The Exchange Motive in Intergenerational Transfers

Sanna Nivakoski*
Geary Institute for Public Policy
University College Dublin
sanna.nivakoski@ucd.ie

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Abstract

This article examines the exchange motive in intergenerational monetary transfers, namely current inter vivos transfers and planned bequests. The focus is on the causal effect of child-provided help on transfers from parents to adult children. Cross-sectionally, small transfers and help are positively correlated, with the findings robust to inclusion of child-parent relationship controls and lagged help. In an analysis of first-differenced data, the effect is statistically significant at the 10 per cent level. The analysis of planned bequests reveals no effect of child-provided help, suggesting that inter vivos transfers are better suited to exchange.

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1 Introduction

This article examines the presence of the exchange motive in intergenerational monetary transfers. The exchange motive is in operation if parents make transfers to their children in exchange for services. The main alternative explanation for intergenerational transfers is altruistic behaviour, meaning that parents derive utility from their children’s utility. The analysis aims to identify the exchange motive by examining the causal effect of child-provided services on transfers from parents to children. Cox and Rank (1992) suggest this approach but it has rarely been implemented in empirical work.\(^1\)

The data are obtained from the first two waves of The Irish Longitudinal Study on Ageing (TILDA), focusing on a sample of parent households who have non-resident adult children. The analysis incorporates both *inter vivos* transfers (while parents are alive) and expected transfers via bequests. The regressor of interest is the practical help that children provide with household chores and paperwork.

Transfers from parents to their adult children are common even in developed countries with public income redistribution and public care provision. Kotlikoff et al. (1981), Modigliani (1988), Gale and Scholz (1994), Piketty (2011) and Ohlsson et al. (2014) examine the magnitude of intergenerational transfers in the US and in Europe. They generally find that a large proportion of people’s wealth is passed on from one generation to the next, rather than accumulated over the individual’s life-cycle.

Existing empirical evidence suggests that sizeable proportions of older households in the US and Europe receive informal care from their children.\(^2\) Examining the latest wave of the sample of TILDA data used in this analysis, 47 per cent of parent households have made *inter vivos* transfers to their non-resident adult children over the past 2 years with a total unconditional mean value of just over EUR 4,000. Of the parent households, 90 per cent expect to leave (a non-zero) inheritance and two-thirds expect to leave an inheritance worth EUR 150,000 or more. Nearly 40 per cent of parent households received help from their children with household chores or paperwork over the past 2 years, with an unconditional mean of 6 hours per month.

In multivariate cross-sectional analysis, a positive and significant relationship between help and the probability of *inter vivos* transfers is found. The strength of the relationship is inversely related to the size of the transfer: it is only statistically significant in the case of small (between EUR 250 and EUR 5,000) transfers whereas it is not significant for larger transfers. Evidence of a causal relationship is necessary for identifying the exchange motive and differentiating it from two-way altruism (Cox and Rank, 1992). The cross-sectional results are robust to the inclusion of a measure of the emotional closeness between the children and parents, proxy measures of the parents’ personality and a lagged value of child-provided help. Longitudinal data enables the incorporation of fixed effects\(^3\) that account for unobserved time-invariant heterogeneity: factors such as preferences and the type of relationship between the parents and their children are likely to be correlated with within-family flows of both monetary transfers and services. In

\(^1\)In contrast, as discussed in Section 2.1, a more-explored way to identify transfer motives is to estimate the effect of child income on the value of transfers.


\(^3\)Longitudinal data are only available for *inter vivos* transfers.
fixed effects estimates, the effect of help provision on the probability of a transfer remains positive and statistically significant at the 10 per cent level.

A cross-sectional analysis of expected bequests reveals no effect of help provided by children,\(^4\) supporting the hypotheses of McGarry (1999) and Bernheim and Severinov (2003) who suggest that *inter vivos* transfers are better suited to exchange, and therefore are likely not to be influenced by the same motives as bequests. The finding that the exchange motive only drives small *inter vivos* transfers is also consistent with this prediction: if transfers are made in small quantities, they can be made more frequently which in turn makes the enforcement of the contract between the parent and the child easier.

In addition to binary transfer indicators, this analysis makes use of a continuous measure of the value of *inter vivos* transfers. This allows for conclusions to be drawn about price elasticity of demand for child-provided services. The findings indicate that the demand for child help is price inelastic, possibly as a result of the lack of market substitutes for informal help.\(^5\)

Intergenerational transfers play a role in saving behaviour and decisions about investment in human and physical capital. They affect the distribution of wealth within families and have an impact on the equality of opportunities between individuals. From a public policy point of view, understanding the motives behind transfer behaviour is relevant for predicting the likely consequences of changes to public provision of care, taxation of estates and gifts and public income redistribution. Depending on what motivates intergenerational transfers, changes to public income distribution may either crowd out or reinforce private flows of intergenerational monetary transfers (Cox, 1987; Cox and Rank, 1992).

The remainder of this article is structured as follows: Section 2 describes the theoretical framework and Section 3 summarises existing empirical work. Section 4 describes the data and provides summary statistics. Section 5 presents the empirical methods and findings and Section 6 offers concluding remarks. Appendix A contains the estimates using a continuous amount of child help, and Appendix B describes the Irish tax and legal systems regarding gifts and bequests.

