

**FAMILY STRUCTURE AND ECONOMIC WELL-BEING OF  
BLACK, HISPANIC, AND WHITE PRE-RETIREMENT ADULTS**

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### **Abstract**

This paper examines how family structure is related to racial and ethnic inequality among older populations. We show that intergenerational living serves the economic needs of minority and unmarried female elders more than non-minority and married elders. The greater economic motivation for co-residence among minority and female elders was suggested both by their higher reliance on the income of co-resident kin and by their subjective evaluations of who benefited most from co-residence. However, when the contributions of co-resident kin are weighed against the additional costs they bring to the household, the inequality-reducing effect of extension falls considerably. The contributions *per* co-resident kin are smaller in minority households, and thus the economic well-being of elders living in extended households is often no better, and occasionally worse, than had they lived alone. Only unmarried women receive a substantial net boost from co-residence, primarily because adult offspring who co-reside with unmarried women contribute more than their counterparts in unmarried male or couple households.

## Introduction

Blacks, Hispanics, and unmarried women are far more likely than other groups to co-reside with other adults (presumably wage earners) at older ages. Given the greater economic adversity faced by these groups, these patterns of household extension could indicate that poor and minority elderly use family structure as a hedge against poverty. However, it is not clear whether this relationship stems from the economic needs of the older or younger generation. That recent demographic and macro-economic trends in the relative position of the elderly and pre-elderly vis-à-vis other age groups have fostered changes in patterns of dependency across generations makes this consideration especially important (Preston, 1984). Highly effective government programs aimed at reducing old-age poverty have increased economic security and promoted residential *independence* among elderly and pre-retirement adults (Wolf and Soldo, 1988; Holden, 1988). At the same time, increasing joblessness among young adults (especially those with low levels of education), later age at job entry (due to prolonged education), and rising divorce rates have all contributed to the greater economic and residential *dependence* of younger generations (Schnaiberg and Goldenberg, 1989). Thus as more elderly are financially able to live on their own, and more adult children are delaying "nest-leaving," co-residency could be benefiting younger rather than older generations (Speare and Avery, 1993).

It is important from both a theoretical and policy perspective to disentangle whether intergenerational transfers via living arrangements ultimately benefit or cost older generations, and in light of the changing age structure and ethno-racial landscape, whether these relationships differ among minority and nonminority groups. Theoretically it is important to understand the motivation behind intergenerational transfers such as co-residence, and to determine whether racial and ethnic differences in living arrangements reflect economic or cultural considerations.

In light of the rapid growth of the elderly population in general, and in the minority elderly population in particular, it is also important from a policy perspective to ascertain whether extended household structure is an effective strategy for bolstering low old-age income for financially vulnerable groups.

Despite considerable research on intergenerational transfers, it is still not clear which generation benefits most from extended household structure. On the one hand, a substantial literature on financial transfers and co-residence patterns among elderly populations suggests that extended living arrangements are often motivated by the economic needs of the elderly. In spite of tremendous reductions in overall old age poverty, certain groups of elderly, especially blacks, Hispanics, and unmarried women, still face substantial economic adversity as they age, which could encourage doubling up. In fact, intergenerational living arrangements are more common in later years among groups most at risk of poverty, namely racial and ethnic minorities, unmarried women, and those with low education and incomes (Ward et al, 1992; Wolf and Soldo, 1988). Extended living has also been shown to have a poverty-reducing effect for some groups of elderly (Rendall and Speare, 1995). And, among working-aged populations, nonnuclear members in black, Hispanic, and female-headed households contribute significantly more to total household income than those in white and couple-headed households (Angel and Tienda, 1982). These circumstances suggest that elderly may be the net beneficiaries of household extension, particularly in minority households.

On the other hand, other factors make it equally plausible that adult offspring remain the net beneficiaries of co-residence even in poor and minority households. Because children of the poor and minorities are more likely to be poor themselves, they may be less able to support their needy parents. Working-age African American adults, for example, have lower average

incomes, higher unemployment rates, and higher rates of non-marital births than working-aged whites (Wilson, Tienda, and Wu, 1995). Working-aged Hispanics have lower income, higher unemployment, and higher family instability than non-Hispanic whites, but their levels are lower than for blacks (Karoly, 1993). For these reasons, minority adult offspring are more likely to be financially strapped than their white counterparts. If this is so, economic assistance could flow mainly from parent to child, even when the parent is near or below poverty.

In fact, research on older populations shows that parents' economic need is only one factor driving intergenerational transfers. In addition to the economic need of the older parent, the economic position of the adult child also predicts both financial transfers to non-resident parents and co-residence itself (McGarry and Schoeni, 1993; Speare and Avery, 1993; Ward et al, 1992). Further, economic considerations account for the lion's share of racial and ethnic differences in the "propensity" to extend. Racial differences in living arrangements are virtually eliminated when other correlates of living arrangements, such as income, education, and the marital status of parents and children are statistically controlled. Only white-Hispanic and white-Asian differences remain (Aquilino, 1990; Wolf and Soldo, 1988; Speare and Avery, 1993; Angel and Tienda, 1982). Thus it is an open question whether the needs of poor minority elderly outweigh the needs of their adult children, and whether in fact family structure provides a hedge against poverty for the elderly.

