

## Private Financial Transfers beyond the Household: Who Receives and Why?

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### Introduction

Family or private intergenerational financial or instrumental transfers are among the most important determinants of the wellbeing of dependent members, mainly children and unemployed or disabled adults. Although most of these exchanges of support occur between family members who live together, they continue to be strong after families split into new households, originating what we will call interhousehold transfers (IHT) (Attias-Donfut et al., 2005; Brandt & Deindl, 2013; Schenk et al., 2010; Dykstra, 2018). Even in countries with long-established welfare state systems, intergenerational exchanges of support persist and more generous welfare programs often incentivize higher private transfers from older people to adult children (Albertini et al., 2007; Dykstra, 2018; Zissimopoulos & Smith, 2009). However, our understanding of these exchanges remains limited regarding current economic and demographic shifts and their impact on intergenerational and interhousehold relationships. The study of interhousehold support has overly focused on the older generation's perspective, given surveys restricted to older individuals over 50 (e.g. the Survey of Health and Retirement Study in Europe - SHARE), with scarce information about younger members receiving transfers. When the information about recipients exists, this is restricted to individual countries, lacking the cross-country comparison.

Previous research in Europe has shown that financial transfers are more common in Nordic Europe but more intense in the South (Albertini et al., 2007; Brandt & Deindl, 2013; Mudrazija, 2014), reflecting welfare regime differences (Esping-Andersen, 1998; Saraceno & Keck, 2010). In the social-democratic Scandinavian countries, generous welfare regimes encourage financial transfers between well covered older individuals to their non-co-resident younger children, while in Southern Europe, parents are more prone to share resources through co-residence, with continental countries in-between (Mudrazija, 2014; Isengard & Szydlik, 2012). Some authors, however, emphasize the role of specific public policies rather than broad regime typologies (Schenk et al., 2010; Dykstra, 2018).

Nevertheless, the majority of these cross-country comparisons focus on the giver's point of view, neglecting a more in-depth analysis of the recipients' characteristics and the effects of transfers have on wellbeing. Missing variables such as income, living arrangements, or housing tenure hinder the understanding of recipient households' needs. Country-specific studies show financial help often flows within wealthier families (who have the resources to give) to younger members in temporary need, as while being a student, unemployed, or going through a divorce (Karen, 2023; Majamaa, 2013). Yet, we lack evidence on whether this pattern holds across welfare systems and cultural contexts.

This study identifies which households receive financial transfers from outside the household and assesses their impact on economic wellbeing across European countries, analyzing the role of public social transfers in shaping interhousehold support. A cross-country comparative analysis prioritizing recipients of financial support is crucial for a more comprehensive understanding of the impact of this help on their economic well-being.

### Data and methods

Data comes from the European Survey of Income and Living Conditions (EU-SILC) conducted in 2022 and 2023, which refers to the year 2021 and 2022 for 26 European countries (Austria, Belgium, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece,

Hungary, Italy, Ireland, Latvia, Lithuania, The Netherlands, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden and Switzerland), where Serbia and Switzerland are only present in the 2022 survey, but weights are adjusted in order to account for the fact that countries appear in both years. EU-SILC is conducted by Eurostat and collects timely and comparable data from households and individuals regarding income, poverty, social exclusion, and living conditions. As interhousehold transfers (IHTs) received are the main variable and it is collected at the household level, the unit of study is the household. The yearly sample size in each country differs from 4,113 households in Cyprus in 2022, to 32,906 households in Germany in 2023.

IHTs received are captured in three different questions. One refers to the annual value of all regular interhousehold cash transfers received by household members during the previous year. Then, a second question asks about the amount of these transfers that are alimony. Finally, a third question asks about the annual value of cash transfers received by children under 16 in the household during the last year. All these transfers do not include big presents given only once a year or capital transfers, for example. With these three questions, a unique variable of IHT was created, where annual transfers were added to transfers received by children, deleting the value of alimonies. The non-inclusion of alimony is due to the specificity of this type of transfer, usually stipulated by law and attached to a particular family situation. The variable of IHT was used in two forms in the models. In the first model, a multilevel logistic regression is applied to compare households receiving or not IHTs across different countries. In the second model, a multilevel linear regression is applied to the value of IHTs received, and only households receiving any IHTs are included in the model. As the value would differ greatly by country due to the level of wealth in each territory, a relative measure of the impact of IHT on household income was created. Therefore, the variable of the value of IHT measures the share of total household disposable income that all interhousehold transfers represent. Like this, we make a comparable measure over countries, and we can see the impact that IHT has on the economic wellbeing of the household.

