidarity, conflict and ambivalence
- Private and public welfare: crowding in/out and de/re-familialisation
- Altruism, self-interest and reciprocity in motivating family support
- Social norms around family obligations

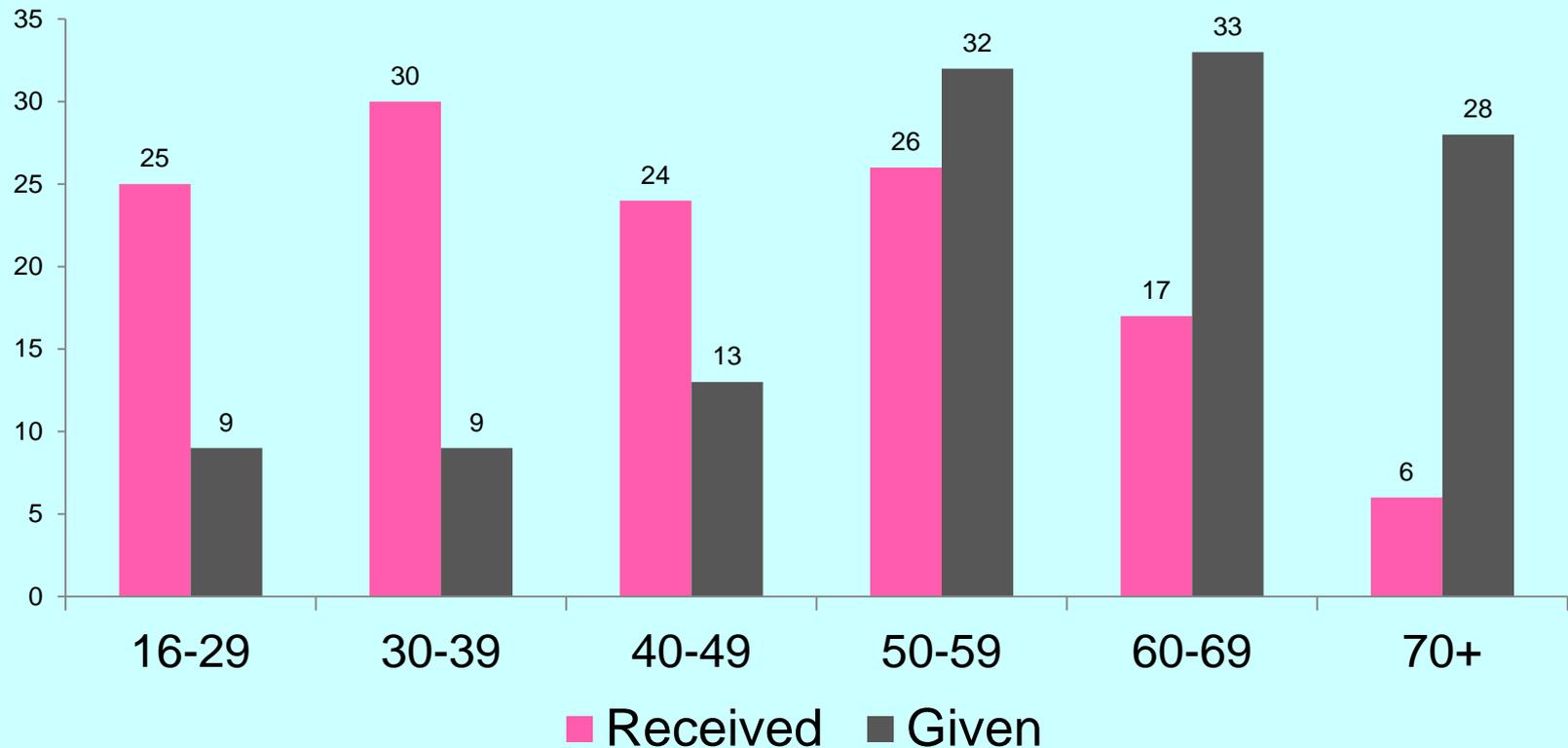
Leverhulme Trust project called 'Mind the (housing) wealth gap'

- Led by Beverley Searle (Dundee University)
- Work-stream on inter-generational transfers led by Karen Rowlingson and Ricky Joseph
 - In-depth interviews with multiple generations in the same families – 42 interviews in 15 families
 - Nationally representative F2F survey of 1,991 members of public carried out in August 2014, and 1,948 in December 2014. Some comparability with surveys in 2004 and 1985/6.