### 2 Transfer motives: Altruism and exchange

The two main theories suggested as motivations for transfers from parents to children are altruism (Barro, 1974; Becker, 1974, 1981) and exchange (Bernheim et al., 1985; Cox, 1987). An altruistic parent’s utility is a function of the child’s utility. The parent makes transfers to the child as long as i) the parent’s income is high enough relative to the child’s, and ii) the parent gives sufficient weight to the child’s utility in their own utility function. Transfers are compensatory, meaning that parents make transfers to children with

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\(^4\)Because bequest data was not collected in the first wave of TILDA, the analysis on expected bequests is restricted to Wave 2 data. As the relationship between help and expected bequests is insignificant in cross-sectional analysis, an endogeneity-corrected estimate of the relationship is likely to be even less significant.

\(^5\)An analysis of the price elasticity of demand for child-provided services has previously only been carried out by Cox and Rank (1992) who study transfers in a cross-sectional setting.
relatively low incomes. The main prediction arising from the altruism model is the idea of income pooling within families. If a non-altruistic child’s income is reduced and an altruistic parent’s income is increased by the same amount via public income redistribution, a private transfer in the opposite direction cancels out the public transfer. *Redistributive neutrality* follows from altruistic behaviour: redistributing income between generations has no impact on consumption as long as transfers between parents and children are possible.

The exchange motive is in operation if parents make *inter vivos* transfers (or promises of future bequests) to children in exchange for services. The service can take on many forms, ranging from formal (such as caregiving) to casual (e.g. companionship). The parent derives utility from the service, whereas the service provision is costly for the child. A transfer takes place if both benefit from the transaction. If transfers are motivated by exchange, the redistributive neutrality result does not hold: a private transfer does not necessarily cancel out a public one, and may even amplify it. The details of this prediction are discussed below.

### 2.1 Identifying transfer motives

#### 2.1.1 Effect of child’s income on transfers

The way of identifying motives in intergenerational transfer behaviour that has been most widely used in existing research has been to estimate the effect of child income on transfers.\(^6\) In the case of both altruism and exchange, the *probability* of a transfer \(T_{\text{prob}}\) is negatively related to the child’s income \(Y_k\). In altruism, this relationship follows from the compensatory nature of transfers. In exchange, \(Y_k\) determines the value of the child’s time (the implicit price of their services).

\[
\text{Altruism and exchange:} \quad \frac{\partial T_{\text{prob}}}{\partial Y_k} < 0 \tag{1}
\]

Differentiation between altruism and exchange can potentially be made when examining the effect of \(Y_k\) on the *value* of transfers, \(T_{\text{value}}\) (the price of the service multiplied by quantity of the service traded). In the case of altruism, an increase in \(Y_k\) has a negative effect on \(T_{\text{value}}\). In exchange, the direction of the effect of \(Y_k\) on \(T_{\text{value}}\) depends on the own-price elasticity of demand for child services: the effect is positive if the demand for child services is own-price inelastic. Conversely, the effect is negative if the demand for child services is own-price elastic.\(^7\) Therefore, estimating the effect of \(Y_k\) on \(T_{\text{value}}\) is informative of transfer motives only in the case of finding a positive coefficient, in which case it serves as evidence of exchange.

Whether demand for child services is own-price elastic or inelastic depends on the availability of substitutes for the services. When the service is informal, the availability of substitutes is unlikely. Therefore, when modelling informal services, assuming inelastic demand is likely to be reasonable and the identification of

\(^6\)Laferrière and Wolff (2006) provide a detailed summary of the theoretical frameworks developed for examining transfer motives.

\(^7\)See Cox (1987) for a thorough discussion.
transfer motives by examining the effect of child income on the value of transfer is potentially possible. An issue with examining very informal services (such as visits and communication) is that the distinction between the service provider and recipient can be unclear. When it comes to more formal types of services, the roles of the two parties are somewhat easier to ascertain (LaFerrère and Wolff, 2006).

2.1.2 Effect of child-provided services on transfers

A direct way of testing for the presence of the exchange motive is to estimate the effect of child-provided services ($S$) on transfers (Cox and Rank, 1992). In the case of exchange, the effect of $S$ on $T_{prob}$ is positive:

$$\text{Exchange: } \frac{\partial T_{prob}}{\partial S} > 0 \quad (2)$$

The direction of the effect of $S$ on $T_{value}$ depends on whether the demand for services is own-price elastic or inelastic. If the demand is own-price elastic, $T_{value}$ increases with $S$, whereas the opposite is the case when demand is own-price inelastic.

Although the correlation between transfers and help is a necessary condition for the exchange motive, it is also consistent with two-way altruism (Cox and Rank, 1992). In order to estimate the causal effect of help on the probability of transfer, one needs to address endogeneity bias potentially affecting the coefficient estimate. The bias stems from omitted variables that are correlated with both help and transfers, such as emotional closeness between the child and the parent.

2.2 Differences in motives for *inter vivos* and bequests

The fact that bequests are usually divided equally among children — while *inter vivos* transfers are not — has been noted in many previous studies (Menchik, 1988; McGarry, 1999; Bernheim and Severinov, 2003; Norton and Taylor, 2005). These empirical observations of differences in behaviour have led to the development of models that allow for the two types of transfers to be influenced by different motives. McGarry (1999) develops a framework that allows for heterogenous determinants for the two types of transfers. She predicts that short-run income uncertainty and liquidity constraints affect *inter vivos* transfers to children, whereas long-run trends in permanent income are more important for giving via bequests.