Accordingly, this paper examines whether family structure enhances the economic well being of black, non-Hispanic white (hereafter "white"), and Hispanic pre-retirement men and women. Our main goal is to ascertain whether extended living arrangements ameliorate economic hardship at older ages, and if so, whether such economic benefits vary by race, Hispanic origin, and sex. To address these issues, we first delineate differences in living

arrangements among minority men and women, as this has direct implications for income pooling possibilities among co-resident kin. We then examine how co-residence is related to the income portfolios of mature minority households. If extended household formation buffers minorities against low incomes, then we would expect the earnings of co-resident kin to constitute a significant portion of their total household income. To further clarify whether or not co-residence actually leads to resource-pooling and benefits older minority members, we examine subjective perceptions of benefit. Finally, we consider a more objective measure of whether co-residence with adult children (the most common type of intergenerational living arrangement) lowers the incidence of poverty among older populations, noting differences by race, ethnicity, and headship.

Our analyses contribute to the debate about family structure and the economic well being of older generations in three important ways. First, the Health and Retirement Survey (HRS) has detailed information on intergenerational living arrangements, including subjective questions regarding who was the prime beneficiary of decisions to double up. This is a critical advantage over Census type data, from which inferences about beneficiaries of co-residence can only be surmised from the economic positions of the two generations. Second, we synthesize insights from studies about the economic function of extension with those on elderly living arrangements to more directly examine the role of extension in buffering against economic adversity among older populations. And finally, we expand on earlier racial comparisons to include Hispanics, a group generally understudied in research on inequality among the aged, in large part due to the lack of Hispanic representation in prior national surveys.

## **Data and Methods**

The empirical analysis is based on the first wave of the Health and Retirement Survey (HRS), a nationally representative sample of the pre-retirement aged population (born between 1931 and 1941) and their spouses or partners. The survey collects extensive data on the job characteristics, pension coverage, health status, economic status (including income and wealth), family structure and transfers, and living arrangements, as well as information about the children, parents, and siblings of age-eligible respondents and their spouses/partners (a more detailed description of the survey sample and question design is provided by Juster, 1993).

The HRS is well suited for an analysis of economic well being and family structure for several reasons. First, the HRS contains detailed information on the income sources of respondents. Specifically, the survey includes information on various sources and amounts of income received by respondents and their spouses, including: wage labor, pension and annuity, unemployment and workers' compensation, Supplemental Security Income (SSI) and welfare, disability, capital, other sources, and income from other household members (largely co-resident kin). The use of "bracketing" in the cases of non-response greatly reduced item non-response for income and asset sources, and led to more reliable estimates of household income and wealth (Smith, 1995). This is an important advantage of the HRS over other surveys that measure income and wealth inequality.

The HRS also contains extensive information on family structure and living arrangements. One knowledgeable informant from each household (generally the wife in couple households) was asked a series of questions about the co-residence of children or parents of both the respondent and their spouse. Respondents from intergenerational households were queried about who (i.e. respondents, parents, children) doubled up, and why (i.e. if the move was mainly

for the benefit of the child/parent, respondents, or both). Questions were also asked about the exchange of time and money between children and parents over the previous year. This information reveals significant variation in living arrangements among demographic groups and permits an assessment of how intergenerational living arrangements ameliorate the poverty of minorities and unmarried women.

Another key feature of the HRS is that it contains an oversample of both blacks and Hispanics. Of the 12,654 total respondent's, 16.3 percent were black and 9.3 percent were Hispanic (figures reported in the analyses were weighted to adjust for these sampling procedures). This is particularly important because few nationally representative surveys have included sufficient numbers of Hispanics for reliable analysis. The rapid growth of the Hispanic population in general, and the Hispanic elderly population in particular, makes this relative dearth of information on Hispanic aging a critical research problem. Unfortunately, the Hispanic sample was not large enough to permit subgroup analyses by national origin.

### ***Analytic Strategy***

To address whether extended living arrangements ameliorate the economic hardship of older minorities, we first decompose both their living arrangements and household income packaging to ascertain the prevalence of extension and the relative contributions of co-resident kin to minority income portfolios. If co-residence provides an economic buffer against low income, we would expect income contributions from other household members to represent a large fraction of total household income for disadvantaged groups. We then compare the total household income and total household income minus co-resident kin contributions among the total sample, the subsample of extended households, and the subsample of non-extended households. If older minorities were in fact aided more by co-residence than older whites, we

would expect extension to have an inequality-reducing effect across groups.