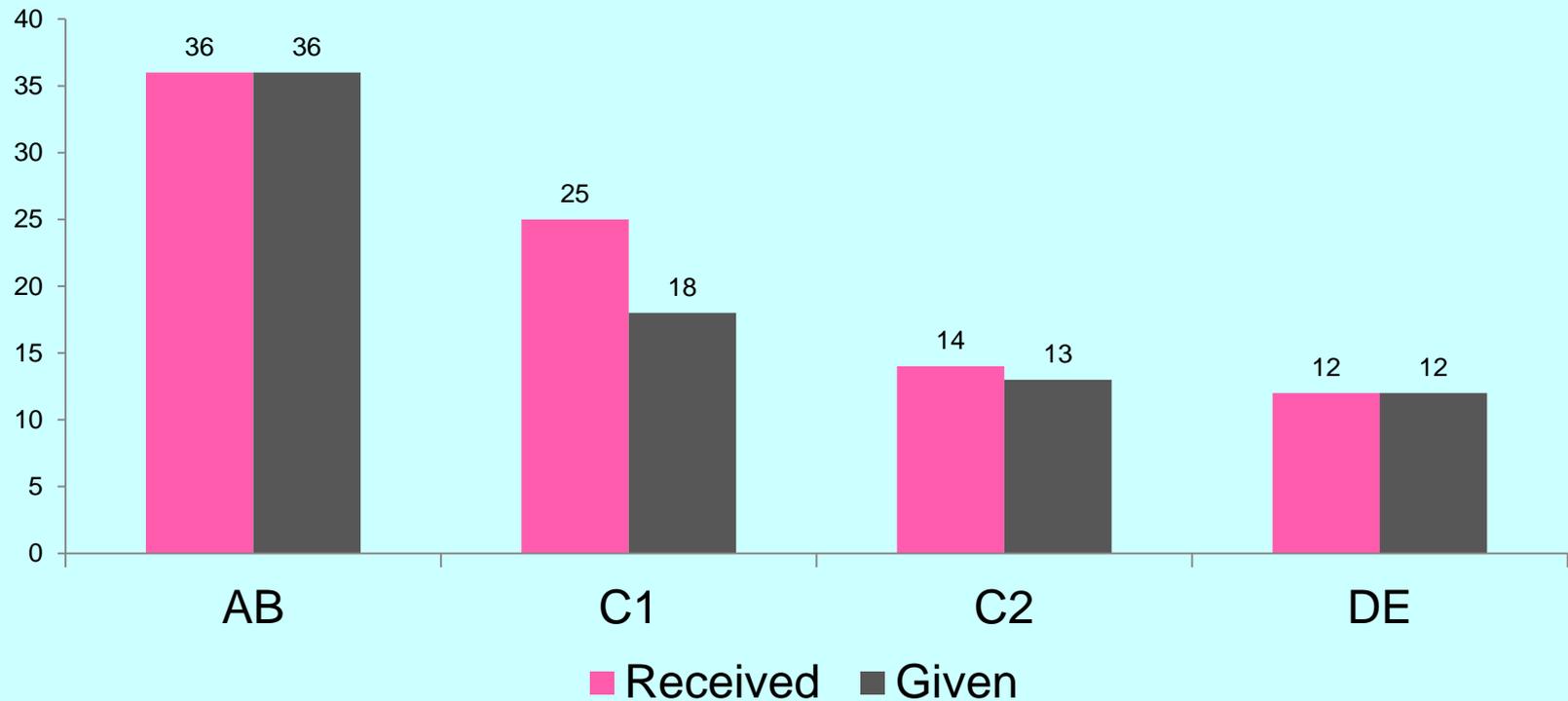
Focus on inter-generational financial gifts

- Example of functional solidarity
- Defined as £500 or more at any one time in cash or in kind but also looked at other types of gifts/support and loans
- Used vignettes to explore social norms

