

Bank of Grandma and Grandpa: Patterns of Financial Transfers from Grandparents to Grandchildren across Europe

Grandparents often help their grandchildren. Our aim is to explore specific patterns of financial support, provided directly from grandparents to grandchildren in several European countries.

Are they changing as grandparents age? How do they depend on grandparent's socio-economic characteristics and health status, children wealth, number and age of grandchildren, and other forms of support? Are there significant differences across European countries?

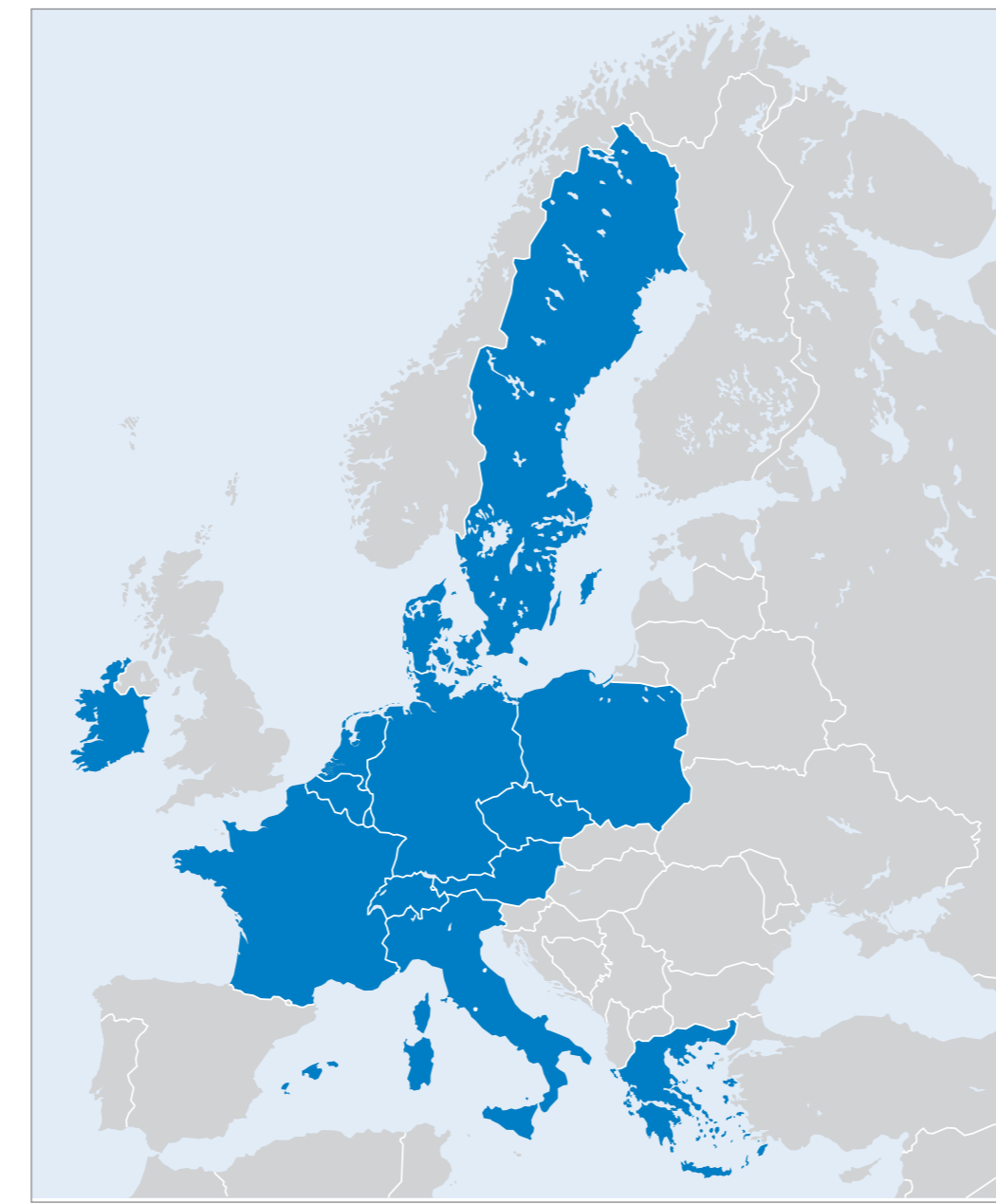
DATA

- Survey of Health, Aging and Retirement in Europe (SHARE), wave 2 (2006/2007)
- N = 13,432 grandparents 50 and older
- 13 European countries

