

PARENTAL FINANCIAL ASSISTANCE AND YOUNG ADULTS' RELATIONSHIPS WITH PARENTS AND WELL-BEING

BOLLIPELLI SHYAM GOUD

Department of Sociology

Osmania University

lokeshrathod4748@gmail.com

ABSTRACT:

Drawing on data from the National Longitudinal Study of Adolescent Health, this study examined the impact of parental financial assistance on young adults' relationships with parents and well-being. Conditional change models were estimated to evaluate the effects of parental financial assistance reported in Wave 3 (ages 18 – 26) and Wave 4 (ages 24 – 32) of the study. The results (Ns ranged from 9,128 to 13,389 across outcomes) indicated that financial assistance was positively associated with changes in depressive symptoms and closeness to both mothers and fathers in both periods. Changes in self-esteem were less robustly linked to parental financial assistance. Although the observed pattern with respect to parent – child relations held regardless of the progress young people had made in the transition to adulthood, the effects for well-being, which were also relatively small in magnitude, did not. In particular, changes in depressive symptoms associated with financial assistance were concentrated among individuals occupying adult social roles.

Keywords: financial assistance, parent – child relationships, transition to adulthood, well-being

INTRODUCTION:

The transition to adulthood is elongating and diversifying, with old models of movement from school to work less viable in the new economy. With more young people pursuing higher education, and for longer periods of time (Fitzpatrick & Turner, 2007), and with wages for those without a college or university degree eroding (Lemieux, 2006), young people are taking longer to achieve financial independence (Danzinger & Ratner, 2010). Young people are now more frequently in a semi dependent state for a number of years as they invest in higher education, job training, or struggle to make ends meet in poorly paying jobs. In this context, parents are often providing significant practical and financial assistance well past their children's 18th birthdays (Schoeni & Ross, 2005; Settersten & Ray, 2010).

Financial assistance from parents fosters higher educational attainment, reduces college dropout, and facilitates movement into career-related work (Johnson & Benson, 2012; Public Agenda, 2010). Young adults' living standards are improved through parental financial investments toward education and home buying (Semyonov & Lewin-Epstein, 2001). As such, financial support during young adulthood is now recognized as an important mechanism in the intergenerational transmission of socioeconomic status (SES; Fingerman, Cheng, Tighe, Birditt, & Zarit, 2012; Henretta, Wolf, Van Voorhis, & Soldo, 2012; Settersten & Ray, 2010; Swartz, 2008).

The Changing Transition to Adulthood

Demographers tracking role transitions, including school exit, home leaving, employment, marriage, and childbearing, have documented both an elongation of and diversification in the transition to adulthood in advanced industrialized nations, including the United States (Fussell & Gauthier, 2005). Young people are staying in school longer, delaying family formation, and staying in the parental home longer, moving back the age at which they have "accomplished" these adult transitions. Their transition patterns also demonstrate greater

variability, with fewer following dominant pathways. Although the United States does not have the most prolonged transition to adulthood (Fussell, Gauthier, & Evans, 2007), a recent comparison of 19 countries named the United States as having the most destandardized transition to adulthood (Elzinga & Liefbroer, 2007). More young people are combining higher education with employment, having children before marriage, returning to the parental home, and combining roles in other varied ways, yielding a highly complex pattern characterizing this period of the life course.

Intergenerational Exchange and Support

Intergenerational exchange of practical and material support in the United States is not an ongoing, consistent, feature of families; instead, it occurs during specific periods of the life course (e.g., young adulthood, old age) or as the need arises (e.g., divorce, ill health, job loss; Swartz, 2009). Exchange of support generally follows norms of reciprocity, but usually reciprocity is considered over the long term, and it often involves different types of support (e.g., financial support to offspring and physical care to older parents; Silverstein, 2006; Swartz, 2009). Within an exchange framework, parents may provide support to their adult children in anticipation of receiving support back from those children when they need it. Indeed, offspring who have received more assistance during young adulthood have been shown to provide more support to older parents later (Henretta, Hill, Li, Soldo, & Wolf, 1997; Silverstein, Conroy, Wang, Gairrusso, & Bengtson, 2002). Parents may also invest in their young adult children's success because successful adult children give more support to parents (Fingerman et al., 2009; Fingerman, Cheng, Birditt, & Zarit, 2012).