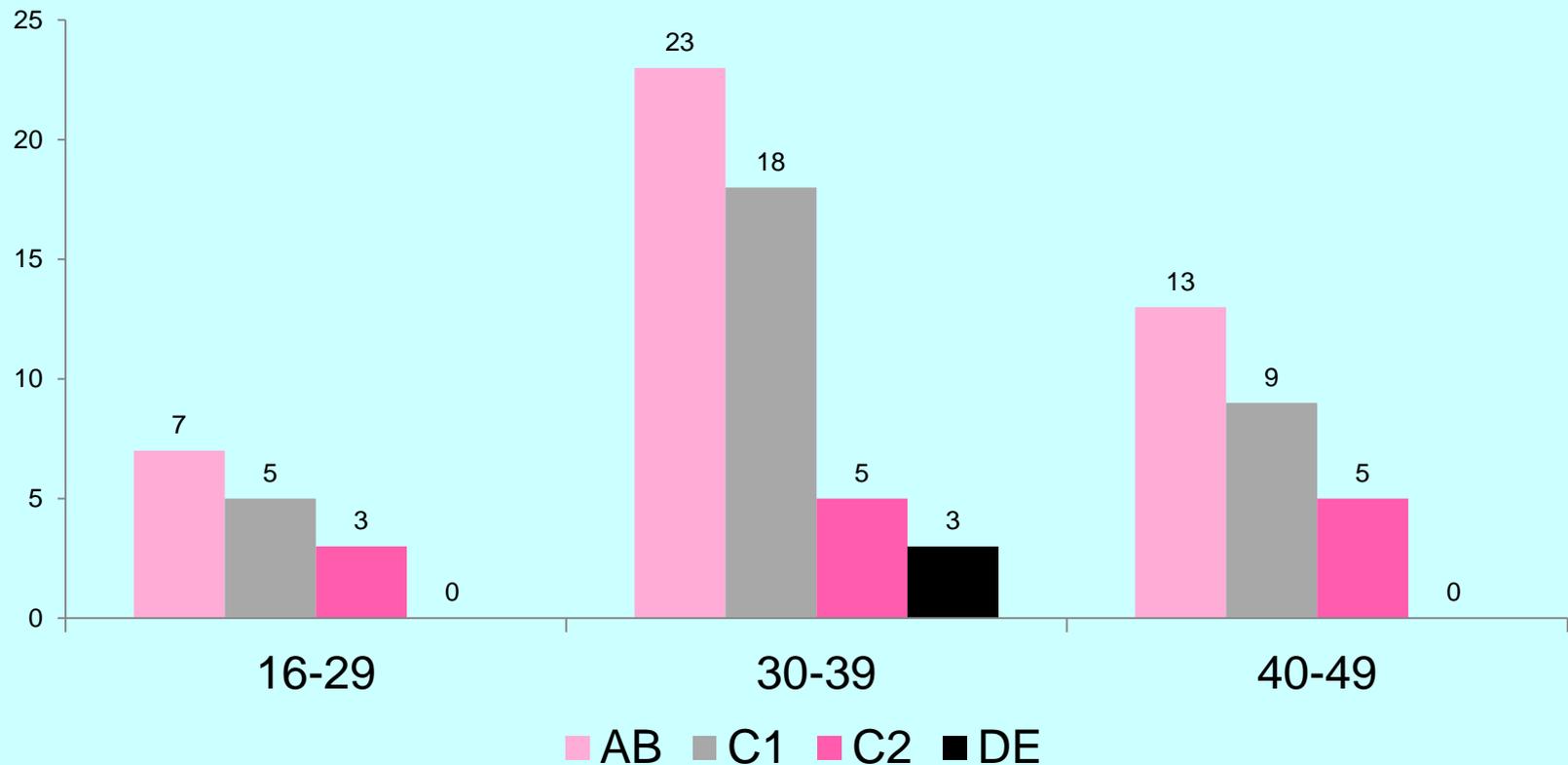
Lifetime gifts received and given by different generations