We next restrict our analysis to the two most common types of extension, upward (with oldest old parents) and downward (with adult offspring), and examine subjective evaluations regarding the intended beneficiaries of co-residence. We expect economically disadvantaged elders to report that co-residence benefited them more than their co-resident kin, and economically secure elders to report the reverse. Finally, we explore more objective measures of the impact of co-residence on economic well being by comparing respondents' hypothetical income were they to live independently to the actual total income of extended units. This comparison approximates the effect of co-residence on poverty rates across race, Hispanic origin, and headship groups. We hypothesize that the economic adversity faced by the children of poor and minority elderly inhibits their ability to aid their financially vulnerable parents, and thus constrains the poverty-reducing effect of intergenerational living for these groups.

## **Results**

### ***Household Composition***

To illustrate the prevalence of resource pooling across groups we begin with an analysis of race and ethnic differences in household composition. Consistent with prior research on racial and ethnic differences in household extension, Table 1 shows that blacks and Hispanics are less likely than whites to live independently. While 73 percent of all white pre-retirement adults live independently (either alone or with a spouse, or with children under the age of 22), only 60 percent of blacks and Hispanics do so. Among those living independently, blacks (especially women) were more likely to be living alone as opposed to in a couple arrangement, reflecting their higher rates of divorce, widowhood, and never marrying relative to whites. Relatively few

seniors of any origins co-reside with their own elderly parents, but a far larger proportion (especially married couples and single women) report living with their children. In this aspect of household composition, there are appreciable race and ethnic differences, as well as differences by headship and sex.

(TABLE 1 ABOUT HERE)

First, among extended households, downward extended couple households are most common and downward extended unmarried male households least prevalent for all groups compared. Second, black and Hispanic households are more likely to be extended downward than white households. Blacks and Hispanics are also substantially more likely to reside in three generational households that include both their adult children and grandchildren (not shown). This is partially due to the generational compression stemming from earlier childbearing, and partly due to higher rates of marital dissolution among younger generations of blacks and Hispanics. Black and Hispanic mature adults are also more likely than whites to be living in other types of extended households (i.e. with other family members or in complex households with multiple family members). The proportion of pre-retirement adults living with non-family members is trivial for all groups. Although these differences in living arrangements allow for varied income pooling patterns, it is not obvious whether older or younger generations benefit more from co-residence. This requires information on households' income portfolios by source, to which we now turn.

### ***Income Packaging***

Table 2 reports the average amount received, the average proportion of total income, and the population shares that receive different sources of income by race, Hispanic origin, and headship. If doubling up serves as a hedge against poverty, then we would expect income from

co-resident kin to comprise a nontrivial share of the household income portfolios of older minorities and single women because these groups are more likely to be poor at later ages. As expected, Table 2 shows striking differences in the share of respondents who report receipt of income from other household members. First, among demographic groups, unmarried women are most likely, and unmarried men least likely, to receive income from co-resident kin. Single women also report the largest, and single men the smallest, average contributions from co-resident kin. For example, among whites, unmarried women averaged approximately \$5,400 from other household members, while couples received roughly \$3,800, and unmarried men \$3,300 annually. For unmarried minority men and women, the disparity in average contributions from co-resident kin was even greater. For example, co-resident Hispanic kin contributed \$10,800 to unmarried women, \$5,100 to couples, and only \$3,300 to unmarried men on an average annual basis.

(TABLE 2 ABOUT HERE)

Second, race and ethnic differences in the receipt of financial contributions from other household members are also sizable. One-third of all unmarried white women received income from co-resident kin compared to nearly one-half of African American and Hispanic women. Further, the mean amount received by black and Hispanic women is greater than for white women; Hispanic women average \$10,800 from co-resident kin compared to \$6,400 for black and \$5,400 for white unmarried women. Unmarried minority men exhibit a slightly different pattern. As with unmarried women, Hispanic unmarried men are most likely to receive financial aid from co-resident kin and they also average appreciably higher kin contributions than blacks. Among couples, Hispanics are most likely, and whites least likely, to receive income from co-resident kin. Hispanics also report the largest (and whites smallest) average contributions from

co-resident kin in couple households.

These tabulations indicate that for certain subpopulations, most notably unmarried women and Hispanics, income contributions from co-resident kin may be an important hedge against poverty and economic hardship in old age. For example, among unmarried Hispanic women, income contributions from co-resident kin constitute on average *half* of their total household income. While single men are both less likely to receive assistance and average smaller contributions than couples, they nonetheless rely more on transfers from co-resident kin than do couples. For all three headship types, Hispanics depend more on income from other household members, both because they are more likely to receive kin transfers, and because kin transfers represent a larger share of total household income than for other groups.