The individual characteristics of these models were constructed at the household level. They include: the maximum age of all household members, the number of children under 6 in the household, the number of people over 65 in the household, the number of people in the household, the proportion of women in the household, if the household has a female household head, the household living arrangement (1. Living alone, 2. Couple, 3. Couple with children under 25 years old, 4. Single parent with children under 25 years old, 5. Other living arrangements), if there is a divorced person in the household, the maximum educational level of the household, the household income quintile (within each country), the proportion of adults employed, the household tenure status (1. Outright owner, 2. Paying mortgage, 3. Tenant, 4. Tenant with a reduced price, 5. Free accommodation), the migration status of household members (1. all members are born in the resident country, 2. One member born in another European Union country, 3. One member born outside the European Union) and the health status of households' members (% of individuals with fair, bad or very bad health). At the country level, we control by the Gross Domestic Product (GDP) per capita in purchasing power parity (ppp) units, and the proportion of the GDP devoted to social transfers directed to families, to housing, and to older populations, separating each of them, in order to understand the impact of each one.

## **Preliminary Results**

Figure 1 shows the distribution of the proportion of households receiving transfers by the maximum age of the household in each country. A greater proportion of households concentrate at younger ages, confirming the downward flow of private transfers observed in surveys where only middle-age and older individuals were included. Nevertheless, in some countries, as

Cyprus, some Eastern European countries, and also Greece, the proportion of older households receiving support is not dismissible. In 9 countries, the proportion of households receiving transfers is not above 5% in any age group.

**Figure 1. Proportion of household receiving transfers by country and age**

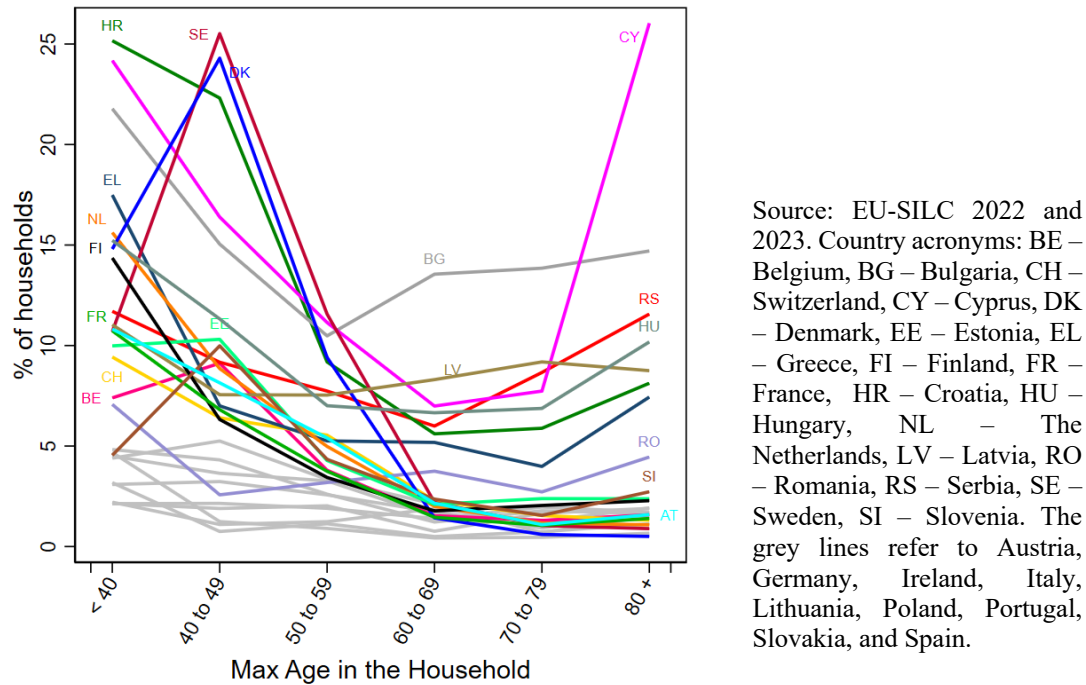


Table 1 reports the proportion of households in each of the other variables (besides country) included in the individual analysis. Households receiving transfers are younger, have more women living in the household, are more female-headed, are more concentrated in living alone or with children, have lower household income per capita, are not outright owners, and have a higher proportion of people born outside Europe.

Figure 2 shows the crude correlation between the level of public social expenditures (not including old-age and survivors' benefits) in per capita values with the proportion of households receiving IHT in each country, separated by the maximum age of the household. Countries are differentiated by level of GDP in ppp. We can see that the association between receiving private support and the public generosity differs by age, but also by country's income. In lower income countries, having less public resources to support families implies that households rely more on private transfers, independently of the age of the household. In higher income countries, though, more generous states foster private solidarity between households, but this remains in younger households. Previous models with a smaller group of countries showed that more vulnerable households (single-parent, female-headed, more adults unemployed or with bad health, and with lower income) have higher probabilities of receiving IHT. It remains to be studied the same associations when looking at the impact of transfers on the income level of the household.