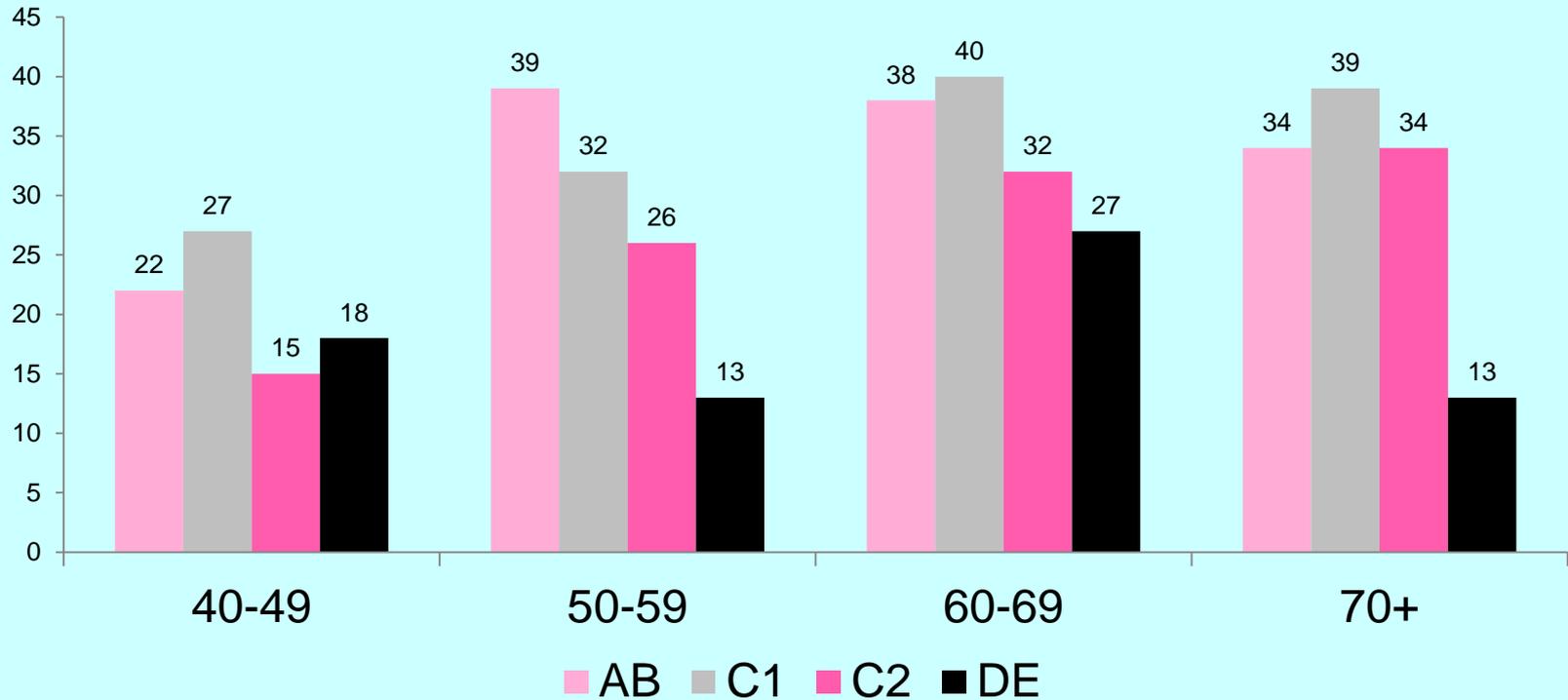
Lifetime gifts received and given by social class



Receipt of help with a deposit when buying a property by age and social class



Giving help with a deposit when buying a property by age and social class



The impact of lifetime gifts on the recipient is complex

- A quarter of recipients said that gifts made a ‘very great’ difference to them
 - This figure was highest for 25-34 year olds (39 per cent)
 - There was relatively little variation by social class
- Our qualitative work provides further data on this

Help with home ownership

‘God, it made a huge difference. It meant that we could buy a house earlier than we would have anticipated, and it meant we became home owners and got onto the property ladder very young. I think I was only 22’.
(Baby Boomer, Jacobs Family)

Help with higher education

'Because of the way my student loan works I don't get money for housing so dad does pay for the rent there which is absolutely brilliant. I mean I don't know what I'd do without that
(Younger Generation, Connelly Family)

Parents investing in children's future

'I think they [parents] really wanted to sort of help me try and achieve what I wanted to. My mum said that if, even if I wanted to do a masters or something like that she would [help financially] (Younger Generation, Connelly Family)

Support to be independent

Giving him support so that he can develop and he doesn't need it in the future and he knows that we're there and he knows where it comes from and he knows that it's expensive and he knows you know without nagging him about but he knows. He's not stupid by any means, and I've no doubt he appreciates it but I think it makes him a more independent person [okay]. That sounds double Dutch doesn't it because we're paying to make him independent. That sounds mad I know but I'm looking at the long term (Baby Boomer, Connelly Family)

