

**Intergenerational Assistance in Middle- and Old-Age in Mexico:  
Life Cycle Stages in a Developing Economy**

by

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Research supported by NIA Grant No. AG18016,  
The Mexican Health and Aging Study, BJ Soldo, P.I.

Paper prepared for presentation at the Population Association of America Conference,  
Boston, April 2004

## Abstract

Numerous studies have shown that transfers of privately held resources across the generations of the vertically-extended family are common but vary in type and intensity with age and the life-cycle stage of the donor and/or recipient. Although resources typically flow from parent to child regardless of age in the U.S., middle-aged adults have a heightened and substantial risk of making transfers to their kin in both ascending and descending generations. The literature on *inter-vivos* transfers documents that the patterns of giving are responsive to a range of sociodemographic, economic, cultural and health attributes of both potential donor and recipients. The magnitude and direction of these effects vary with respect to the type of transfer modeled, the treatment of economic covariates, and the characterization of potential donors and recipients.

Less is known about the patterns of *inter-vivos* transfers for developing countries, in particular for countries that lack the infrastructure for public transfers to support the elderly beyond the productive years of the population. In developing economies, characterized by scarce or non-existent institutional support systems for old-age support, and financial markets that are largely not-available for the general population, the laterally and vertically extended family is the central institution in which investments in human capital are secured. Intra-family transfers are expected to flow from parents to children as investments in their old age security, from children to parents as repayment for past human capital investments in the child, or from children to parents in exchange for future bequests. The literature suggests that over time, transfers may flow in both directions to smooth consumption, as an expression of altruism of family members towards each other, or as repayment for services received or prior gifts.

Using data from the newly released Mexican Health and Aging Study 2001 (MHAS/ENASEM), we describe the patterns of private *inter-vivos* transfers of the middle- and old-age population in Mexico, a country characterized by scarce or inactive financial markets and lacking institutional support for old age. In this context, we posit that parent-to-child transfer will largely dominate the transfer behaviors of individuals early in the life cycle, and that as individuals advance into later stages, the patterns will reflect a mixture of parent-to-child and child-to-parent help. In the final stages of the life cycle, the dominant observed patterns should turn into child-to-parent transfers.

As we observe the intergenerational assistance patterns in a cross-section of the population aged 50 and older in Mexico, we hypothesize that we shall observe that the role of the target population in the system of family transfers should be mainly of donors of transfers to children among those in early ages, then slowly shift to be mainly of recipients of assistance from children among those in older ages. We also hypothesize that the currency of the assistance (money or time) will also shift along the age gradient, ruled perhaps by the health care needs of the target population. Early in the life cycle, the population in general has few or no health care needs, and the patterns shifts to consumption needs.

The Mexican Health and Aging Study 2001 is a prospective panel study of health and aging in Mexico and nationally representative of population 50 and older in Mexico. MHAS is supported

by a grant from the National Institutes of Health/National Institute on Aging (AG 18016). The 2001 baseline survey gathered information on 14,000 individuals aged 50 or older in about 9800 households.

The proposed work will describe the patterns of *inter-vivos* transfers of the cohorts aged 50 and older in the following dimensions: a) the currency, monetary and in-time; b) the direction of the flows, that is the target population as donor and recipient; and c) the vertical generations involved in the flow of transfers, that is parents and children of the target population. In addition, the role of coresidence will be examined in the context of these inter-generational flows. Given the complexity of multiple dimensions observed in the phenomenon, we propose the presentation of the results in the form of a poster.

The aim of the poster will be to examine the age-specific patterns of *inter-vivos* transfers of the population 50 and older in Mexico, to visually represent these patterns, and be able to support or reject the hypotheses presented above on the life cycle of individuals and their transfer behaviors.

Preliminary analyses are presented in Table 1, showing the distribution of the population 50 and older by type of transfers received/given from/to children and grandchildren. The data illustrate overall age differences, whereas the propensity to *provide* transfers to children, both monetary and in-time is lower among those of older ages; the propensity to *receive* transfers is higher among the old than the young cohorts. By place of residence, the population 50 and older who live in rural areas are more likely to *receive* financial and non-financial help than those who reside in urban areas.

Table 2 shows a summary of the transfer behavior contrasting the generations involved with the target population of middle- and old-age. Conditional on having at least one parent and at least one child alive, transfers seem more active *to children* than to parents. On the other hand, transfers *received* from children seem more prevalent than those *given* to children. And among women, non-married mothers *receive* more help from their *children* than their married counterparts. At the same time, the non-married women *provide* more assistance to their *parents* than the married ones.

