

Retirement Timing of Women and the Role of Care Responsibilities for Grandchildren

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This paper

- Investigates whether caring for a grandchild might influence retirement decisions
- Considers if retirement might influence the propensity to care for a grandchild, especially in response to a grandchild's birth
- Identifies factors affecting each decision
- Considers whether effects vary by observable characteristics (e.g., grandmother's age, health, promixity, and/or birth order of grandchild)

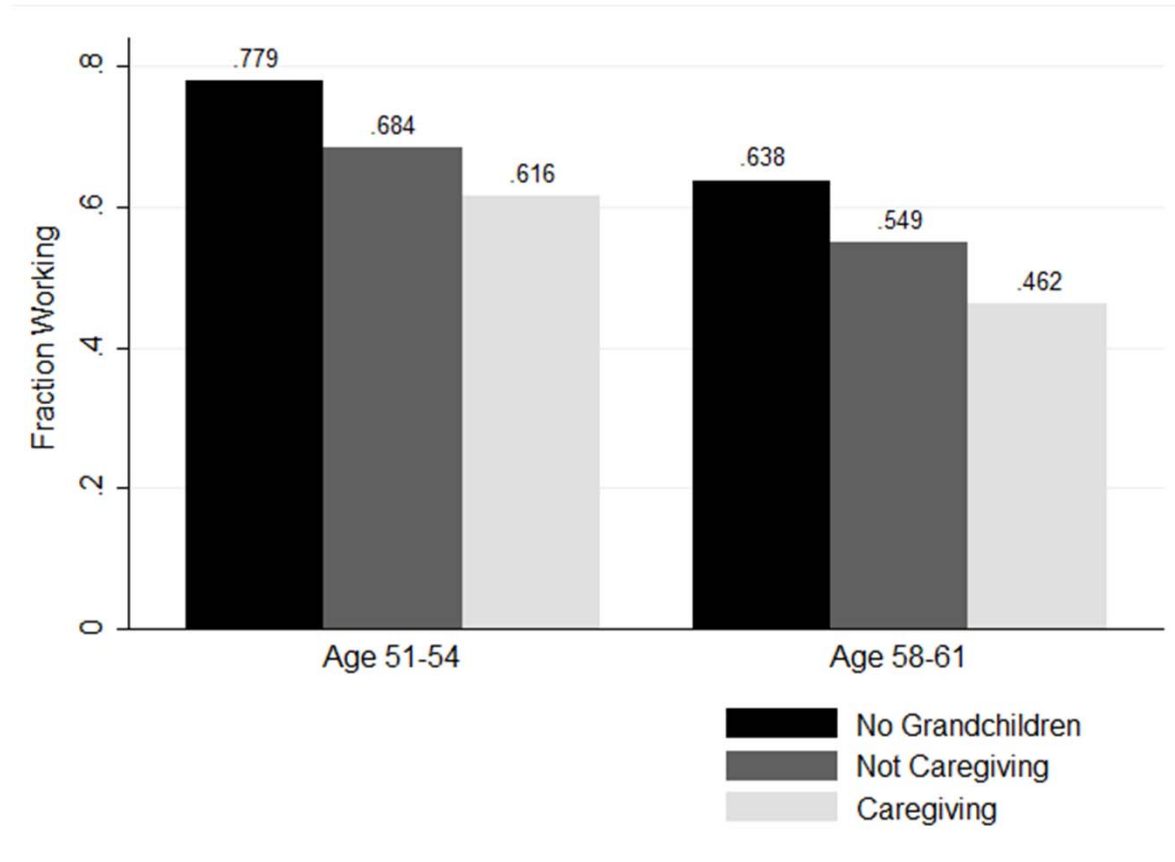
Care work and Retirement

- Retirement research has often focused on financial considerations (e.g., social security or pension plan provisions) or individual characteristics such as health
- Omission of important nonpecuniary factors could overstate impact of changes in included factors
- Contributions in the context of spousal caring (Coile 2004, Gustman/Steinmeier 2004, Ilchuk 2009) or other elderly friends/relatives (Dentinger & Clarkberg 2002)

Grandchild care

- May have a different impact on the retirement decision than spousal or dependent child care
- Prevalent among preschool age children (Laughlin 2010), trend increasing
 - 23% had some usage, 30% when mother employed
 - Primary source for preschoolers rose from 15.9 in 1985 to 19.4 in 2005
- Increasing trend in coresidence, multi-generational households
- Often grandmothers are middle-age

Figure 1b: Percent of women working for pay, by age, caregiving status



Source: authors' calculations from Health and Retirement Study, waves 1-8

Data – Health and Retirement Study (HRS)

- Biennial, longitudinal survey, begun in 1992
- Premier source of data in the US on retirement, pensions, and social security
- Links detailed health and economic data on couples, family characteristics, cognitive assessments
- Model for international comparisons (e.g., ELSA, SHARE)
- Wave 1: surveyed 12,652 individuals and contained over 5,800 variables
- Core sample focused on individuals between ages 51-61 and their spouses; has now expanded to cover full age spectrum (individuals born in 1959 and earlier)
- Available at <http://hrsonline.isr.umich.edu>