What's my motivation? Good question really, you want to make your children happy don't you, you want to, you know, there's a fine line between spoiling them and you know, if you have got the means, it's almost sometimes churlish not to give it, you know, if it's not causing you that much of a problem to give it, and that is a difficulty I think, living in this area, you know, your children see things and they want things because you live round here, and then for you to try and keep a line of saying, well, no, and I did keep that line with the car actually but she found another way of getting round it, because I don't personally think 17 year olds need cars to drive to college, but it's quite difficult to hold onto all of your own values when you're subjecting your children to other experiences (Baby Boomer, Henry Family)

Help in paying off debts

Basically the council tax was in arrears ... the bailiff turned up at the door. I didn't know anything about it, my partner was working [away] and I had to phone my dad and I said they need £800 or else they're coming in the house. We tried to explain to them we've had no letters, but obviously they don't see it like that. So my dad, it was between [my brother] and my dad, and they got me the £800 and paid it off (Younger Generation, Evans Family)

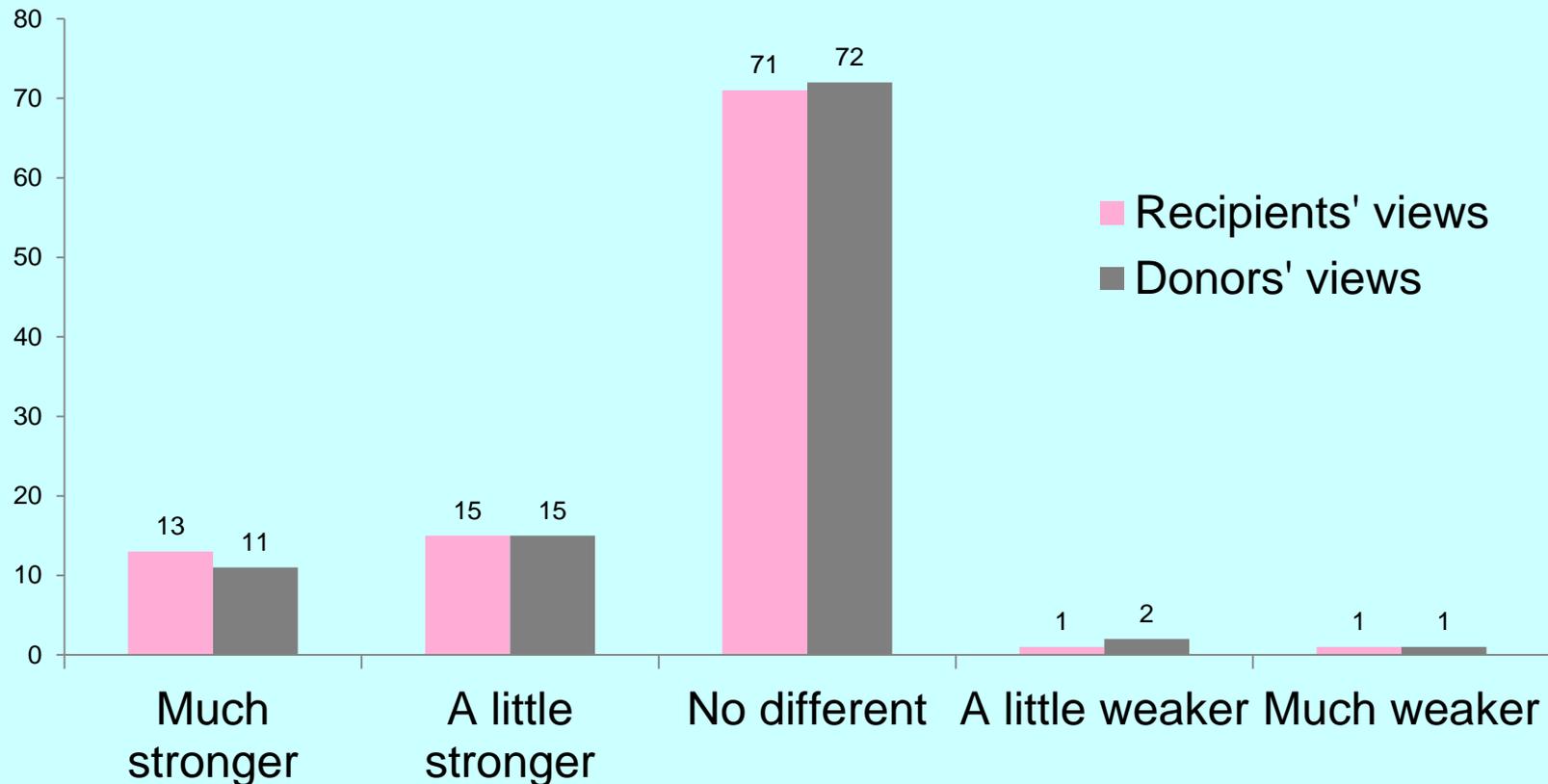
The impact of lifetime gifts on the donor is rarely studied