If income from co-resident kin is primarily driven by financial need (as compared to altruism, for example), intergenerational income transfers should reduce inequality of household incomes among the economically disadvantaged. That is, if co-residence among minority groups and single women is more often a response to the economic needs of the older generation rather than the needs of the adult offspring, then co-residence should raise their disposable income more than white and couple households. Table 3, which reports racial and ethnic inequality in household income with and without income from other household members, lends support to this expectation. Comparing ratios of white to black, and white to Hispanic total household incomes reveals that in all cases the race-gap in income increases when income from other household members is excluded. Likewise, the race-gap in total household income is greater among non-extended than extended households (with the exception of unmarried black women). The reduction in income inequality is greatest for unmarried Hispanic women, and least for married couple households. Furthermore, an examination of the relative position of minority unmarried

men and women reveals the importance of income contributions from co-resident kin for single women. When the unit of analysis is all households or all extended households, unmarried black and Hispanic women average higher total household incomes than their male counterparts. When comparisons are restricted to those who are not in extended households, however, their positions are reversed and women fare worse than men. Thus intergenerational living bolsters the old-age income of minority and female-headed households more than white and couple or male-headed households, thereby reducing racial and ethnic household income inequality.

(TABLE 3 ABOUT HERE)

The importance of co-residence as a mechanism for resource-pooling and transfers from adult offspring to elderly parents is even more important after considering the low levels of regular financial assistance provided by *non-resident* offspring. Auxiliary tabulations reveal that less than 3 percent of all unmarried male households and less than 2 percent of all couple households reported receiving regular financial assistance from someone outside of their household. Among single women, less than 3 percent of black and white elderly women and just over 6 percent of Hispanic women report receiving regular transfers from non-household members. Further, the average amount of transfers to non-resident elderly is substantially lower than the income contributions of co-resident kin (although admittedly not all of the latter income is at the disposal of the pre-retirement generation).

### ***Motivation for Doubling-Up***

Although the earnings of co-resident kin constitute a substantial proportion of total household income for minority groups and unmarried women, it does not necessarily follow that the resources brought to households by co-resident kin are actually being pooled. Co-residence offers certain economies of scale that should benefit both the elderly and their co-resident kin,

but the main beneficiaries of co-residence remains ambiguous. Therefore, to ascertain whether motivations behind doubling up differ by race, Hispanic origin, and headship we examine in more detail the two most common types of extended living arrangements, upward and downward extension. In cases where respondents co-resided with a parent or child over 18 years of age, the HRS collected data on both who moved in with whom and the intended beneficiary of the move. As in the previous tables, we restrict our analysis to adult children 22 years of age and older.

Table 4 shows that for both upward and downward extension, the vast majority of pre-retirement adults reported that their oldest old parents or adult offspring were the primary beneficiaries of co-residence rather than themselves. There were, however, important variations in the motivation for extension by headship status. In upwardly extended households, unmarried pre-elderly were much more likely to report having always lived with their oldest old parents than were married respondents. Of the three headship types, unmarried men were the most likely to live with their oldest old parents, to report that they moved in with their parents rather than the reverse, and to admit that they benefited from the move more than their parents. Unmarried women were also more likely than couples to co-reside with their oldest old parents, to report having moved in with their parents, and to indicate that the move primarily benefited them. Thus while the majority of upwardly extended living arrangements were formed to benefit the oldest old parent rather than the pre-retirement aged respondent, this was less true for unmarried than married respondents, particularly unmarried men.

Downward extension also varied by headship status. For all headship groups, a large share of co-resident adult offspring had always lived with respondents. This was most common in couple households and least common in households headed by unmarried men. For cases where co-residence involved a move, it was the adult offspring who moved in with the

respondent in the vast majority of cases. This tendency was most pronounced among couple households, where over 90 percent of co-resident offspring moved in with pre-retirement respondents. But even in households with unmarried heads, over 74 percent of extended living arrangements involved moves of adult children rather than the pre-retirement parents. Headship was also closely tied to the intended beneficiary of a move. Couples were most likely to report that moves benefited their adult offspring (in 61 to 82 percent of the cases) and least likely to report themselves as beneficiaries of extension (in 1 percent to 12 percent of the cases). Conversely, unmarried women were least likely to report that doubling up benefited their adult children (34 to 50 percent) and most likely to report themselves as beneficiaries of extension (10 to 20 percent).

(TABLE 4 ABOUT HERE)

In addition to differences by headship, there were also substantial differences in the motivation to extend by race and Hispanic origin. For upwardly extended households, there were no clear differences across racial and ethnic groups as to who moved in with whom or who co-residence was intended to benefit. Regarding race and ethnic differences in downward extension, there is no clear pattern regarding who moved in with whom, except that pre-retirement Hispanics were consistently more likely to have moved in with their adult offspring than blacks and whites. However, even for Hispanics, upwards of 67 percent of extended living arrangements involved the adult child moving in with the pre-retirement parent. For all headship types, black and Hispanic pre-retirement adults were more likely than whites to report that doubling up primarily benefited them. Among all headship types, pre-retirement Hispanics emerge as the group most likely to be in downward extended households for their own benefit relative to the benefit of their adult children. For example, while only 1 percent of white couples

and 8 percent of black couples reported that co-residence primarily benefited them, 12 percent of Hispanic couples did so. Likewise, among unmarried women 43 and 50 percent of whites and blacks reported co-residence primarily benefited their children, relative to only 34 percent for Hispanics.