Norton and Van Houtven (2006) hypothesise that *inter vivos* transfers are preferred over bequests in households with an exchange motive. A parent can adjust the flow of *inter vivos* transfers, making the enforceability of the contract between parent and child is easier than in the case of (once-off) bequests. Transferring wealth via bequests is also characterised by uncertainties arising from unexpected (medical or other) expenses and the uncertainty about length of life. Additionally, *inter vivos* transfers are potentially more convenient for exchange purposes because they can be hidden from the siblings of the recipient more easily than bequests — perhaps to prevent conflict between the children or to avoid the children perceiving unequal affection from the parents.
3 Existing empirical evidence

Empirical research into intergenerational transfers has suffered from the unavailability of suitable data until relatively recently. As Laferrère and Wolff (2006) explain, data are required about the donors, the recipients and the transfers. Repeated observations are desirable so that unobserved heterogeneity can be accounted for.

The majority of existing studies identify transfer motives by estimating the effect of (parental or child) income on transfers, whereas few have examined the relationship between child-provided services and transfers. The latter strand of literature can be divided into two main types: studies that examine the determinants of service supply from the child’s point of view (Bernheim et al., 1985; Perozek, 1998; Alessie et al., 2014) and studies that examine the effect of child-provided services on transfers (Cox and Rank, 1992; McGarry and Schoeni, 1997; Norton and Van Houtven, 2006). The three papers in the latter group are the most relevant for this work, and they are discussed in more detail below.

Cox and Rank (1992) carry out an analysis of the effect of child-provided care and contact between parents and children on *inter vivos* transfers using cross-sectional data from the National Survey of Families and Households (NSFH). They estimate models of both the probability of a transfer and the value of those transfers. They find patterns that are more consistent with exchange than with altruism: the child’s income has a negative effect on the probability of receiving a transfer but a positive effect on the value of those transfers. They estimate the effect of child-provided help on the probability of transfer to be positive and statistically significant. They find the effect of help to be insignificant in determining the transfer amount, suggesting that the demand for child help is own-price inelastic. When it comes to the effect of contact on transfer probability, they find a positive and statistically significant coefficient while the effect on the value of transfer is insignificant. The shortcomings of the analysis arise from data limitations: cross-sectional analysis potentially suffers from bias caused by the omission of unobservables that are potentially correlated with both caregiving and transfers. Also, the transfers in NSFH are measured over 5 years, whereas caregiving is only recorded over one year.

Although McGarry and Schoeni (1997) focus on the effect of child income on transfers, they also include a dummy variable of a child providing help with (I)ADLs to parents in a cross-sectional fixed effects transfer amount regression. They find that the estimated coefficient is negative and statistically insignificant for both the dummy variable and a continuous measure of the hours of help provided. They do not, however, estimate models of the probability of a transfer taking place.

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8Laferrère and Wolff (2006) review previous empirical work. Studies examining the effect of income on transfers since the review of Laferrère and Wolff (2006) include work by Hochguertel and Ohlsson (2009) and Nordblom and Ohlsson (2011).

9ADLs (Activities of Daily Life) include tasks required to take care of oneself and move around using one’s body, whereas IADLs (Instrumental Activities of Daily Life) are made up of activities that people commonly do outside of ADLs (i.e. cooking, household chores, grocery shopping, using the telephone, taking medications and managing finances).

10The fixed effects are at the family level. Therefore, identification relies on between-family variance.
Norton and Van Houtven (2006) is the only existing study that exploits panel data — from the 1993 and 1995 waves of the Asset and Health Dynamics Study (AHEAD) — to investigate the effect of informal care provision on the likelihood of a child receiving *inter vivos* transfers from parents. They find significant effects of care provision on the likelihood of receiving a transfer (compared to a sibling who does not provide care) by estimating logit models with and without household fixed effects (using within-household variation). Their findings are robust to specifications accounting for the possible endogeneity of informal care using lagged values of informal care and instrumental variables.\(^\text{11}\)

### 4 Data

The data used in this analysis come from the first two waves of The Irish Longitudinal Study on Ageing (TILDA) collected in 2009-2011 (Wave 1) and in 2012-2013 (Wave 2). TILDA provides information on the health, lifestyles and socio-economic characteristics of a nationally representative sample of Irish people aged 50 and over and their spouses.\(^\text{12}\) TILDA contains information about the parents, children, *inter vivos* transfer amounts, the expected probability of leaving a bequest and information about help and care provided within families.

The selection of the sub-sample of TILDA data used in this analysis is described in Table 1. The sample is restricted to families with children, all of whom are aged 18 or older and no longer live with the parents.\(^\text{13}\) Exclusion of families where children are financially dependent on the parents is necessary because co-residence is a type of transfer, the value of which is difficult to estimate. Further, families whose children are in education are excluded because parents are likely to under-report transfers in the form of payments associated with education (such as rent or tuition fees). The sample is restricted to households with both a financial and a family respondent present (so that information about transfers is recorded), to households where both spouses take part in the study (in the case of married or cohabiting parents) and households with non-missing data for the analysis variables. The resulting sample size is 1,035 families (499 two-parent and 536 one-parent families\(^\text{14}\)) with a total number of 3,602 children (an average of 3.48 per family).

As data about expected bequests were only collected in Wave 2, the panel analysis is limited to examining *inter vivos* transfers. When it comes to the larger (EUR 5,000 and over) *inter vivos* transfers, Wave 1 records transfers over the preceding 10 years, whereas Wave 2 data covers the 2 years between the waves.

\(^{11}\)Norton and Van Houtven (2006) also examine the likelihood of a parent household planning to divide their bequests equally among their children. They find that the effect of informal care is not statistically significant.