Sample construction (Table 1)

	W1	W2	W3	W4	W5	W6	W7	W8
Total individuals current wave	12,652	19,642	17,991	21,384	19,579	18,167	20,129	18,469
- Not female	-5,868	-8,227	-7,479	-8,959	-8,112	-7,458	-8,350	-7,584
- Not between ages 51-61*	-1,710	-6,189	-5,179	-6,228	-5,262	-4,458	-4,409	-3,537
- Missing family/children info	-5	-73	-120	-62	-79	-128	-220	-215
- Missing income information	-53	-78	-84	-127	-83	-53	-64	-58
- Missing other expl. variables	-12	-5	-4	-3	-6	-5	-15	-8
Final sample this wave:	5,004	5,070	5,125	6,005	6,037	6,065	7,071	7,067
(1) Carry over from last wave		4,512	4,642	4,679	5,492	5,515	5,624	6,509
(2) Newly added this wave	5,004	558	483	1,326	545	550	1,447	558

Cumulative total sample (# person-wave obs): 47,444

Number of unique women: 9,367

Source: authors' calculations from Health and Retirement Study

Dependent variable: Caring

- Defined as more than 336 hours (w1&2), 672 (w3 and beyond)

	W1	W2	W3	W4	W5	W6	W7	W8
No grandchildren	1,141	1,136	940	1,263	1,225	1,181	1,515	1,408
Grandmothers	3,863	3,934	4,185	4,742	4,812	4,884	5,556	5,659
(a) First grandchild born since last wave		163	232	165	139	164	175	196
(b) Other grandchild born since last wave		1,499	1,544	1,323	1,615	1,549	1,386	1,685
(c) No grandchildren born since last wave		2,272	2,409	3,254	3,058	3,171	3,995	3,778

Cumulative, across waves

No grandchildren	1,141	2,277	3,217	4,480	5,705	6,886	8,401	9,809
Grandchildren, no care work	2,942	6,046	9,508	13,387	17,464	21,550	26,139	30,872
Caring for grandchildren	921	1,751	2,474	3,337	4,072	4,870	5,837	6,763

Dependent variable: Retirement

- RAND HRS variable

	W1	W2	W3	W4	W5	W6	W7	W8
Non-retired	4,642	9,105	13,260	17,942	22,421	26,594	31,416	35,923
Retired	362	969	1,939	3,262	4,820	6,712	8,961	11,521
% retired	7.2%	9.6%	12.8%	15.4%	17.7%	20.2%	22.2%	24.3%

Explanatory variables

- Work status and job characteristics
- Demographic characteristics
- Income and Wealth
- Family characteristics
- Health
- Spouse variables
- Pension and HI
- Descriptive statistics in Table A1.1

Estimation

- Underlying life-cycle option-value model
- Cox proportional hazard model for both decisions
- Baseline sample is those who are either (a) not retired, or (b) not caregiving

Caring Results (Table 4)

- Retired is not significant (proportional hazard is 1.039)
- No influence of other work status variables
- No influence of pension/HI variables
- No influence of child characteristics other than whether they work FT
- Other forms of care do not appear to influence

New Grandchild	1.697***	Family characteristics	
Demographics		# kids male	0.941*
Black	1.298***	# kids work FT	1.141***
Age	0.938***	One < 10 miles	1.944***
Associate	1.300*	All < 10 miles	1.242***
Grad/Prof	0.653***	Coresident grandchild	1.525***
Income and wealth		Altruism, Health, Spouse	
Liquid wealth	0.993†	Health	0.943*
		Disabled	0.718**

Retired Results (Table 4)

- Caring is only significant at 10% (proportional hazard is 1.096)

New Grandchild 1.085***

Work status		Inc/wealth		Altruism, Health, Spouse	
Part-retired	1.667***	Earnings	1.041***	Health	1.067***
Can cut hours	0.898*	Liq. wealth	1.009**	Disabled	1.405***
Hrs/week	0.995*	Pen/Ann	1.030***	Disabled Spouse	1.213*
Demographics		Family char.		Retired Spouse	1.272***
Age	1.135***	# children	0.972*	Pension/HI	
High School	1.101*	# cores. kids	0.890***	Have DB plan	1.262**
Bach. Deg.	1.195*	# kids married	0.950*	Expect pension	1.385***
Grad/Prof	1.355***	# kids own home	1.055*	Employer HI	0.795*
		One < 10 miles	0.903*	Retiree HI	1.551***
		# grandchildren	1.014**	Spouse HI	1.228*

Conclusions

- Caregiving for grandchildren
 - Family characteristics are most important determinants
 - Unrelated to job characteristics
 - Related in predictable ways to the opportunity cost associated with outside income (both grandmother's and parents')
 - Little evidence of substitution from other activities
- Retirement
 - Financial incentives are most important determinants
 - Own and spouse's health also influence
 - Overall no caregiving effect
 - Having a new grandchild increases the probability by 9 percent