From these responses it would seem that even among minority groups, co-residence is motivated primarily by the needs of the co-resident offspring and far less by the needs of the older generation. However, this is less so for unmarried and minority respondents (particularly Hispanics), who were more likely to report that co-residence benefited them. This, in tandem with the higher reliance on income from co-resident kin among the unmarried and minority groups, indicates that intergenerational living arrangements may serve the needs of minority elders differently than white elders.

### ***Extension and Economic Hardship***

While black, Hispanic, and unmarried respondents more often report benefiting from intergenerational living arrangements and receive a greater share of their total household income from co-resident kin, it is still unclear whether co-residence represents an effective hedge against poverty for these groups. High rates of resource pooling could mask low contributions *per* co-resident kin member, so that men and women who are poor in pre-retirement years remain poor even after resource pooling. That is, additional income provided by co-residence may be offset by the added costs of additional household members, especially for minority populations, who tend to live in larger households. Further, because the adult offspring of poor and minority respondents may be in a precarious financial situation themselves, they may be less able to contribute substantially to their parents' financial needs.

To address this issue, we estimate the economic consequences of intergenerational living

on the economic well-being of pre-retirement adults living in extended households by simulating their poverty were they to live alone and comparing them to their actual poverty rates in extended households. First we derive the "portable income" of the base family unit - that is the pooled disposable income of respondents, their spouses if married, and their children under the age of 22 who live at home. Portable income refers to the income respondents command independent of extended household structure - the combined wage, pension/annuity, disability, unemployment/worker's compensation, and other income that accrues to pre-retirement adults and their dependent children. This adjusted household income is used to calculate the poverty rate of black, white, and Hispanic married and unmarried men and women assuming no co-residence. We next add the income (*not* including welfare and other public transfers, which are dependent on household structure) of other household members to portable income and adjust the family size to compare poverty rates "before" and "after" co-residence.

There are four possibilities regarding the effect of extension on poverty status: households can be poor before extension and non-poor after extension; they can be poor both before and after extension; they can be above poverty both before and after extension; or they can be above poverty before extension and below poverty after extension. The latter would occur if pre-retirement adults subsidized the extended household members with little or no financial contributions to defray costs. Table 5 presents the shares of black, white, and Hispanic pre-elderly who fall into each category. These tabulations are reported separately by headship.

(TABLE 5 ABOUT HERE)

By summing columns one and two of Table 5 we can compare initial poverty status across groups. Minorities and the unmarried are significantly more likely than whites and couples to be poor based solely on their portable incomes. In particular, unmarried women and

Hispanics living in extended households would have very high rates of poverty were they to live alone. The addition of income from co-resident adults (column one) has a significant poverty reducing effect for nearly all groups. However, larger shares of blacks, Hispanics, and unmarried women are raised out of poverty by extension than whites, couples, and unmarried men. This is particularly so for unmarried women, among whom 16, 14, and 19 percent, respectively, of white, black, and Hispanic older women exit poverty via extended household structure. This supports the assertion that minorities and unmarried female mature adults benefit more from extended household structure than whites and other headship groups.

However, blacks, and Hispanics, and the unmarried are also far more likely than whites to remain poor even after extension. Roughly one-third of black and Hispanic unmarried men and women living in extended households are poor both with and without extension. Further, comparing the first and second columns of Table 5 reveals the impact of extension on those who would be poor based solely on portable income. Overall, a greater share of poor pre-retirement adults who co-reside remain poor after doubling up than are moved out of poverty by resource pooling. This generalization also holds for single women.

Even more alarming, a non-trivial number of pre-retirement adults would not be poor were they to live alone, but are poor after they extend (column four). These people are in essence pushed into poverty by extension. As expected, blacks and Hispanics are much more likely to fall into this category, particularly among single men. Comparing the first and fourth columns provides a sense of the net effect of extension on the different sub-populations of pre-retirement adults. For unmarried men and couples, the net effect is modest or even negative. Only single women benefit considerably more often than they are hurt by extension.

Thus it is clear that extended household structure does *not* have a uniform poverty-

reducing effect on all groups. For many pre-retirement adults, intergenerational living either has no effect or even slightly *increases* poverty. This is particularly true for unmarried men, couples, and minorities. For many of these households, the income contribution of co-resident kin is less than or equal to the minimum income required to support additional household members above the poverty threshold. As a result, the household poverty rate of many pre-retirement households *with* these additional household members is no better or even *higher* than if they (and their dependents) had lived on their own. Recall from our discussion of Table 2 that blacks and Hispanics were more likely to be living with both adult children *and* grandchildren, making it less likely that their co-resident offspring were contributing enough to offset the costs of multiple additional household members.