\(^{12}\)The first wave of TILDA data contains information on 8,504 individuals living in 6,279 households. Each participant underwent a face-to-face computer-assisted personal interview (CAPI) in their home, was given a self-completion questionnaire and was invited to a health assessment. The overall response rate of the first wave was 62 per cent. The second wave had an overall response rate of 86 per cent. See Barrett et al. (2011) for a detailed description of the data, including sampling and the construction of survey weights (which are accounted for in this analysis).

\(^{13}\)This sample selection is common in the literature — see Bernheim et al. (1985) Norton and Van Houtven (2006), McGarry (1999) and Alessie et al. (2014).

\(^{14}\)72 per cent the one-parent households are widows.
Due to this time inconsistency, the panel analysis is restricted to the smaller (EUR 250 to EUR 5,000) *inter vivos* transfers for which the questions in both waves were identical.

### 4.1 *Inter vivos* transfers

In TILDA, the question regarding the large (EUR 5,000 and over) transfers is worded as follows:\footnote{In Wave 1, the question was worded slightly differently: *"In the last ten years, have you given the deeds of a house, business, property, or a large amount of money of EUR 5,000 or more to any of your children (or grandchildren)?"*}

*"Not counting any shared housing or shared food, in the last two years, have you given financial help or gifts, including help with education, of EUR 5,000 or more to any child (or grandchild)?"*\footnote{The question was explained further: *"By financial help we mean giving money, helping pay bills, or covering specific types of costs such as those for medical care or insurance, schooling, down payment for a home, rent, etc. The financial help can be considered support, a gift or a loan."*}

If the parents had made transfers, a follow-up question about the total value of the transfers was asked. Information about smaller (EUR 250 to EUR 5,000) transfers was recorded by asking:

*I would now like to ask about financial assistance to your children apart from any large lump sums that you mentioned in the previous question. During the last 2 years, did you (or your spouse/partner) give financial or in-kind support totalling EUR 250 or more to any of your children and/or grandchildren (or their spouse/partner)?”*

Again, a question about the total value of the transfers was asked if the parents had made transfers. Descriptive statistics of *inter vivos* transfers are presented in Table 2. In both waves, nearly 40 per cent of parent households report having made small transfers to their children over the preceding two years. The mean total value of the transfers declines between waves. The larger transfers are less common, with 29 per cent of families reported having made them in the 10 years preceding Wave 1 and 14 per cent in the two years preceding Wave 2.

### 4.2 Expected bequests

In Wave 2 of TILDA, respondents were asked about their expected bequests:\footnote{It was explained to the respondents that the question covers properties and other valuables.}

*"What are the chances that you will leave any inheritance?"

If the given answer was greater than zero, follow-up questions were asked about the probabilities of leaving an inheritance totalling EUR 50,000 or more (and EUR 150,000 or more).

The bequest data are summarised in Table 3. The vast majority of parent households report a non-zero probability of leaving a bequest. The average reported percentage probability of leaving a bequest is 86.
As expected, the (conditional and unconditional) mean probability of leaving a bequest decreases with larger bequest values. The high probabilities of leaving large bequests are reasonable considering that 88 per cent of the parent households were homeowners in Wave 1 (see Table 5) and as few people draw on housing equity in retirement, many bequeath residential housing. As a reflection of this, the home ownership rate increases with age in cross-sectional analysis of either wave of data.

4.3 Help provided by children

In both waves of the survey, TILDA respondents were asked:

"In the last 2 years, have your children or grandchildren spent at least 1 hour a week helping you with things like:

1. Practical household help, e.g. with home repairs, gardening, transportation, shopping, household chores?"

2. Help with paperwork, such as filling out forms, settling financial or legal matters?"

If the household had received help, a follow-up question was asked about the total number of monthly hours of help.

Table 4 presents summary statistics of these data. On average, a lower share of households received help in Wave 2 than in Wave 1; however, the unconditional mean of total monthly hours increased slightly between waves, reflecting the increase in conditional hours.

4.4 Control variables

Table 5 summarises the explanatory variables across the two waves of data. At the mean, 49 per cent of a family’s children are female, the average child is 38 years old in Wave 1 and has 1.4 children. Home ownership of children was recorded in Wave 1, with 75 per cent being homeowners. Some children acquire education between the waves. The geographical location of children is relatively constant across time, with slight decreases in shares of children living in the same neighbourhood as their parents and increases.

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18 The respondents were also advised: "The next section will ask about regular non-financial assistance that you received from your children. This refers only to help received from children outside the household i.e. help received from co-resident children is to be excluded."

19 The TILDA questionnaire also contains information about help that the respondents receive with (I)ADLs. Although approximately 10 per cent of the households have a member who receives ADLs and/or IADL related help, the caregiver is most often the spouse. Less than 4 per cent of the households in the sample receive (I)ADL help from their children.

20 The number of children that the respondents’ children have was not recorded in Wave 2, and therefore Wave 1 figures are also presented in the Wave 2 column.

21 As families with children in full-time education are excluded from the analysis, any children who have obtained education have done so part-time or between the survey waves.
in children living abroad. As expected, the marriage, divorce, separation and widowhood rates among the children increase, whereas fewer children are single or cohabiting in Wave 2. The recession experienced in Ireland around this time is evident when examining the children’s labour market status: fewer are employed full-time while more are self-employed or out of the workforce. The share of unemployed decreases slightly across waves, possibly reflecting exits from the workforce and emigration.

