

# THE IMPORTANCE OF MONEY FOR CONTACT AND CARE BEHAVIOUR

PRELIMINARY RESULTS — DO NOT QUOTE

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## THE STRATEGIC BEQUEST MOTIVE

- Parents hold bequeathable wealth to make their children give them more attention than they would be willing to give voluntarily.
- **Hypotheses:**
  - Parents receive less attention than they want
  - Children respond to the threat of disinheritance
  - Threat is only credible if parents have more than one child
- **Econometric question:**

How does the contact behaviour of children react to their parent's bequeathable wealth?

## PREVIOUS LITERATURE

- **Bernheim, Shleifer, and Summers (1985)**

The strategic bequest motive. *J. Pol. Econ.*

- Robust evidence under IV estimation for the strategic bequest motive

- **Angelini (2007)**

The strategic bequest motive: evidence from SHARE.

*"Marco Fanno" Working Paper*

- Robust evidence for the strategic bequest motive

- **Perozek (1998)**

A reexamination of the strategic bequest motive. *J. Pol. Econ.*

- Critique on Bernheim, Shleifer, Summers (1985)
- non-robust results for different attention indices

## MOTIVATION

- **Are these results plausible?** - “Egoistic” parent-child relationships
- **Extension:**
  - + Panel structure
  - + Less structure on data:  
no attention index, non-imputed data
  - + Inter-vivo transfers and annuity wealth
  - + Comparison to care behaviour in the same context

## DATA AND METHODOLOGY

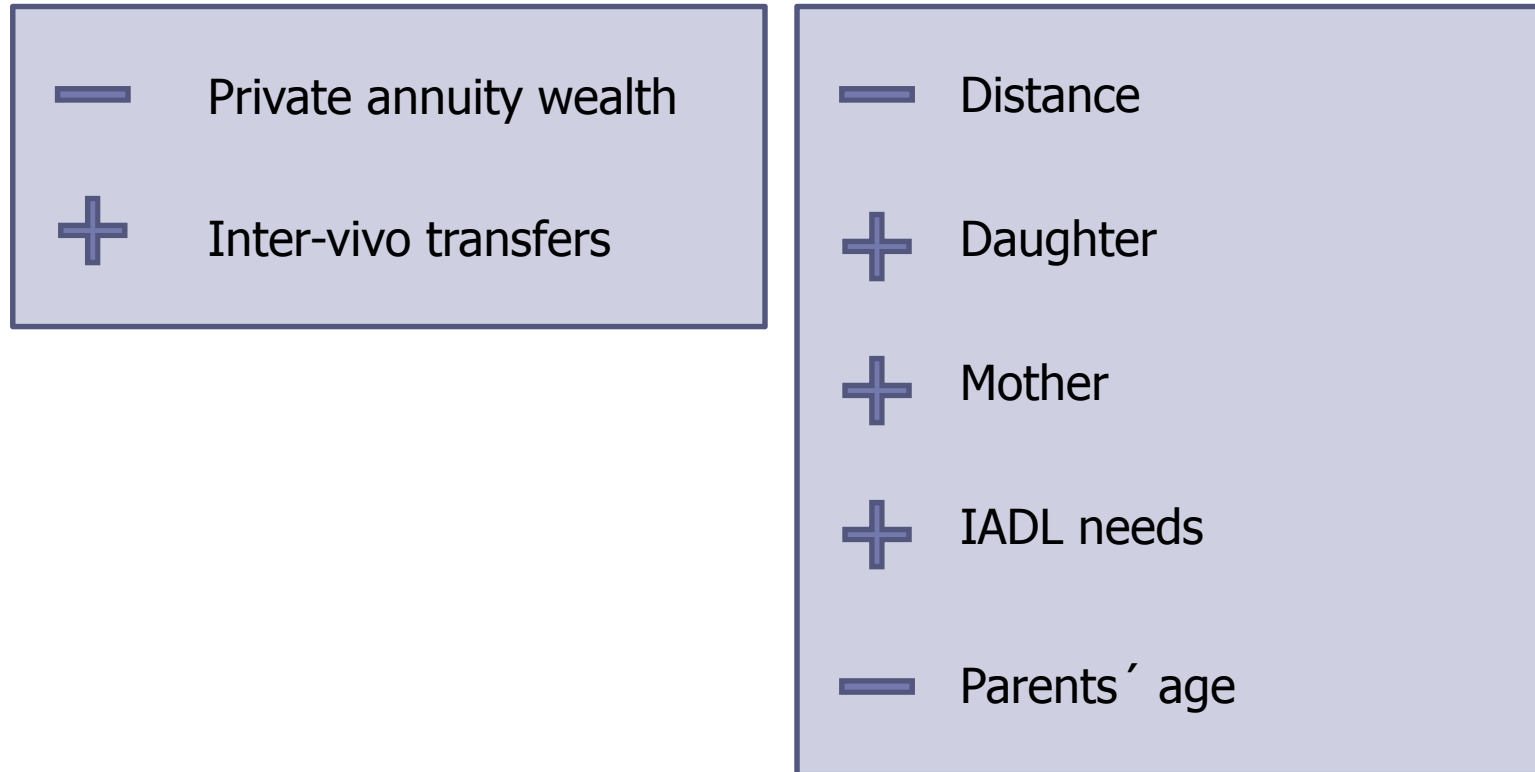
- SHARE data from 2004 and 2006; European data set of 50+
- Parents are original units of observation
- Construction of a child-level file for up to four children
- Parent variables are weighted by number of children
- Different samples for couples and singles
- SHARE question:  
“During the past twelve month, how often did you have contact with your child, either personally, by phone or mail?” – 7 point scale –
- Collapsed to two categories of intensive (more than once a week) and less intensive contact due to econometric specification
- Financial vs. real assets