For unmarried women, whose portable incomes are far lower than men's, income from co-resident kin did ameliorate poverty. Table 3 revealed that unmarried women were more likely than other groups to indicate that co-residence benefited them more than their adult offspring. Table 5 shows that unmarried women do benefit more from co-residence, although notable differences by race and Hispanic origin are evident. Specifically, Hispanic women were aided most and black women aided least by the addition of other household members. This seems paradoxical considering that black unmarried women were significantly more likely than white women to report that they benefited more from co-residence than the reverse. Perceptions of benefit are conceivably shaped by non-economic considerations, such as health and assistance with activities of daily living (ADLs).

Thus co-residence and intergenerational living arrangements represent an asset to some older households (unmarried women) and a liability to others (unmarried minority men and couples). For all groups, co-residence does not offer as much of a buffer against poverty as

might be inferred from an inspection of income packaging alone. It is noteworthy that even combining public transfers and income from co-resident kin, large proportions of minority elders still live in poor households. Roughly 34 and 32 percent of unmarried blacks and Hispanics, and 8 and 14 percent of married blacks and Hispanics, live in poor households using the most conservative definition of poverty. These figures are more than double the proportions of comparable whites who fall below the poverty line.

An examination of the characteristics of co-resident adult children illustrates why poverty rates are not reduced more by co-residence and resource pooling. Auxiliary tabulations (available upon request) reveal that adult children who co-reside with pre-retirement adults are much younger, are far less likely to be employed, and average dramatically lower incomes than adult children who do not co-reside. Furthermore, black and Hispanic adult children have lower rates of labor force participation than their white counterparts, and this disparity is larger among co-resident offspring than among non-resident offspring. In addition, Hispanic co-resident offspring are much more likely to be married than their white and black counterparts (consistent with tabulations showing the larger proportion of Hispanics who moved in with their adult children as opposed to having their children move in with them) and Black and Hispanic co-resident adult children are more likely to have a child of their own than their white counterparts.

Thus elderly black and Hispanic respondents who co-reside with adult children live in larger households, on average, than white elderly who co-reside. This implies that income contributions for black and Hispanic co-residents would have to be greater to compensate for additional household members (grandchildren and, for Hispanics, spouses). However, Table 6 shows that the average incomes of minority co-residents are very low. White offspring contributed more, on average, in all household types than black and Hispanic adult co-resident

offspring. For example, black and Hispanic co-resident adult children contribute only \$4900 and \$5500 respectively to unmarried men, compared to \$7300 for whites. This clarifies the large number of single minority men driven into poverty by extension. It is important to note that co-resident offspring of all races contributed more in households headed by unmarried women than in those headed by couples and unmarried men. For example, among Hispanics, co-resident offspring contributed only \$5500 in unmarried male households, \$8500 in couple households, and \$9600 in unmarried female households. These differences go a long way toward explaining the greater poverty reducing effect of co-residence for unmarried women.

(TABLE 6 ABOUT HERE)

One possible explanation for the relatively meager assistance received from co-resident adult offspring is their relatively young age. However, when we restrict the analysis to co-resident kin 25 and older or even 30 and older, our findings do not change. This results because there is no clear relationship between the age of co-resident offspring and the amount of income contributed.

## **Conclusion**

To sum up, we find that intergenerational living does shelter some segments of the pre-retirement aged population against poverty. Overall, intergenerational living among minorities and unmarried women serves the economic needs of older respondents more than for non-minority and couple households. However, for the vast majority of downward extended households, it is the offspring rather than older generations who benefit most. This preponderance of flows from parent to adult child is bound to attenuate somewhat as respondents age and join the ranks of the oldest old.

As expected, minorities and unmarried female seniors were far less likely to be living independently and far more likely to be living in intergenerational households than were their white and male or married counterparts. The higher reliance on the income contributions of co-resident kin among minorities and unmarried women, particularly Hispanics, suggests an economic motivation for extended household formation. Subjective evaluations of the intended beneficiaries of co-residence indicate that intergenerational living arrangements fulfill the needs of the older generation more for minority and unmarried female elders than for white and married households.

However, when the contributions of co-resident kin are weighed against the additional costs they bring to the household, the ameliorative effect of extension falls considerably. The inequality-reducing effect of income from co-resident kin on total household income masks the fact that minority elderly tend to live in larger households, with more co-resident kin. The contributions *per* co-resident kin are actually much smaller in minority households, and thus the economic well-being of pre-retirement adults living in extended households is often no better, and sometimes worse, than had they lived alone. For older unmarried male and couple households, the addition of adult offspring actually *increases* the prevalence of poverty. Only unmarried women receive a substantial net boost from co-residence, in part because adult offspring of all races who co-reside with unmarried women contribute more on average than their counterparts in unmarried male or couple households.