Although child income is not recorded, changes to labour market status indicate shocks to current income. Permanent income — proxied for by education and home ownership\textsuperscript{22} — may be preferred to current income because the latter is more likely to suffer from reverse causality if children adjust their labour supply because of transfers.

Examining the characteristics of the parents, the average age of the spouses (if married or cohabiting) is 68 years in Wave 1. The mean annual income of the household is EUR 30,020 in Wave 1 and EUR 25,260 in Wave 2, reflecting the reductions in incomes as people retire. Perhaps surprisingly, individuals report their overall health levels to be better in Wave 2 than in Wave 1. As expected, fewer household heads are employed in Wave 2 and compared to Wave 1, and a larger share report being retired in Wave 2. Nearly half of the parent households are married or cohabiting, whereas just over a third are widows.

5 Multivariate analysis

The unit of analysis is the family because the data on child-provided help are aggregated at the family level. Both average parental and average child-level variables are included in the models.

The analysis follows a hurdle specification where the probability of transfer ($T_{prob}$) and the value of the transfers ($T_{value}$) are modelled separately, similarly to Cox and Rank (1992) and Alessie et al. (2014). The hurdle model approach is chosen because the prediction of the exchange model that the effect of $S$ may be positive on $T_{prob}$ but negative on $T_{value}$\textsuperscript{23}. $T_{prob}$ is modelled using a probit specification, whereas $T_{value}$ is modelled using linear regression, conditional on a transfer taking place ($T_{value} > 0$).

After the models are estimated using data from the two waves separately, the analysis is extended to account for possible biases in cross-sectional analysis. The additional specifications consist of cross-sectional models with added covariates and fixed effect conditional logit models.

\textsuperscript{22}Arrondel and Masson (2001) discuss the use of proxy measures for child income. Estimating transfer models using a sub-sample with child income data and proxy data for permanent income, they find no significant difference in coefficients estimates.

\textsuperscript{23}A Tobit model could be used to account for zeros in a distribution, but it would be unsuitable because it estimates a single set of coefficients for both the $T_{prob}$ and the $T_{value}$ models, therefore assuming that the effect of $S$ is of the same sign in both (Greene, 2003).
5.1 Cross-sectional probit models of the transfer decision

The probit models fit the probability that parents make (or plan to make) monetary transfers to their children:

\[ T_{\text{prob} \, i} = f(\alpha_0 + \alpha_1 S_i + \alpha_2 Y_{ki} + \alpha_3 K_i + \alpha_4 Y_{pi} + \alpha_5 P_i + a_i) \]  

(3)

where:

- \( f(\cdot) \) is the standard normal cumulative distribution function
- \( T_{\text{prob} \, i} \) is a probability of either:
  - parents of family \( i \) making \textit{inter vivos} transfers (to any child)
  - parents of family \( i \) reporting a positive probability of leaving a bequest
- \( \alpha_0 \) = constant term
- \( S_i \) = a variable that equals 1 if family \( i \)'s children provide help to parents, and 0 otherwise
- \( Y_{ki} \) = a vector of proxy measures for family \( i \)'s children’s income
- \( K_i \) = a vector of family \( i \)'s children’s characteristics
- \( Y_{pi} \) = total parental income of family \( i \)
- \( P_i \) = a vector of family \( i \)'s parental characteristics
- \( a_i \) = residual term of family \( i \)

The main coefficient of interest is \( \alpha_1 \) which is expected to be positive in the case of exchange. The expected sign of \( \alpha_2 \) depends on the particular element of the vector: education and house ownership (proxies for permanent income) are expected to have negative effects on \( T_{\text{prob}} \), whereas a child currently not working is expected to have a positive effect. \( \alpha_4 \) is expected to be positive.

The estimated marginal effects for \textit{inter vivos} transfer models are presented in Table 6; small transfers in Models 1 and 2, and large transfers in Models 3 and 4. The estimates suggest that the probability of making small \textit{inter vivos} transfers has a statistically significant positive association with the children of the family providing help to the parents. The estimated value of \( \alpha_1 \) for small transfers using Wave 1 data is 0.11: a family where at least one child provides help to the parents is 11 percentage points more likely to make small \textit{inter vivos} transfers to their children, compared to a family where no children provide help.\textsuperscript{24} The estimate for \( \alpha_1 \) using Wave 2 data is 0.09, also statistically significant at the 1 per cent level. These findings are consistent with exchange but also with two-way altruism.

The relationship between the probability of a family making large transfers and child-provided help is not statistically significant (see Models 3 and 4 in Table 6). This finding is likely to be due to the difference in the suitability of different types of transfers for exchange: the smaller the transfer is in value, the more

\textsuperscript{24} The corresponding marginal effect estimated using a logit model is 0.10.

\textsuperscript{25} Instead of using a dummy indicator of help as the main explanatory variable, alternative specifications presented in Table 11 of Appendix A use a continuous variable measuring the total daily hours of help that the children provide. The relationship is less clear than when a binary variable of help is used, possibly due to measurement error in the continuous variable.
frequent the transfers can be, which in turn increases the enforceability of the contract between the parent and the child.