- A quarter of donors found it either very or fairly difficult to find the money for largest gift given
 - This increased to 35 per cent of donors from unskilled/unemployed backgrounds
- Most found the money from regular income or savings but a range of other sources were used including shares/investments (7%) and pension lump sums (2%), personal loans (2%), re-mortgaging (2%), down-sizing (2%), selling possessions (2%), inheritance (3%)

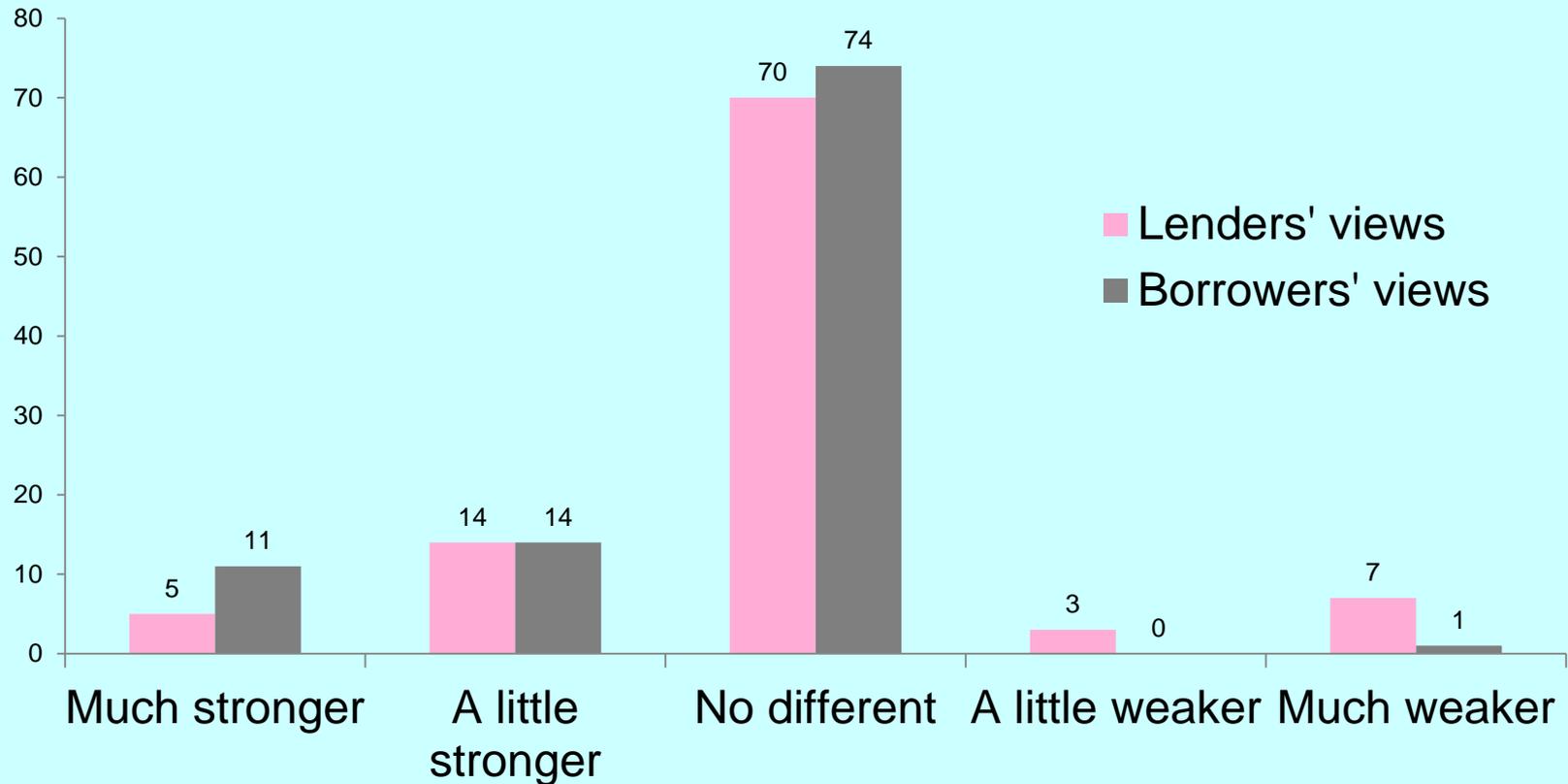
ASK THE AUDIENCE!

