

INTRA-FAMILY FINANCIAL AND NON-FINANCIAL SUPPORT FOR PENSIONERS: SHARE SURVEY RESULTS IN 19 EUROPEAN COUNTRIES

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1. Introduction

The initial concept of three pillar model first delineated by the World Bank in 1994, was further developed by the pension experts and extended to include two additional pillars: a zero pillar (universal non-contributory social assistance pensions) and a fourth pillar that included the broader context of social policy. The so called “fourth pillar” was added because a large part of retirement consumption may be derived from sources that are not formally defined as pensions, such as homeownership, interfamily financial transfers and family support, personal savings, and social programs other than pensions (Holzmann and Hinz 2005; Holzmann et al. 2008).

The present paper is based on the data of the Survey of Health, Ageing and Retirement in in Europe. The process of selecting and preparing the data for the analysis is outlined in section 2, as well as major descriptive statistics of the questionnaire respondents.

The author hypothesized that the probability to give / receive financial and non-financial support may depend on the individual socio-demographic characteristics (age, gender, living single or in a couple, having children, relative income level), as well as reciprocity practices in family and macro-level country specific characteristics (spending on old-age pensions, income inequality, at-risk-of-poverty rates). Section 3 discusses the results of the study, presenting the obtained proportions of intrafamily transfers in different European countries, as well as crude and adjusted regression coefficients.

The paper concludes with the section summarizing the main findings.

2. Selection and preparation of the data for the analysis

SHARE questionnaire contains a group of questions in which respondents are asked:

- if they have given / received financial gifts of EUR 250 or more to/from a family member (or other person) during the preceding 12 months (it is

- possible to mention up to 3 such persons stating the respondent's relationship with them and up to three more persons without specification)¹,
- if they have given / received help to / from separately living family members (or other persons) during the preceding 12 months (similarly, it is possible to mention up to 3 such persons)².

This group of questions is not asked in all countries in all waves. Therefore, in order to obtain sufficient amount of data, three most recent waves of SHARE – wave 5 (2013), wave 6 (2015) and wave 7 (2017) – have been included into analysis. Previous research (Ostrovsky-Berman and Litwin 2019) demonstrated that intra-family support patterns significantly changed during the recession years, therefore earlier waves (up to 2011) were not taken into consideration.

The data from 19 countries was used for the analysis: Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Israel, Italy, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Spain, Sweden and Switzerland.

As SHARE is a longitudinal study, same persons participate in subsequent waves. For the participants who had answered this group of questions in more than one wave only the latest wave answers were used for the analysis. In result, 30.5% of cases are taken from wave 5, 35.2% – from wave 6, and 34.3% – from wave 7. 10 countries participated in all three waves; Estonia, Israel, Luxembourg and Slovenia asked this group of questions to their participants only in waves 5 and 6; Greece and Poland – in waves 6 and 7; whereas in three countries these questions were asked only once during the last three waves – the Netherlands (wave 5), Portugal and Croatia (both in wave 6).

In total, 30,688 cases were analyzed. Number of cases per country ranged from 311 (Croatia) to 2,436 (Czech Republic).

Only respondents whose status is “old-age pensioner” were included, irrespective of their age. Median age was 73 years (Q1 = 67; Q3 = 80). 59.5% of respondents live in households with a couple, where both are respondents, 31.5% live in households consisting of one person, 8.6% – in a household with a couple and one

¹ The exact wording of the questions: „Some people provide financial or material gifts, or support to others such as parents, children, grandchildren, some other kin, or friends or neighbours, and some people don't. Now please think of the last 12 months. Not counting any shared housing or shared food, have you or your partner given (received) any financial or material gift or support to any person inside or outside this household amounting to EUR 250 or more? By financial gift we mean giving money, or covering specific type of costs such as those for medical care or insurance, schooling, down payment for a home. Do not include loans or donations to charities.”

² The exact wording of the questions: “We are interested in how people support one another. The next questions are about the help that you may have given to people you know or that you may have received from people you know. Thinking about the last 12 months has any family member from outside the household, any friend or neighbour given you or your partner personal care or practical household help? In the last 12 months, have you personally given personal care or practical household help to a family member living outside your household, a friend or neighbour? Please exclude looking after grandchildren.”

non-responding partner, while the rest 0.4% – in other household types (consisting of several singles or several couples, etc.). In total, 31.8% of the respondents are singles and 68.2 have a partner.

Ranking into income quintiles was made within countries and within waves separately and also within singles and couples separately, as the income is reported at household level.