## DESCRIPTIVE RESULTS

- Average contact between parent and child is high: about once a week
- Monetary variables
  - of single parents show no reduction in wealth by contact category
  - of couples show expected reduction in wealth with less contact
- Inter-vivo transfer incidence is low:

Singles	17.17%	2,881 €
Couples	21.17%	3,882 €
	gave gifts > 250 € last year	was the transfers mean value

## SIGNIFICANT DETERMINANTS OF CONTACT BEHAVIOUR TO **SINGLE PARENTS** WITH AN ONLY CHILD



*Ordered by strength of effect*

- Monetary results are not robust over the years 2004 and 2006
- No monetary effects in the panel analysis

# SIGNIFICANT DETERMINANTS OF CONTACT BEHAVIOUR TO PARENTS LIVING AS **COUPLES** WITH AT LEAST TWO CHILDREN

Financial assets  
+ Inter-vivo transfers

— ADL needs  
+ IADL needs

— Distance  
+ Daughter  
— Number of children  
— Parents' age

*Ordered by strength of effect*

- Ambiguous sign for financial assets, strongly negative for 2006, no panel effect
- Siblings behave as substitutes
- No clear effect of care/help needs

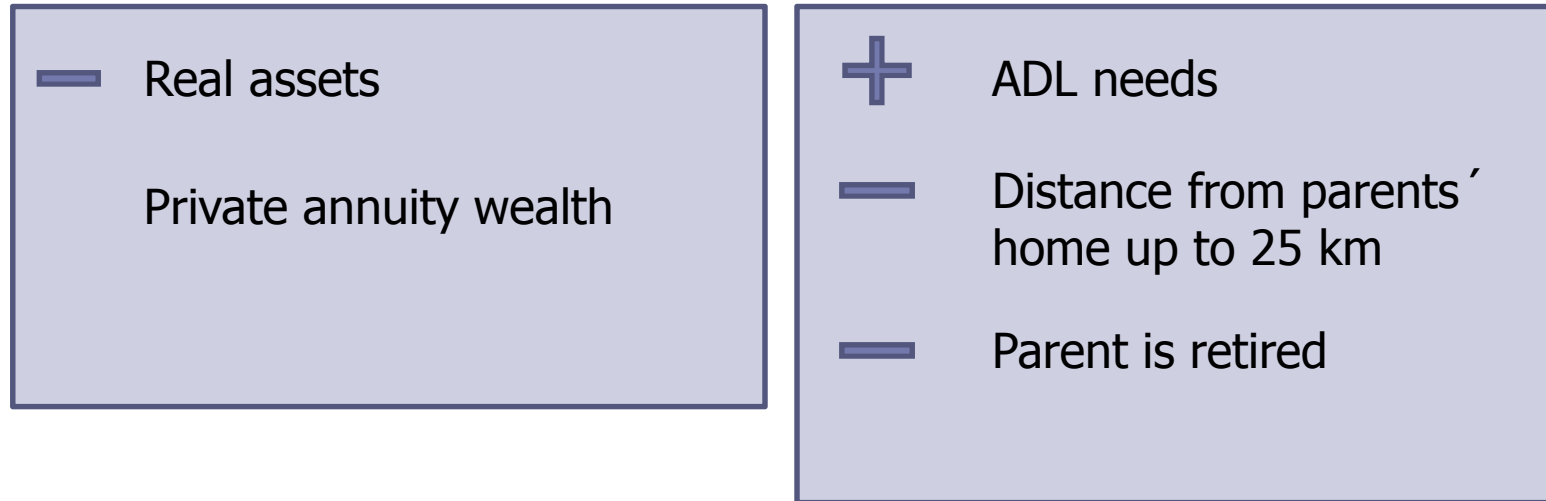


## COMPARISON OF CONTACT AND CARE BEHAVIOUR

- Contact is something parents would like to receive
- Care is something they might need

Effect of bequeathable wealth	Possible interpretation
Positive	Closer family ties vs. "strategic bequest motive" of children
Weaker or none	General reciprocity or altruism
Negative	Professional care or other informal care sources