Patterns of Parental Financial Support to Young Adults

Estimates of the prevalence of parental financial support to young adult offspring vary somewhat by the sample characteristics and measure of support, but they generally indicate that it is commonplace. Siennick (2011) reported that 75% of Add Health respondents (age 18 – 28 in 2001) received financial assistance from their parents in the previous 12 months; about one third reported transfers of \$1,000 or more (the top category). She also found that about 40% of National Longitudinal Study of Youth 1997 young adults (age 19 – 23 in 2003) reported gifts of at least \$200 in the past year. Schoeni and Ross (2005) found in the Panel Study of Income Dynamics that 34% of 18- to 34-year-olds no longer living with their parents received money from them in a given year, with rates of support dropping with age. The average amount received among recipients was \$3,410.

Parental financial support of young adult children is significantly tied to the financial resources and other characteristics of the family of origin. Young adults from middle- and upper class families receive greater financial support than do those from poor and working-class families (Fingerman, Cheng, Tighe, et al., 2012; Schoeni & Ross, 2005; Siennick, 2011; Swartz, 2008). Many studies have indicated that racial/ethnic differences in financial support tend to reflect associated differences in familial financial resources (Berry, 2006), although some have indicated that Black and Asian American young adults receive more financial assistance than Hispanics and non-Hispanic Whites after taking into consideration parental resources (Siennick, 2011). Young adults from two-parent and smaller families also receive more financial assistance (Fingerman et al., 2009; Siennick, 2011; Swartz et al., 2011).

The acceptability of parental financial support, and the extent to which it interferes with normative expectations, should therefore vary by whether or not young adults have moved out of school, live on their own, have entered the workforce, have married, and have become

parents. Consistent with the possibility, Fingerman, Cheng, Wesselman, et al. (2012) found, in a cross-sectional study, that the positive relationship between high levels of parental support and young adults' goal clarity and life satisfaction was not evident if young adults had left school, left home, or had children. As such, the consequences of parental financial support for parent – child relationships and well-being may be dependent on progress in the transition to adulthood, with more deleterious effects for individuals in adult statuses.

The expectations developed here posit an effect of parental financial support on young adults' relationships with their parents and their well-being, mindful that close relationships with parents as well as lowered well-being may encourage parental financial giving and need to be controlled. But the relationship could also simply be spurious. Various young adult problems could elicit parental support as well as affect their well-being and relationships with others. Being arrested, getting fired, getting a divorce, and other experiences that are not generally good for a person prompt parental support (Fingerman et al., 2009; Siennick, 2011). I addressed these possibilities regarding causality the extent possible in the analyses.

Method

This research used data drawn from Waves 1, 3, and 4 of the National Longitudinal Study of Adolescent Health (Add Health), a nationally representative study of American adolescents in Grades 7 through 12 from 134 middle and high schools in 80 communities (Bearman, Jones, & Udry, 1997). The Wave 1 (in-home) survey interviews began during the 1995 – 1996 school year. Participants were re interviewed between 2001 and 2002 for Wave 3 (at ages 18 – 28) and between 2007 and 2008 for Wave 4 (at ages 24 – 34). The Wave 2 (1996) survey administration occurred later in adolescence and would potentially have provided a better starting point to examine change during the transition to adulthood, but it excluded a large number of respondents (by design) who were included in the other waves, making it less desirable.

Measures

Parent – child relationships were measured by how close respondents felt to their mother and to their father (1 = not at all, 5 = very much). The quality of relationships between respondents and their parents were indexed by multiple items each wave, but only closeness was common to all three. At Wave 1, when most respondents were living at home, respondents were asked about closeness to their residential mother or mother figure. The same was true of fathers. At Wave 3, respondents were asked the same item about closeness separately regarding three potential mothers and three potential fathers. I used closeness to the current residential mother when available, followed by the previous residential mother and, last, the non residential biological mother. In Wave 4, respondents were asked the same closeness item for one mother or mother figure and one father or father figure.

As per the research socio emotional well-being with two indicators: (a) self-esteem and (b) depressive symptoms. Self-esteem was measured by four items in both Waves 1 and 3, which asked respondents how strongly they agreed that they “have a lot of good qualities,” “have a lot to be proud of,” “like yourself just the way you are,” and “feel like you are doing everything just about right” (reverse coded so that 1 = strongly disagree and 5 = strongly agree; $\alpha = .80$ in Wave 1 and $\alpha = .79$ in Wave 3). The items were averaged to form a scale. Because none of the items were included in Wave 4, the analysis of self-esteem was limited to Waves 1 and 3.