- Do you think that recipients of lifetime gifts said that they had made relationships with the donor...
 - Much stronger
 - A little stronger
 - No different
 - A little weaker
 - Much weaker

What difference did this gift/these gifts make to relationships?



What difference did this loan/these loans make to relationships?



ASK THE AUDIENCE!

- Which group of borrowers were LESS likely to repay a loan from family members?
 - Middle class borrowers
 - Working class borrowers

Social norms on obligations?

- Vignette 1: 79% said parents should help
- Vignette 2: 31% said parents should help
- Vignette 3: 46% said the couple should wait
- Vignette 4: 83% said 'yes'
- Vignette 5: 78% said 'yes'
- Vignette 6: 83% said 'do without'
- Vignette 7: 51% said 'yes'

Explaining views on obligations

- Level and nature of need
 - Ability of donor to help
 - Closeness and quality of relationship
 - Responsible behaviour/conditionality
 - Echoes of the welfare state
-
- Wider structures/situations

Student loan vignette 1

They should always try and help themselves first and like get their priorities right, I'd have to see what they're spending their money on. If they're out every night blowing their money then obviously I'd be more inclined not to help, if they were really struggling and they really didn't have anything left then I would ... (Baby Boomer, Rodgers Family)

Student loan vignette 1

Yes, on some level, because I think at that sort of age they should be learning independence. With the student loan, they should be working it out themselves of how much they can spend and how much money to have left over... If they're spending it on ridiculous things, like going out all the time, then not really because it's their own fault. (Younger Generation, Edwards Family)

Student loan vignette 1

They're just starting out at university. They're still getting used to money, really, and I think the parents should help them. Again, that could be conditional, like, they could say, 'Well, we'll help you but I think you should get a part-time job,' or , 'We'll help you but you do have to pay us back,' or something like that.(Henry Family, Younger Generation)

Student loan vignette 1

It's difficult, because ... If they try and get a job, they've got to be able to earn the money because they're paying rubbish money out there and these kids are being exploited and working for peanuts. ... And then it's a commitment for three years. It's a lot of money, isn't it? I would be sympathetic, yes, but I'd probably do food parcels and probably do practical things rather than give them the cash. Do that, really. (George Family, Baby Boomer)

Family returning from abroad (4)

It's increasingly difficult for people in those sorts of situations to [help themselves] isn't it, you know? There's a shortage of housing and benefits reductions and all sorts of stuff like that, and the family would need to have to rally round .(Baby Boomer, Allen Family)

Paying for care (7)

I'm visiting a couple of care homes and the difference between some of them is quite stark. .. I mean it's quite a, quite prominent thing in the news...I'm sure the time will come where possibly one of my parents might have to go into a care home and definitely I would sort of ensure, to the best of my ability, that they got a good standard of care, something that they deserved. (Younger Generation, Connelly Family)

Paying for care (7)

That's quite a difficult one. My first port of call with this is I believe the state should support elderly people. And by helping to support elderly people you are in fact in danger of creating a situation where the state doesn't need to help elderly people. I do think relatives should offer to help within their limits but I don't think anybody should dictate to them how much they should help...the amount that you can help isn't necessarily the same for everybody. (Baby Boomer, Irvine Family)

Paying for care (7)

No, I think the state should help before the family... Well; the family have got their own lives to lead, haven't they, really.... I am [in my eighties], and I've put money into the system over the years, so why shouldn't I now have something out to help me? (Older Generation, Edwards Family)

Baby boomers are giving something back within their families

- Evidence of solidarity between generations within families
- But private transfers are reinforcing intra-generational inequalities
- Inequalities (within and between generations) are caused by social policies (youth unemployment, cuts in working age welfare, university fees, housing market problems)
- Social policy solutions are needed and will involve higher contributions from those (baby boomers and others) who can afford to do so

The nature of the family and family obligations

- Evidence of family/inter-generational solidarity and ambivalence (+ some tension?)
- Reciprocity, 'duty', love and 'doing/being family'
- Re-familialisation during austerity but unequal ability to support
- Social norms – echo of formal welfare state
- Inequality and broader structures are underlying issue