The estimates of $\alpha_2$ (effect of child income measures) are statistically insignificant in most cases; however, the models in which the coefficient estimate is statistically significant, the signs mostly confirm prior expectations. There is a significant negative association between the share of children with university degrees and transfer probability (Model 2). An interesting finding in Model 3 is the significant positive effect of the share of children who are homeowners in Wave 1. This effect is likely to be linked to the parents assisting the children with property purchases. Considering that large *inter vivos* transfers were recorded over the preceding 10 years in Wave 1 when the average age of children was 38 years, many of the children’s property purchases are likely to have taken place within this time period. Unexpectedly, the share of children not working has a negative association with probability of small transfers in Wave 1. The effect of parental income on transfer probability is estimated to be positive, as expected. Also, the proxy measures of parental permanent income (home ownership, education) have positive effects on transfers probability, possibly reflecting lower perceived risk of future income fluctuation.

Some of the control variable marginal effect estimates warrant discussion. Children’s age is negatively associated with small transfers, but positively associated with large transfers. This finding may indicate credit constraints experienced by younger children, leading parents to make small transfers to assist with day-to-day finances. Larger transfers (partly indicating property purchases and transfers of family businesses) are more likely to be made to older children. The share of children living in the same county as the parents is positively associated with the likelihood of parents making small transfers (but insignificant when it comes to large transfers). Parents who perceive their health to be very good or excellent are more likely to make transfers to their children, perhaps due to lower expected medical expenses in the future.

The estimates of probit models of planning a bequest are presented in Table 7. The estimated marginal effects associated with the help indicator are statistically insignificant in all of the bequest model specifications.\textsuperscript{26} The control variable marginal effects are largely of the same sign as in the *inter vivos* transfer models; however, the statistical significance is generally lower in the case of the children’s characteristics but stronger in the case of the parental characteristics. The low significance of children’s characteristics may be linked to the uncertainty associated with future events for the parents, such as unexpected medical expenses and the uncertainty about longevity. The marginal effect estimates of parental house ownership have very small standard errors. This is potentially linked to the finding that most parents report a very high probability of leaving a bequest, which may be an indication of the high rate of house ownership in Ireland.

As discussed, transfers via *inter vivos* and bequest may be driven by separate motives. For the first time in the literature, this article examines *inter vivos* transfer size groups separately. The evidence of the exchange motive only being present in small *inter vivos* transfers is consistent with the theoretical predictions: large *inter vivos* transfers resemble bequests more than small transfers do. The larger the individual transfer,

\textsuperscript{26}Alternative specifications presented in Table 12 of Appendix A use a continuous variable measuring the total daily hours of help that the children provide. The estimated effect of help on expected bequests is statistically insignificant.
the more difficult it is to conceal from the recipient’s siblings and the fewer possibilities the parent has to adjust the transfer to reflect the quality or quantity of the child’s service.

It is possible that the bequest expectation questions are not interpreted by the respondents as planned transfers to children at the end of life, but may also capture perceived uncertainties about future events as well as the uncertainty about length of life itself. Whereas bequests can be accidental due to these uncertainties, *inter vivos* transfers are always intentional. Therefore, *inter vivos* transfer data are be better suited to the examination of transfer motives.

### 5.2 Cross-sectional models of transfer value

This part of the analysis focuses on the determinants of the total value of the *inter vivos* transfer, estimated using an OLS specification:\(^{27}\)

\[
T_{\text{value } i} = \beta_0 + \beta_1 S_i + \beta_2 Y_{ki} + \beta_3 K_i + \beta_4 Y_{pi} + \beta_5 P_i + \varepsilon_i \quad \forall \quad T_{\text{value } i} > 0 \tag{4}
\]

where the explanatory variables are the same as in the probit model presented in Equation 3.

The results allow for conclusions to be drawn about the elasticity of demand for child help with respect to the implicit price of the service, \(Y_k\): a negative \(\beta_1\) indicates inelastic demand. Additionally, a positive \(\beta_2\) can be interpreted as evidence of the exchange motive (whereas a negative estimate is consistent with both exchange and altruism).

The estimates are presented in Table 8. The estimate for \(\beta_1\) is negative and statistically insignificant in most of the specifications, with the exception of Model 3 in which the estimate is positive but also statistically insignificant.\(^{28}\) This general result is consistent with the findings of Cox and Rank (1992) who interpret the finding to be consistent with the exchange model with own-price inelastic demand for child services. Considering that the measure of \(S\) used in this analysis is a relatively informal type of service with few market substitutes, the findings are consistent with the predictions of the exchange model. Although statistically insignificant, the positive estimates of \(\beta_2\) coefficients are in line with the predictions of the exchange model.

### 5.3 Issues of causality

The correlation between help and the probability of a transfer taking place is a necessary but not a sufficient condition for the exchange motive to exist: it is also consistent with two-way altruism (Cox and Rank,

\(^{27}\)An analysis of the continuous measures of the percentage probability of leaving a bequest was also carried out. However, the results were largely similar to those of the probit bequest models with statistically insignificant coefficient estimates associated with the child help variable.

\(^{28}\)Alternative specifications presented in Table 13 of Appendix A use a continuous measure of the total daily hours of help that the children provide. Again, the estimated effect of help is statistically insignificant.
In order to examine the existence of the exchange motive, establishing a causal relationship is necessary. In order to estimate the causal effect of \( S \) on transfers, endogeneity concerns — arising from omitted variables such as emotional closeness between the child and the parent\(^{29}\) — need to be addressed. TILDA contains a question about the number of their children that the respondents “feel very close to”. An emotional closeness measure is constructed by dividing the number of children the respondent reports feeling very close to by the total number of children they have. The mean value of this measure is 91 per cent (see Table 5). The small \textit{inter vivos} models were re-estimated using Wave 2 data\(^{30}\) with the inclusion of the emotional closeness variable. The estimates are presented in Models 1 and 2 in Table 9. The results reveal no significant impact of the emotional closeness measure on transfer behaviour, and the estimates of the effect of \( S \) are largely unchanged.