VARIABLES

Outcome

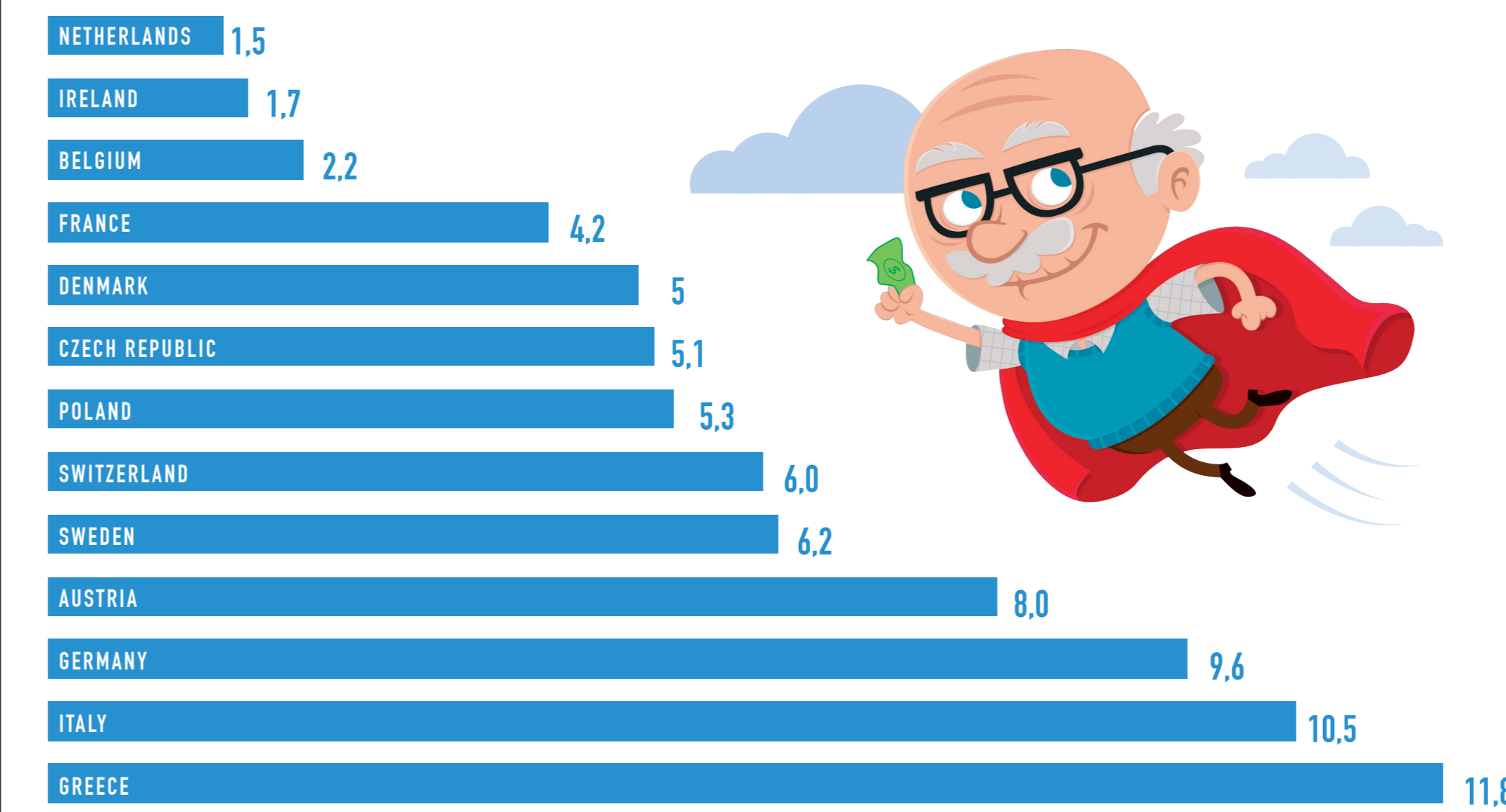
Direct economic support to grandchildren ("not counting on any shared housing or shared food, any financial or material gift or support amounting to €250 or more given from grandparents to grandchildren")