50.2% of respondents were women. 90% of all respondents have child(ren).

3. Results

Major recipients of financial gifts from pensioners are their children – 67.2%, followed by grandchildren – 15.5%.

Major donors of financial gifts to pensioners are also their children – 57.6%, quite unexpectedly followed by the parents of the respondents (including step- and in-law-parents) – 19.5%. Provided that the respondents themselves are old-age pensioners, their parents should be in quite old ages. The last ratio, however, varies very much among the countries: in Italy, Denmark, Switzerland, Belgium and Czech Republic more than 30% of financial gifts originated from pensioners’ parents, while in Germany, Poland, Portugal, Slovenia and Croatia – less than 10%.

7% of all financial gifts were given to non-relatives, and 7.6% were received from non-relatives.

The majority of European pensioners neither received nor gave any financial gift, and there are more donors than recipients. The share of recipients varies from 1.9% in Spain to 15.5% in Poland, donors – from 10.9% in Spain to 37.9% in Luxemburg (Fig. 1).

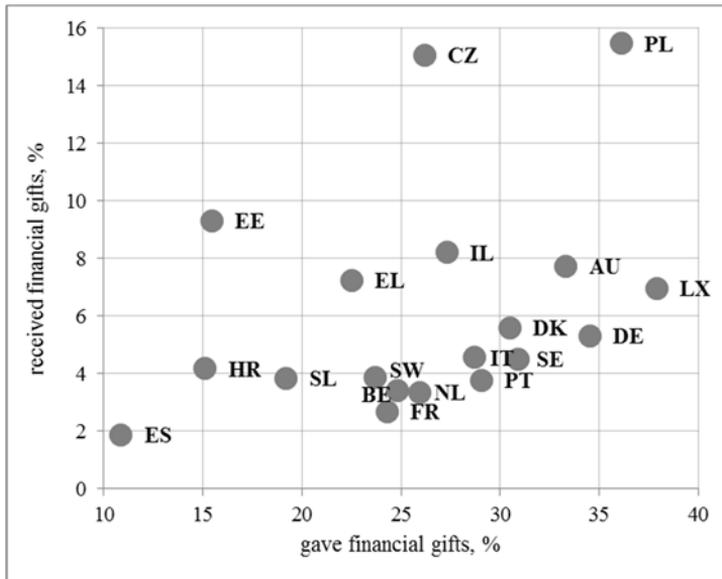


Fig. 1. Shares of respondents who gave and received financial gifts
Source: author's computations on SHARE data.

As demonstrated in Tab. 1, those who received financial gifts were significantly more often also giving financial gifts, as well as (although to a lesser degree) more often were providing non-financial help to others. Those who received non-financial help, were also more often giving non-financial help, but the effect is far less pronounced. The relationship between receiving non-financial help and giving financial gifts is not in place.



Fig. 3. Share of financial donors in countries with different AROPE 65+ rates
Source: author's computations on SHARE data and Eurostat.

Another goal of the research was to evaluate possible relationship between the observed rates of donors and recipients of support and macroeconomic indicators in the respective countries – such as at risk of poverty and social exclusion (AROPE) rates and indicators of income inequality in old age groups. The research hypothesis suggested that the countries with high inequality and high risk of poverty among the elderly would have higher proportions of respondents who receive help from people outside their households.

The hypothesis, however, has not been confirmed – no relationship was detected. However, macroeconomic indicators show some signs of association with proportions of donors: higher S80/S20 ratios were found in those countries where pensioners less frequently provided non-financial help to others (Spearman's rho = -0.523, p = 0.026, n = 18), while in the countries with more poverty and social exclusion the respondents less frequently gave financial gifts (Spearman's rho = -0.445, p = 0.064, n = 18) – see Fig. 3.

The observed proportions of donors-recipients do not allow to group countries into any sort of clusters according to their welfare state regimes. Probably, more structure in the data could be found with larger samples or on longer time spans.

Further analysis of the factors, potentially influencing the outcome variable (binary variables “gave financial gifts”, “gave non-financial help”, “received financial gifts”, and “received non-financial help”) was made taking all countries together, using binary logistic regression.

Crude odd ratios (Tab. 2 and Tab. 3) demonstrate that women receive financial gifts more frequently than men, while men are slightly more frequent donors. Women also more often receive non-financial help, but there was no statistically significant difference in giving such help between men and women. Singles receive financial and non-financial support more frequently while give support less frequently than those who live in couples.