Thus extended living is not a panacea to the problem of old-age minority poverty. Instead, with the exception of unmarried women, the same disadvantaged elderly who tend to lack adequate pensions and may lack the opportunity (either because of poor health or labor market constraints) to continue employment to bolster low retirement incomes *also* tend to lack

family members who could provide an effective buffer against hardship. For unmarried male and couple households, older minority households on the edge of poverty are often additionally taxed by the adverse economic position of their children. Another key finding is that Hispanics of all headship types, but particularly unmarried female Hispanics, are considerably worse off than both whites and blacks. While they are the group most likely to receive assistance from their families, they continue to have the highest rates of poverty even after the addition of income from other household members.

**Table 1. Elderly Household Composition by Race and Hispanic Origin**

	White	Black	Hispanic
<b>Independent Living:</b>			
Unmarried R. Living Alone:			
Male	7.5	10.6	6.8
Female	12.4	19.7	12.8
Couple Living Alone:	53.1	28.8	40.0
Sub-total	(73.0)	(59.1)	(59.6)
<b>Upward Extension:</b>			
Unmarried R. Living with Parent(s):			
Male	1.1	1.7	1.3
Female	1.6	3.9	1.8
Couple Living with Parent(s):	5.7	2.9	3.3
Sub-total	(8.4)	(8.5)	(6.4)
<b>Downward Extension:*</b>			
Unmarried R. Living with Child(ren):			
Male	0.9	1.4	1.5
Female	4.7	15.0	11.0
Couple Living with Child(ren):	16.5	14.6	20.4
Sub-total	(22.1)	(31.0)	(32.9)
<b>Other Extension:</b>			
Unmarried R. Living with Other Relatives	0.9	6.6	4.7
Couple Living with Other Relatives:	0.9	2.4	2.7
Unmarried or Coupled R. Living with Non-Relatives:	0.2	0.2	1.1
Sub-total	(2.0)	(9.2)	(8.5)
N	5301	1430	716

\*Figures on downward extension refer to children 22 year of any age or older

**Table 2. Household Income Packaging by Race, Hispanic Origin, and Headship**

Source	Male Head			Female Head			Couples		
	Mean Amount	Mean %	%	Mean Amount	Mean %	%	Mean Amount	Mean %	%
	Amount	of Tot Inc	Receiving	Amount	of Tot Inc	Receiving	Amount	of Tot Inc	Receiving
<b>White</b>									
Wages (Male)	\$28,148	72.2	76.0		0.0	77.9	\$32,959	54.5	79.7
(Female)				\$16,870		6.6	12,393	20.5	64.5
Unemployment	217	0.6	8.6	161	0.6	47.8	403	0.7	10.6
Pension, Annuity, & Capital	7,882	20.2	47.5	4,019	14.9	11.7	11,893	19.7	69.9
SSI, Welfare, & Disability	953	2.4	13.7	584	2.2	8.6	824	1.4	10.5
Other	187	0.5	3.6	593	2.2	8.7	154	0.3	2.4
Income of Other						34.3			
Household Members	3,276	8.4	23.2	5,408	20.0	33.3	3,795	6.3	33.3
Total	\$40,663			\$27,635			\$62,420		
N	459			877			3965		
<b>Black</b>									
Wages (Male)	\$13,682	67.8	58.9		56.2	63.9	\$21,046	46.8	71.6
(Female)				\$12,223		5.1	13,215	29.4	69.5
Unemployment	233	1.2	7.9	129	0.6	24.9	381	0.8	10.1
Pension, Annuity, & Capital	3,053	15.1	25.7	1,678	7.7	27.2	6,143	13.7	44.1
SSI, Welfare, & Disability	1,621	8.0	29.4	1,266	5.8	5.8	1,204	2.7	18.1
Other	41	0.2	3.1	198	0.9	5.6	89	0.2	2.0
Income of Other						45.3			
Household Members	2,683	13.3	21.3	6,365	29.3	46.5	4,409	9.8	37.1
Total	\$20,194			\$21,859			\$46,487		
N	202			538			690		
<b>Hispanic</b>									
Wages (Male)	\$13,177	75.4	65.4		38.6	53.6	\$18,962	59.9	74.1
(Female)				\$7,886			7,606	24.0	50.5
Unemployment	253	1.4	5.1	284	1.4	8.5	718	2.3	16.5
Pension, Annuity, & Capital	792	4.5	9.3	933	4.6	15.6	4,202	13.3	36.4
SSI, Welfare, & Disability	1,534	8.8	25.7	1,259	6.2	28.3	736	2.3	15.1
Other	25	0.1	1.4	303	1.5	11.6	205	0.6	5.0
Income of Other									
Household Members	3,270	18.7	27.3	10,777	52.8	51.1	5,079	16.0	41.8
Total	\$19,052			\$21,441			\$37,507		
N	67			176			473		