Depressive symptoms were measured with nine items from the Center for Epidemiologic Studies Depression Scale (Radloff, 1977) that appeared in all three waves. Respondents indicated the frequency (0 = "never or rarely," 1 = "sometimes," 2 = "a lot of the time," 3 = "most of the time or all of the time") of these symptoms: "you were bothered by things that don't usually bother you," "you felt that you were just as good as other people (reverse coded)," "you had trouble keeping your mind on what you were doing," "you felt depressed," "you felt that you were too tired to do things," "you enjoyed life" (reverse coded), "you felt sad," and "you felt that people disliked you." The items were averaged to form a scale (Wave 1 $\alpha = .80$, Wave 3 $\alpha = .81$, Wave 4 $\alpha = .82$).

Controls for chronological age, gender, and race/ethnicity (Hispanic/Latino, non-Latino White, non-Latino Black/African American, Asian/Pacific Islander, Native American/American Indian, and "other race") as well as adolescent family structure, number of siblings, and SES were included in all models. Family structure distinguished five categories, including (a) married biological parent families, (b) single-mother families, (c) single-father families, (d) other two-parent families (largely stepfamilies), and (e) other family structures. Parents' education was measured by the average of mothers' and fathers' educational attainments (1 = completed grade 8 or less to 8 = graduate or professional training), reported by a parent. If the parent's response was missing, adolescent reports were used. When only one parent's educational attainment was available, it served as the final value. Family income was measured through a series of dummy variables that calculated household income during adolescence as a percentage of 1994 federal poverty thresholds (0% – 100%, 101% – 200%, 201% – 300%, 301% – 400%, and >400%), which account for the number of people in the household. An additional variable indicated respondents who were missing income information. The respondents' earnings (logged) were also included to assess whether the effects of parental assistance hold regardless of how well young adults could support themselves. The findings reported here were very similar to those based on models excluding this measure however. In addition, in preliminary analyses I also considered a range of control variables tapping adolescent (measured at Wave 1) positive and negative behaviors, which may predict the likelihood of receiving parental assistance later and may affect overtime patterns of well-being and relationships with parents. These included school performance (grades averaged across four subjects), engagement in school, frequency of alcohol and cigarette use, and engagement in minor delinquency. Because the presence of none of these behavioral indicators affected the relationship between parental assistance and the outcomes of interest, I excluded them and retained only the sociodemographic controls detailed above.

Analytic Strategy

Conditional change models, in which a lagged measure of the dependent variable is included as an independent variable, were used to estimate the influence of parental financial assistance on closeness to parents, depressive symptoms, and self-esteem. These were deemed preferable to change score models because of the likelihood that initial well-being and relationship quality is correlated with assistance and that, for at least some outcomes, depressive symptoms in particular, initial levels may be causally related to later levels (Allison, 1990). To examine the robustness of the findings to this decision, change score models were also estimated and are summarized after the initial presentation of findings.

Because the measures available for parental financial assistance in Waves 3 and 4 were considerably different, I did not draw on all three waves of data in the same models. Instead, I modeled change in the outcomes separately from Waves 1 to 3 and then from Waves 3 to 4. In each case, I restricted the analysis to respondents who participated in both waves and who were assigned a sampling weight ($N = 14,322$ for Waves 1 and 3; $N = 12,288$ for Waves 3 and 4). Because of missing responses on the outcome measures, the sample size was somewhat reduced in each case. For closeness to parents, in particular to fathers, the sample size was reduced further, reflecting differences in family structure histories and availability of living parents. With one exception, missing data on the independent variables were trivial, and so listwise deletion of cases with missing data was used. In the one exception, the lagged measures of closeness to mother and father did have higher rates of missing data, but these likely reflect differences in family structure and living arrangements in adolescence. As such, imputation would be inappropriate. Missing data on the dependent variables were not imputed, because they add noise to the estimates (von Hippel, 2007).

Thus, the sample analyzed for the Wave 1-to-3 interval ranged from 9,156 (closeness to father, 34% of cases dropped) to 13,389 (depressive symptoms, 7% of cases dropped), and for the Wave 3-to-4 interval the sample ranged from 9,128 (closeness to father, 26% of cases dropped) to 11,795 (depressive symptoms, 4% of cases dropped). I weighted all analyses and used the survey analysis commands in Stata to adjust for the complex sample design.