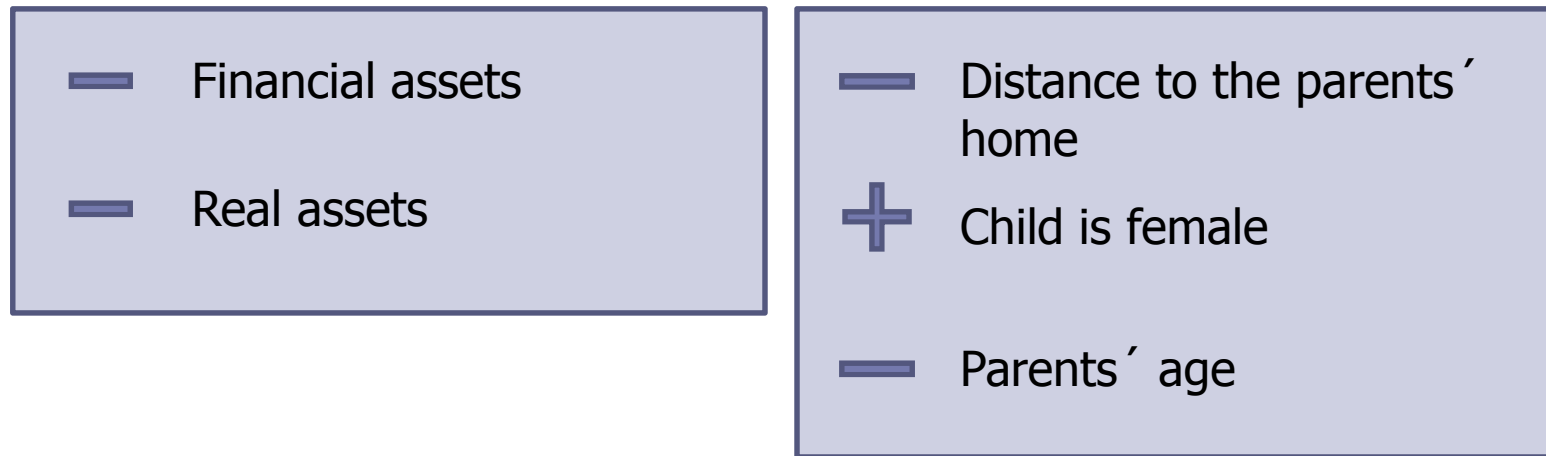
## SIGNIFICANT DETERMINANTS OF CARE BEHAVIOUR TO **SINGLE PARENTS** WITH AN ONLY CHILD



*Ordered by strength of effect*

- ADL needs have a much stronger positive impact than for contact behavior
- Distance is a weaker determinant for receiving care:  
Telephone calls might have overestimated the effect for contact behavior
- Other child characteristics are not significant

## SIGNIFICANT DETERMINANTS OF CARE BEHAVIOUR TO PARENTS LIVING AS **COUPLES** WITH AT LEAST TWO CHILDREN



*Ordered by strength of effect*

- Effect of distance is not continuously decreasing anymore
- Effects of child characteristics are not robust over models
- The parents' age has only a weak impact

## CONCLUSION: DETERMINANTS OF CONTACT

- Only family characteristics are robust determinants of contact behavior
  - Status variables have only a weak impact
  - Bequeathable wealth does not have any robust positive influence on contact,
  - Inter-vivo transfers have a weak one
- ➔ Past literature on the strategic bequest motive is too optimistic
- ➔ This study neither confirms nor rejects the theory
- ➔ **The econometric model says nothing about the motives of parents directly.**

## CONCLUSION: MONETARY VARIABLES

- Data characteristics are decisive for the monetary coefficients
- Results contrast with those in Angelini (2007) where SHARE data is also used, albeit imputed values
- **Here: not imputed data but only original data is used**
- Allison (2001): Listwise deletion is more robust than imputation if the probability of observing a missing value is dependent on its unobserved value – cannot be tested
- Listwise deletion vs. imputing data is still an issue. The decision for one or the other does drive the result.

## CONCLUSION: DETERMINANTS OF CARE

- Parents who have more real wealth receive significantly less help
  - Parents do not want to rely on a child that is not willing to care for them
  - Professional care might be of better quality
  - Parents do not want to be a burden to children
  - Parents with housing wealth and their children are not mobile enough to successfully organize informal care



Amount of care-service supply should be extended



Private care insurance should be promoted

## APPENDIX: ENDOGENEITY BIAS – WEAK INSTRUMENTS ONLY

### Monetary variables

- Parents who love their children more than others do, might **want** to hold more bequeathable wealth.
- Children that love their parents more than other children, might **want** to be in touch more often.

### Distance

- (1) Social attainment & (2) family commitment
- Endogeneity bias can be interpreted as an unobserved factor
- If unobserved heterogeneity can be controlled by fixed effects, this part of the endogeneity bias cancels out.