Wave 2 of TILDA measures the respondents’ personality type. A widely-used measure of personality, the “big five”, divides aspects of personality into five traits: extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience (Cobb-Clark and Schurer, 2012). The household head’s score in relation to these five traits is included in the models of small \textit{inter vivos} transfers, presented in Models 3 and 4 of Table 9.\(^{31}\) The estimates are similar to those of the initial specifications, with no significant change to the estimated effects of \( S \). As a further robustness check, Norton and Van Houtven (2006) suggest using a lagged value of \( S \).\(^{32}\) Models 5 and 6 of Table 9 use the lagged value of \( S \), with the estimates largely unchanged.

The findings presented in Table 9 go some way towards alleviating bias concerns. The following section makes use of the panel structure of TILDA to further address potential endogeneity issues.

### 5.3.1 Fixed effects analysis

A fixed effects (FE) logit model is estimated by conditional maximum likelihood (Chamberlain, 1980). The models can only be estimated for families for whom the transfer status changes between periods (\( n=330 \)).\(^{33}\) The effects of time-invariant variables can not be estimated.

The cross-sectional logit model of the probability that a family makes small \textit{inter vivos} transfers is defined as:

\[
T_{prob \, it} = f(\gamma_0 + \gamma_1 S_{it} + \gamma_2 Y_{kit} + \gamma_3 K_{it} + \gamma_4 Y_{p \, it} + \gamma_5 P_{it} + c_{it} + d_i)
\]

\(^{29}\)If a child and parent have a strong emotional bond, the child is more likely to provide help to the parent and the parent is more likely to make transfers to the child.

\(^{30}\)The estimates using Wave 1 data are virtually identical to the Wave 1 models of Tables 6 and 8.

\(^{31}\)As well as including the personality variables together, the models were also re-estimated with each personality measure included individually. The findings are virtually identical to the ones presented here.

\(^{32}\)Norton and Van Houtven (2006) also use instrumental variables, acknowledging the difficulty of finding valid instruments for \( S \).

\(^{33}\)In the two-wave panel case, the FE logit is equivalent to a binary logit model with the change in the explanatory variables explaining the change in the outcome variable (Verbeek, 2008).
where \( f(.) \) is the logistic cumulative distribution function. The error term is divided into two components: a time-varying error \((c_{it})\) and a time-invariant error \((d_i)\). The FE estimation controls for \(d_i\), consisting of time invariant unobservables such as personality traits and risk aversion.

Table 10 presents the estimates of the FE logit models. The statical insignificance of Model 1 estimates may be expected in a FE model with only two time periods and little variation in the dummy dependent variable and the main explanatory dummy variable.\(^{34}\) Model 2 specification uses a continuous measure of the hours of \(S\), and the associated coefficient estimate is statistically significant at the 10 per cent level.

### 6 Discussion and conclusion

Research into intergenerational transfer motives is relevant for a range of public policies, many of which are of particular importance in countries with ageing populations: provision of care to older people, public income redistribution between generations, and the taxation of *inter vivos* transfers and bequests.

If the exchange motive is driving monetary transfers within families, the implications for policy partly depend on the own-price elasticity of demand for these traded services — and therefore the availability of substitutes for them. An increase in public service provision decreases parental demand for child-provided services, therefore reducing the likelihood of a transfer from parents to children. However, the value of transfers may increase or decrease, depending on the price elasticity of the demand. Therefore, differentiating between formal and informal care is important.

The outcomes of changes to the taxation of *inter vivos* transfers and bequests depend on transfer motives. The relative tax treatment of *inter vivos* transfers and bequests may only affect the timing of wealth transfer between generations if intergenerational transfers are motivated by altruism. However, if transfers are driven by exchange, taxation of intergenerational transfers may reduce parental demand for child-provided services, therefore increasing pressures for public provision of care.

Depending on what motivates intergenerational transfers, changes to public income distribution between cohorts may either be counteracted or reinforced by private flows of monetary transfers (Cox, 1987; Cox and Rank, 1992). If the exchange motive drives intergenerational transfers, increased public care provision to older people may decrease caring provided by children and consequently decrease monetary transfers to children (Kohli and Künemund, 2003). When it comes to bequests, if they are planned and used to compensate children for caring for their elderly parents, inheritance taxes may dis-incentivise within-family provision of these services (Jürges, 2001). In the case of the exchange motive driving intergenerational transfers and child-provided services having few market substitutes, a public redistribution of income from the parent to the child generation is expected to increase the value of transfers from parents to children.