Table 2. Factors (crude odds ratios with 95%CI)

	Give help	
	Give financial gifts	Give non-financial help
Gender (F/M)	0.918** (0.872 – 0.966)	1.024 (0.967 – 1.085)
Couple / Single	1.555*** (1.468 – 1.648)	1.202***(1.130 – 1.277)
Has child(ren) (Yes/No)	2.230*** (2.009 – 2.477)	1.264***(1.143 – 1.397)
Income (QU5/QU1)	3.083*** (2.823 – 3.366)	1.757*** (1.598 – 1.931)
** p < 0.01, *** p < 0.001, else p > 0.05		

Source: author’s computations on SHARE data.

The most expressed difference was detected among income groups: in financial intrafamily exchanges, higher income quintiles are more both more active providers and more active recipients (probably, due to the threshold set at EUR 250 per one transaction; should this threshold be lower or no present at all – like in Singaporean questionnaire – lower income quintiles would possibly appear among recipients and donators of financial gifts at a similar rate as higher income quintiles). As considers non-financial support, higher income quintiles were more frequent providers but less frequent recipients of help from others.

Table 3. Factors (crude odds ratios with 95%CI)

	Receive help	
	Receive financial gifts	Receive non-financial help
Gender (F/M)	1.330*** (1.209 – 1.463)	1.550***(1.471 – 1.633)
Couple / Single	0.823*** (0.746 – 0.908)	0.339*** (0.322 – 0.358)
Has child(ren) (Yes/No)	2.200*** (1.776 – 2.725)	0.976 (0.896 – 1.063)
Income (QU5/QU1)	1.279*** (1.104 – 1.483)	0.704*** (0.649 – 0.765)
*** p < 0.001, else p > 0.05		

Source: author’s computations on SHARE data.

Having children increased odds to give both financial and non-financial support to non-members of the respondents’ household. It also increased the odds to receive financial gifts, but did not influence the odds to receive non-financial help.

Table 4. Multiple binary logistic regression models (adjusted odds ratios)

	Give help		Receive help	
	financial	non-financial	financial	non-financial
Gender (F/M)	0.959	0.963	1.272***	1.275***
Couple / Single	1.455***	0.994	0.659***	0.429***
Has child(ren) (Yes/No)	1.939***	1.234***	2.079***	1.259***
Income (QU5/QU1)	3.036***	1.536***	0.884	0.743***
Income (QU4/QU1)	2.660***	1.511***	0.806*	0.785***
Income (QU3/QU1)	1.998***	1.318***	0.822*	0.805***
Income (QU2/QU1)	1.519***	1.211***	0.821*	0.918
Age	0.987***	0.934***	0.982***	1.058***
Received (given) financial gifts (Yes/No)	3.067***	1.581***	3.005***	1.185***
Received (given) non- financial help (Yes/No)	1.207***	1.858***	1.464***	1.909***
Nagelkerke R ²	0.088	0.094	0.068	0.143
** p < 0.01, *** p < 0.001, else p > 0.05				

Source: author's computations on SHARE data.

At the last stage, all predicting variables were included into regressions at one time (Enter method). The results are presented in Tab. 4. When adjusting for other variables, in giving both financial and non-financial help gender has no statistical significance, while all other factors do. However, the overall predictive power of the models was rather low.

The author attempted including of macroeconomic indicators into the model (S80/S20 ratio, pension expenditure as share of GDP and in euros per capita), but the results were quite controversial and mostly statistically insignificant.

4. Conclusion

The variables considered show a great variety of intra-family support patterns in different European countries. The overwhelming majority of pensioners can cope on their own without any significant support from their separate living relatives. The major source of their financial support is their children, but the second major supporters are their parents. There is the evidence that those in harder financial situation (lower income quintiles) get more financial help, which supports the importance of that informal “pension pillar” in redistribution of incomes and in improving their material situation. This is also true for receiving of non-financial support – lower income groups receive more informal family support from outside their households complementing formal social assistance and care systems. As concerns giving support – both financial and non-financial – those who have better financial resources more frequently give gifts and help to their relatives.

Reciprocity is important: those who give help more frequently receive help from others and vice versa.

It seems that the significance of individual factors varies from country to country, but due to the small number of recipients/donors it is impossible to construct a statistically significant model.

The author plans further work on the model and interpretation of the results. Hopefully, more countries participate in answering the financial block of questions in the 8th wave, which will allow for another attempt to verify the association of intrafamily support patterns with welfare state regimes.

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