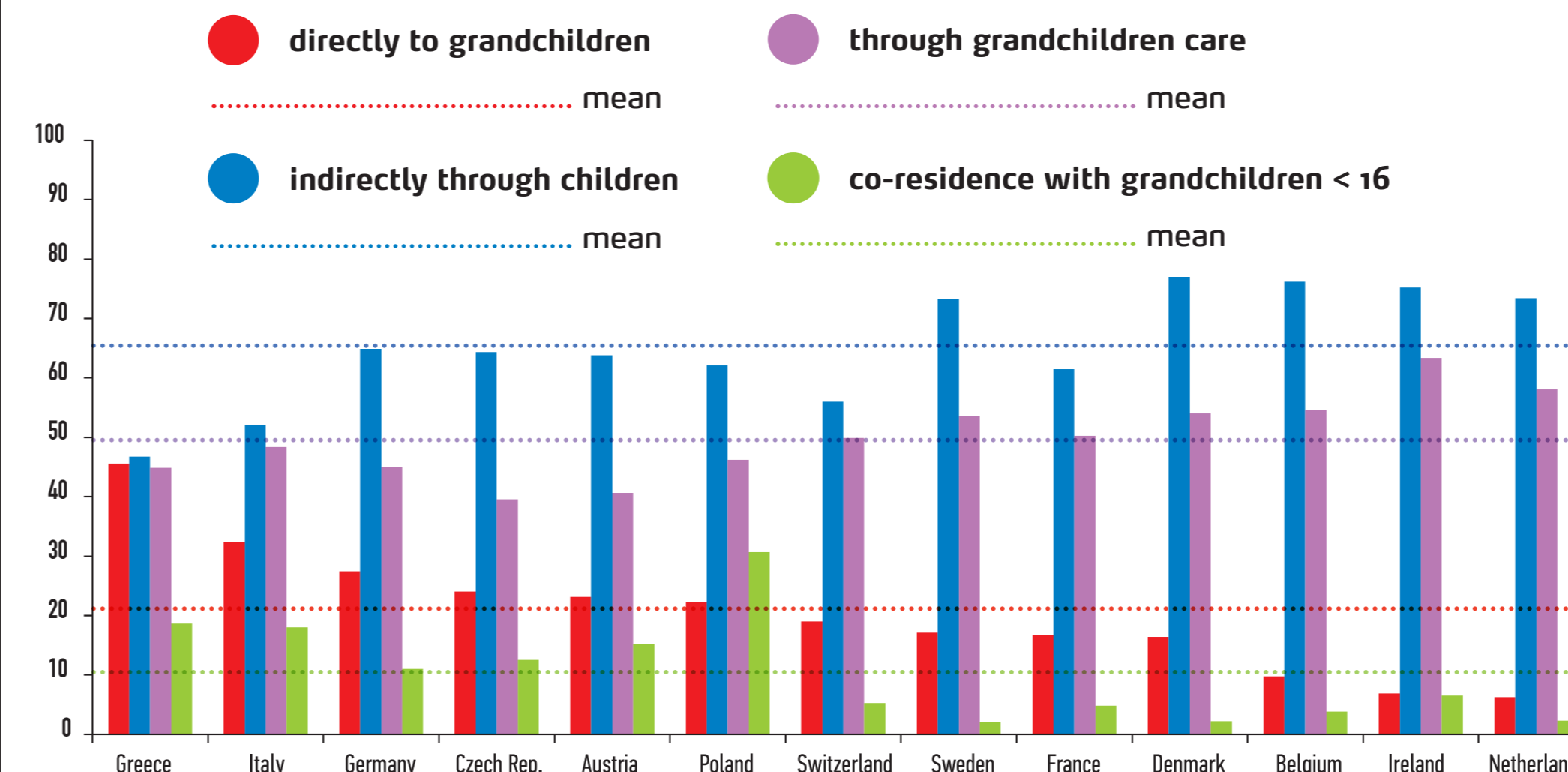
Explanatory set

Grandparents	Age, gender and marital status Employment status, perceived financial wellbeing Perceived health, long-term illness, limitation in day-life activities
Children	Children's highest level of education (proxy of income)
Grandchildren	Number and age of grandchildren
Other forms of support	Indirect transfers: money provided to G2 having at least one child younger than 16 Grandchild care Co-residency with at least one grandchild younger than 16
Country-dummies	AT, BE, CH, CZ, DE, DK, EL, FR, IT, IR, NL, PL, SE

Percentage of grandparents providing direct support to grandchildren by country



Patterns of support provided by grandparents in Europe



Determinants of the probability of providing direct economic support to grandchildren. Coefficients and significance of a Logit model