Table 3 shows the co-residential living arrangements and proximity of respondents, conditional on having at least one living child. Over 70% of the population 50+ coreside with at least one child. Of the remaining one quarter that do not coreside with a child, about half of them have a child who lives in the same neighborhood or town. A pattern that is worth mentioning is that about one-in-five of the individuals 50+ who have at least one living child in Mexico, report that at least one of their children currently resides in the U.S.

The poster will present all the results, paying particular attention to the patterns by age group, in order to test the hypothesis of changing transfer behaviors with the life-cycle of the population of middle-and old-age in Mexico.

**TABLE 1**  
**PERCENTUAL DISTRIBUTION OF THE POPULATION 50 AND OLDER BY TYPE OF FAMILY HELP RECEIVED/GIVEN IN THE LAST 2 YEARS**  
**TO/FROM CHILDREN AND/OR GRANDCHILDREN BY AGE, SEX, AND PLACE OF RESIDENCE**

	Urban						Rural						Total Urban	Total Rural
	Male			Female			Male			Female				
	50-59	60+	Total	50-59	60+	Total	50-59	60+	Total	50-59	60+	Total		
Financial Assistance Given(*):	12.4	8.5	21.0	17.3	9.8	27.1	17.2	11.1	28.4	15.0	8.6	23.6	48.0	52.0
Less than \$5000 pesos	7.3	6.4	13.7	12.1	12.1	24.2	20.7	13.6	34.3	14.6	13.2	27.8	37.9	62.1
\$5000 pesos or more (\$200 pesos/month)	15.7	9.8	25.5	21.2	7.8	29.0	15.1	9.0	24.1	16.0	5.4	21.4	54.5	45.5
RF/DK	23.1	14.4	37.6	19.3	12.4	31.7	7.8	15.2	22.9	4.5	3.2	7.7	69.3	30.7
Non-Financial Assistance Given	7.9	7.3	15.1	19.4	17.3	36.7	9.7	8.7	18.4	15.6	14.2	29.8	51.8	48.2
Financial Assistance Received(*):	3.0	5.7	8.7	13.0	18.7	31.7	5.8	14.6	20.4	15.0	24.1	39.1	40.5	59.5
Less than \$5000 pesos	3.3	4.8	8.1	11.5	15.3	26.9	6.1	17.5	23.7	14.2	27.1	41.3	35.0	65.0
\$5000 pesos or more (\$200 pesos/month)	2.9	5.8	8.7	14.1	20.1	34.1	5.7	13.1	18.8	15.7	22.7	38.4	42.8	57.2
RF/DK	1.5	22.8	24.3	2.1	37.2	39.3	2.1	13.6	15.7	5.0	15.8	20.8	63.6	36.4
Non-Financial Assistance Received	7.5	7.1	14.6	15.6	15.6	31.2	8.0	12.6	20.7	15.3	18.3	33.5	45.8	54.2

(\* ) Includes help for education, excludes housing or shared meals.

SOURCE: Mexican Health and Aging Study MHAS - 2001.

**TABLE 2**  
**PERCENT PROVIDING FINANCIAL OR NON-FINANCIAL ASSISTANCE TO**  
**CHILDREN AND PARENTS, BY MARITAL STATUS AND SEX**

	Single		Married	
	Male	Female	Male	Female
Transfer to:				
Children <sup>a)</sup>				
Financial	19.6	10.0	25.7	22.0
Non-financial	21.3	40.9	45.8	44.6
Parents of Respondent <sup>b)</sup>				
R gives financial	0.5	38.9	47.9	33.5
R sib gives financ <sup>c)</sup>	62.7	61.9	64.4	63.8
R gives time	22.3	20.7	8.8	13.4
R sib gives time <sup>c)</sup>	38.7	27.5	31.6	29.7
Transfer from:				
Children <sup>a)</sup>				
Financial	47.8	66.3	46.3	50.9
Non-financial	41.7	50.3	48.3	46.3

a) Conditioned on having at least one living child.

b) Conditioned on having at least one parent.

c) Conditioned on having at least one parent and one sibling.

SOURCE: Mexican Health and Aging Study MHAS - 2001.

**TABLE 3**  
**CO-RESIDENTIAL LIVING ARRANGEMENTS AND PROXIMITY TO CHILDREN**

<i>Residential Status</i> <i>and proximity to children</i>	%
R lives with $\geq$ child	72.5
Has $>1$ child in same neighborhood	48.7
Has $>1$ child in same town/city	44.0
Has $>1$ child elsewhere in Mexico	30.1
Has $>1$ child in US	21.1
R does not co-reside with child	27.5
Has $\geq 1$ child in same neighborhood	56.4
Has $\geq 1$ child in same town/city	50.0
Has $\geq 1$ child elsewhere in Mexico	42.4
Has $\geq 1$ child in US	28.0

SOURCE: Mexican Health and Aging Study MHAS - 2001.