### Future work

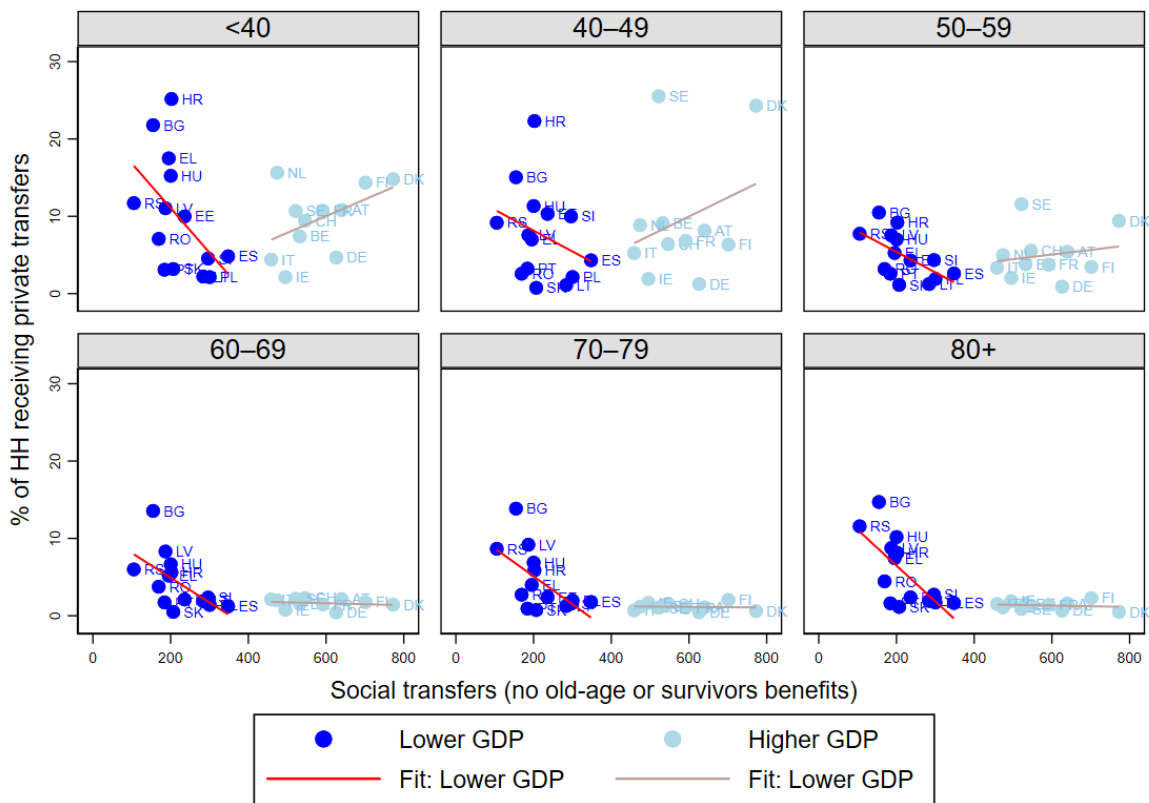
Multilevel analysis would allow to test more specifically the impact that public social transfers on interhousehold transfers (both in the participation and the level of support), controlling by several household characteristics. Nevertheless, findings already show the importance of the analysis of support from the recipient's perspective to understand the relationship between public and private forms of household support.

**Table 1. Distribution of variables in the sample**

Variable	IHT	No IHT	Variable	IHT	No IHT
N households	24,609	511,132	% of working adults in the Household (mean)	38.55	39.37
Maximum age in the Household (mean)	51.01	59.18	% of people with bad health (mean)	62.47	58.76
N. children under 6 in the Household (mean)	0.16	0.11	Household Income (per capita) quintiles (%)		
N. people over 65 in the Household (mean)	0.29	0.58	Q1	29.49	18.25
N. people in the Household (mean)	2.56	2.25	Q2	22.79	19.95
% of women in the Household (mean)	58.93	53.73	Q3	19.42	20.39
Female Household head (%)	34.19	28.03	Q4	16.14	20.32
Living arrangement (%)			Q5	12.16	21.09
Alone	35.30	31.91	Household Tenure (%)		
Couple	10.37	29.47	Outright owner	39.73	53.22
Couple + child <25	31.06	22.42	Paying mortgage	23.02	21.30
Single + child <25	13.93	4.23	Tenant	19.49	15.86
Other	9.33	11.97	Tenant reduced	8.36	4.74
Presence of a divorced person (%)	19.18	14.79	Free	9.40	4.89
Max. level of education in the Household (%)			Country of birth of HH members (%)		
< Compulsory	7.09	7.91	Resident	83.56	85.67
Compulsory	11.27	10.76	Europe	3.26	3.98
Secondary	38.88	36.83	Outside	13.17	10.35
Tertiary	42.77	44.50			

Source: EUSILC 2022 and 2023

**Figure 2. Proportion of households receiving transfers (differentiated by level of GDP) vs. level of public social transfer expenditure by maximum age of the household, and country**



Country acronyms: AT–Austria, BE – Belgium, BG – Bulgaria, CH – Switzerland, CY – Cyprus, DE – Germany, DK – Denmark, EE – Estonia, EL – Greece, ES – Spain, FI – Finland, FR – France, HR – Croatia, HU – Hungary, IE – Ireland, IT – Italy, NL – The Netherlands, LT – Lithuania, LV – Latvia, PO – Poland, PT – Portugal, RO – Romania, RS – Serbia, SE – Sweden, SI – Slovenia, SK – Slovakia.

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