After presenting the main findings, I explore their robustness not only by considering change score models but also by modeling change between Waves 1 and 4 and by introducing a range of additional measures of experiences young adults have that may render the observed relationships spurious. These include whether the respondent experienced some health limitation that restricted employment, was arrested, was convicted, was incarcerated, was fired or laid off, suffered a major injury, suffered the end of their marriage, or experienced the death of a sibling.

Results

Descriptive statistics for the measures in the analysis appear in Table 1. Financial assistance from parents was quite common at Wave 3, when respondents were age 18 through 28. As shown in Table 1, approximately 75% of the sample reported that a parent had provided such assistance in the past year. The modal amount given was \$1,000 or more. The measure of assistance at Wave 4 was specific to assistance with living expenses (of \$50 or more), and that, along with age, may account for the lower incidence of assistance in the later wave when respondents were age 24 through 34. Still, 43% of the sample reported assistance of this type from a parent. Twenty percent overall, and almost half of those who reported assistance, indicated it had occurred an unknown number of times in the past year.

Discussion

As the transition to adulthood has lengthened, with a longer period in which young people are not fully dependent, but not independent either, parental financial, material, and practical support have become recognized as an increasingly important “scaffolding” and “safety net” for those who have it (Swartz, 2008). Financial support in particular is recognized as assisting young people in pursuing higher education, moving into career-like jobs, and improving living standards (Johnson & Benson, 2012; Public Agenda, 2010; Semyonov & Lewin-Epstein, 2001). Because financial support during the young adult years is more forthcoming to young people from higher SES families, it is also increasingly recognized as a key

mechanism in the intergenerational transmission of socioeconomic status (Henretta et al., 2012; Settersten & Ray, 2010; Swartz, 2008). The only problem, it might seem, is that which stems from inequality, not parental financial assistance itself. And although that is a critical issue, other aspects of how young people are doing have not been extensively examined. This study drew on a nationally representative panel of young adults to test whether financial assistance from parents shaped parent – child relationships and socio emotional well-being.

Receiving financial assistance from parents was associated with increases in closeness with mothers and fathers, especially when assistance measures were specific to mothers and fathers, respectively. The results were remarkably consistent across the period from adolescence (Wave 1) to the first wave of data in young adulthood (Wave 3, ages 18 – 28) and from then to the next assessment (Wave 4, ages 24 – 34). The amount of assistance, evaluated in the first interval, was also positively related to changes in closeness to both parents. The frequency of assistance, evaluated in the second interval, was also related to changes in closeness: Receiving assistance three to four times was tied to larger positive changes in closeness than receiving assistance one to two times or an unknown number of times.

The effects of parental financial assistance on parent – child relationships and socio emotional well-being were no different for young men and women, or for respondents of different ages, and the effects on parent – child relationships were also no different in regard to progress in the transition to adulthood. The negative effects on depressive symptoms were conditional on several indicators of progress in the transition to adulthood in both intervals, however. Although the specific adult statuses that yielded statistically significant interactions with financial help differed somewhat for the two intervals (and, accordingly, the two measures of assistance), the differences point to the same story. Broadly speaking, the association between parental assistance and depressive symptoms was stronger, and in some cases only significant, when young people were in more adult roles. The pattern was weaker for self-esteem, yet it still indicated that financial assistance was associated with lowered self-esteem only among individuals who were living independent of their parents.

The findings for well-being suggest that financial help from parents may violate the expectations of young adults who have otherwise moved into adulthood. These statuses, which are strongly tied to young people's sense of being an adult (Johnson et al., 2007) may still hold meaning to young people about self-reliance (or reliance on a partner instead of parents). And although parents may not have a problem with the assistance they give, and it does not damage the parent – child relationship, parents may also not view their young adult children as fully adult until they are financially independent. Young adults may not either, or they may not feel they are successfully meeting expectations of being an adult. Independence, financial independence, and establishing a relationship with parents as equals are popular notions about what it means to be an adult (Arnett, 1997, 2001). Independence is also a key concern of older parents in their exchange relationships with adult children, with norms of independence in adulthood conflicting with those of solidarity (Spitze & Gallant, 2004; Willson, Shuey, Elder, & Wickrama, 2006). Thus, norms about adulthood appear to operate. Although the findings were consistent with the existence of age-graded norms tied to adult role occupancy, however, such norms were also not producing dramatic effects on well-being.

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