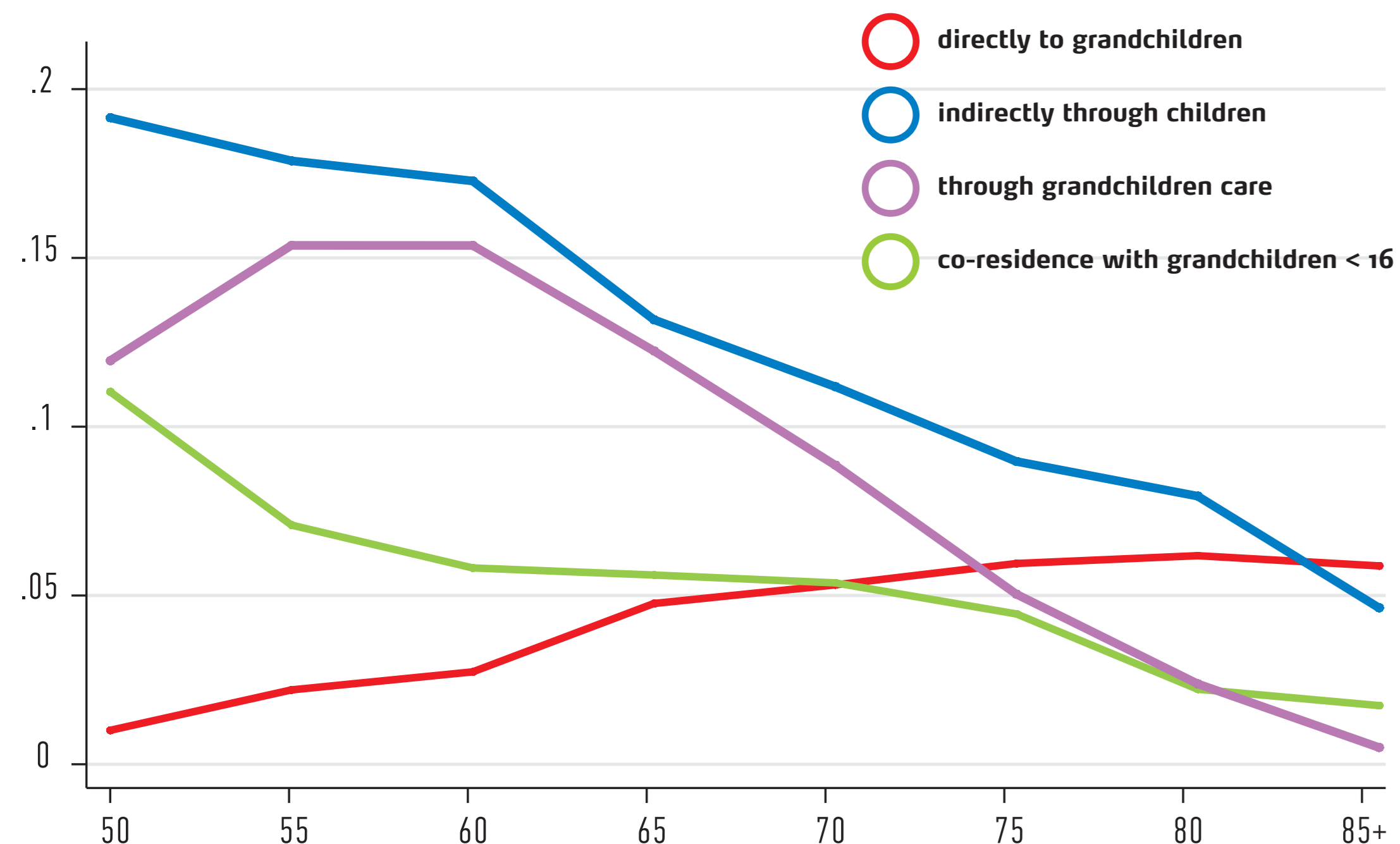
Variable	Coefficient	Significance
Age	0,03	***
Females (Ref: Males)	0,02	
Living in couple (Ref: Not living in couple)	0,12	
Educational level: Low (Ref: Higher level)	-0,28	**
Employment status: Retired (Ref: Employed / Other)	0,36	***
Capacity to make ends meet (Ref: Not capable)	0,44	***
Limited activities (Ref: Not limited)	-0,11	
Long-term illness (Ref: Not)	0,12	
Perceived health: Good (Ref: Poor/Fair)	0,14	
Children's highest educational level: High (Ref: Lower level)	-0,60	***
Number of grandchildren	0,00	
Age of the youngest grandchildren >16	0,34	***
Indirect transfers -through children (Ref: No)	0,42	***
Grandchild care: Daily / Weekly (Ref: Monthly / Less frequently)	0,24	**
Co-residency with at least one child having children <16 (Ref: Non co-resident)	-0,01	
Country-dummies (Ref: Italy)	ranking	
Greece	1	-0,02
Germany	2	-0,51
Austria	3	-0,81
Poland	4	-0,85
Sweden	5	-0,95
Czech Rep.	6	-0,96
Switzerland	7	-0,98
Denmark	8	-1,15
France	9	-1,18
Ireland	10	-1,90
Belgium	11	-1,93
Netherlands	12	-2,52
Constant		-4,94

Note: significance levels 1% (***), 5% (**)

SUMMARY

- Contrary to all other forms of support, grandparents increasingly provide direct economic transfers to their grandchildren as they (and they grandchildren) get old.
- This pattern persists even after controlling for all other dimensions (i.e., demographic, socio-economic, health, and cultural characteristics, age and number of grandchildren, other forms of support and children's education).
- Gender, marital status, health conditions and number of grandchildren do not affect the likelihood of economically helping grandchildren.
- Having a high level of education, being retired and able to make ends meet are positively associated with the probability of providing economic help to grandchildren.
- If children have a higher level of education –and likely, a higher income– grandparents support grandchildren with a lower probability.
- Other forms of support (frequent childcare and economic help through G2) are directly linked to our outcome, while co-residency with young grandchildren doesn't affect direct support.
- We also observe important geographical differences: Southern European countries (i.e., Italy and Greece) rank first in economic transfers directly given to grandchildren, other things being equal, suggesting an important association between direct support provided from grandparents to grandchildren in contexts of strong family ties. ■

Frequency distribution of types of support by age of grandparents



Frequency distribution of types of support by age of grandparents and main explanatory variables