**Table 3. Household Income Variation Due to Extended Living Arrangements by Race, Hispanic Origin, and Headship**

	Unmarried Men			Unmarried Women			Couples		
	White	Black	Hispanic	White	Black	Hispanic	White	Black	Hispanic
<b>All Households:</b>									
Total Household Income	40,663	21,312	19,052	27,635	21,859	21,441	62,420	46,487	37,507
Co-efficient of Variation	1.4	0.9	0.9	0.8	0.9	1.0	0.9	0.8	0.8
Ratio		0.5	0.5		0.8	0.8		0.7	0.6
Total Household Income Less									
Co-Resident Adult Kin Contribution	37,387	18,629	15,782	22,227	15,494	10,664	58,625	42,078	32,428
Co-efficient of Variation	1.5	1.0	1.0	0.9	0.9	1.2	1.0	0.8	1.0
Ratio		0.5	0.4		0.7	0.5		0.7	0.6
N	459	202	67	877	538	176	3965	690	473
<b>Non-Extended Households:</b>									
Total Household Income	39,931	21,422	18,692	23,741	17,322	17,619	59,081	44,167	34,521
Co-efficient of Variation	1.5	0.9	1.0	0.9	1.0	1.2	1.0	0.8	1.0
Ratio		0.5	0.5		0.7	0.7		0.7	0.6
N	363	148	44	606	272	97	2910	439	313
<b>Extended Households:</b>									
Total Household Income	43,280	21,009	19,708	36,092	26,624	25,926	71,385	50,551	43,328
Co-efficient of Variation	0.8	1.0	0.7	0.6	0.8	0.8	0.8	0.7	0.8
Ratio		0.5	0.5		0.7	0.7		0.7	0.6
Total Household Income Less									
Co-Resident Adult Kin Contribution	29,553	13,629	12,128	21,021	15,126	8,557	59,381	41,099	32,153
Co-efficient of Variation	1.0	1.3	0.8	0.9	0.9	1.1	0.9	0.8	1.0
Ratio		0.5	0.4		0.7	0.4		0.7	0.5
N	96	54	23	271	266	79	1055	251	160

**Table 4. Upward and Downward Extended Living Arrangements among Elderly Households by Race, Hispanic Origin, and Headship Structure**

Proportion	Male Head			Female Head			Couples		
	White	Black	Hispanic	White	Black	Hispanic	White	Black	Hispanic
<b>Upward Extension</b>									
% Living with Parent(s)	8.9	10.9	14.9	5.5	7.2	5.7	3.2	3.0	2.6
R Always Lived with Parent(s)	31.7	27.3	40.0	20.8	33.3	40.0	9.6	5.0	18.2
Parent(s) Moved in with R	18.5	6.3	20.0	56.8	70.8	33.3	87.3	83.3	100.0
Move Benefited:									
Parent(s)	10.7	18.8	20.0	44.7	54.2	33.3	83.2	79.0	100.0
R	17.9	25.0	0.0	7.9	12.5	16.7	1.2	0.0	0.0
Both	71.4	56.3	80.0	47.4	33.3	50.0	15.9	21.1	0.0
<b>Downward Extension</b>									
% Living w/ Adult Child(ren)	14.4	13.9	20.9	30.3	45.6	48.9	32.5	42.8	51.6
Child(ren) Always Lived with R	63.6	64.3	35.7	59.5	67.6	75.9	76.9	83.0	84.7
Child(ren) Moved in with R	84.6	80.0	77.8	83.7	87.4	72.7	97.3	94.9	90.4
Move Benefited:									
Child(ren)	73.1	70.0	22.2	51.1	55.2	36.4	82.6	79.5	64.8
R	7.7	20.0	11.1	9.9	15.6	15.2	1.6	5.1	11.1
Both	19.2	10.0	66.7	38.9	29.2	48.5	15.8	15.4	24.1
N	459	269	67	877	538	176	3847	662	417

Table 5. Poverty Consequences of Extended Living Arrangements

	Poor before extension not poor after	Poor before extension and poor after	Not poor before or after extension	Not poor before extension poor after	N
Single Men					
White	0.0	8.6	88.8	2.6	46
Black/Hispanic	4.1	32.6	51.9	11.3	48
Single Women					
White	16.3	11.1	70.4	2.2	212
Black	13.7	24.8	58.8	2.7	202
Hispanic	18.6	34.1	44.0	3.2	75
Couples					
White	1.1	1.4	96.8	0.6	822
Black	3.3	7.0	88.4	1.4	219
Hispanic	5.5	13.9	77.6	3.0	158

**Table 6. Average Contribution of Co-resident Adult Offspring by Race, Hispanic Origin, Headship, and Age**

	22+		25+		30+	
	Mean	N	Mean	N	Mean	N
<b>Unmarried Male</b>						
White	11,743	47	12,141	29	13,652	13
Black/Hispanic	6,926	49	6,422	42	7,192	28
<b>Unmarried Female</b>						
White	10,833	229	12,201	182	11,676	107
Black	7,946	217	8,298	186	8,868	124
Hispanic	8,947	77	9,488	66	8,683	43
<b>Couples</b>						
White	9,731	891	11,893	571	12,081	237
Black	6,903	226	8,411	163	7,865	80
Hispanic	7,273	161	8,192	117	7,680	48

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