This article examines the presence of the exchange motive in intergenerational monetary transfers, estimating the causal effect of child-provided services on the probability of transfers being made within a family. The findings suggest a causal relationship between care-giving provided by adult children and the small

\(^{34}\)For approximately 70 per cent of the families, the help indicator does not vary across time.
*inter vivos* transfers that parents make to their children. The relationship between child-provided help and the probability of a family making large *inter vivos* transfers is not statistically significant. Also, there is no evidence of a correlation between help and expected bequests. The evidence of the exchange motive only being present in small *inter vivos* transfers is consistent with the predictions of McGarry (1999) and Bernheim and Severinov (2003): different types of financial transfers within families are likely to be driven by different motives. The findings of this research suggest that large *inter vivos* transfers resemble bequests, and that the exchange motive is most likely to drive small *inter vivos* transfers from parents to adult children.
Table 1: Selection of the analysis sample

<table>
<thead>
<tr>
<th>Sample description</th>
<th>Remaining households</th>
</tr>
</thead>
<tbody>
<tr>
<td>TILDA respondents in Wave 1 and 2</td>
<td>5,427</td>
</tr>
<tr>
<td>Has children</td>
<td>4,043</td>
</tr>
<tr>
<td>Has no resident children</td>
<td>2,312</td>
</tr>
<tr>
<td>Has no child under 18 years of age</td>
<td>2,287</td>
</tr>
<tr>
<td>Has no child in education</td>
<td>1,975</td>
</tr>
<tr>
<td>Household has a financial and family respondent</td>
<td>1,924</td>
</tr>
<tr>
<td>Both spouses take part in survey</td>
<td>1,412</td>
</tr>
<tr>
<td>Non-missing transfer data</td>
<td>1,236</td>
</tr>
<tr>
<td>Non-missing expected bequest data</td>
<td>1,093</td>
</tr>
<tr>
<td>Non-missing help data</td>
<td>1,075</td>
</tr>
<tr>
<td>Non-missing control variables</td>
<td>1,035</td>
</tr>
<tr>
<td><strong>Final sample size</strong></td>
<td><strong>1,035</strong></td>
</tr>
</tbody>
</table>
Table 2: *Inter vivos* transfer amounts from parents to children during past 2 years

<table>
<thead>
<tr>
<th></th>
<th>Small transfers&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Large transfers&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Total transfers&lt;sup&gt;c&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of households making transfers</td>
<td>39</td>
<td>29</td>
<td>53</td>
</tr>
<tr>
<td>Unconditional mean</td>
<td>1,675</td>
<td>21,179</td>
<td>22,854</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>7,831</td>
<td>83,059</td>
<td>83,750</td>
</tr>
<tr>
<td>Unconditional median</td>
<td>0</td>
<td>0</td>
<td>400</td>
</tr>
<tr>
<td>Conditional mean†</td>
<td>4,302</td>
<td>74,056</td>
<td>43,323</td>
</tr>
<tr>
<td>Standard deviation†</td>
<td>12,100</td>
<td>142,308</td>
<td>111,440</td>
</tr>
<tr>
<td>Conditional median†</td>
<td>2,000</td>
<td>30,000</td>
<td>7,250</td>
</tr>
<tr>
<td>Wave 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of households making transfers</td>
<td>39</td>
<td>14</td>
<td>47</td>
</tr>
<tr>
<td>Unconditional mean</td>
<td>1,361</td>
<td>2,705</td>
<td>4,067</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>15,936</td>
<td>12,460</td>
<td>20,411</td>
</tr>
<tr>
<td>Unconditional median</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Conditional mean†</td>
<td>3,470</td>
<td>19,858</td>
<td>8,714</td>
</tr>
<tr>
<td>Standard deviation†</td>
<td>25,318</td>
<td>28,348</td>
<td>29,209</td>
</tr>
<tr>
<td>Conditional median†</td>
<td>1,000</td>
<td>10,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Sample size</td>
<td>1,035</td>
<td>1,035</td>
<td>1,035</td>
</tr>
</tbody>
</table>

<sup>a</sup> €250-5,000  <sup>b</sup> €5,000+  <sup>c</sup> a+b

*Preceding 10 years for Wave 1 large transfers
†Conditional on a positive transfer amount
Table 3: Expected bequest probabilities (in per cent)

<table>
<thead>
<tr>
<th></th>
<th>Any bequest</th>
<th>Bequest EUR 50k+</th>
<th>Bequest EUR 150k+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of households planning a bequest with positive probability</td>
<td>90</td>
<td>83</td>
<td>67</td>
</tr>
<tr>
<td>Unconditional mean</td>
<td>86</td>
<td>77</td>
<td>59</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>33</td>
<td>39</td>
<td>46</td>
</tr>
<tr>
<td>Unconditional median</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Conditional mean†</td>
<td>95</td>
<td>93</td>
<td>88</td>
</tr>
<tr>
<td>Standard deviation†</td>
<td>17</td>
<td>19</td>
<td>26</td>
</tr>
<tr>
<td>Conditional median†</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Sample size</td>
<td>1,035</td>
<td>1,035</td>
<td>1,035</td>
</tr>
</tbody>
</table>

†Conditional on a positive probability
Table 4: Help provided by children to parents during past 2 years

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Percentage of households receiving help</th>
<th>42</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unconditional mean monthly hours</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Standard deviation</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Unconditional median monthly hours</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Conditional mean monthly hours†</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Standard deviation†</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Conditional median monthly hours†</td>
<td>8</td>
</tr>
<tr>
<td>Wave 2</td>
<td>Percentage of households receiving help</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>Unconditional mean monthly hours</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Standard deviation</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Unconditional median monthly hours</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Conditional mean monthly hours†</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Standard deviation†</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Conditional median monthly hours†</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Sample size</td>
<td>1,035</td>
</tr>
</tbody>
</table>

†Conditional on receiving help
### Table 5: Means and standard deviations of control variables

<table>
<thead>
<tr>
<th></th>
<th>(1) Wave 1</th>
<th>(2) Wave 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHILD CHARACTERISTICS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share females</td>
<td>0.492 (0.295)</td>
<td>0.492 (0.295)</td>
</tr>
<tr>
<td>Children’s avg. age</td>
<td>38.451 (7.610)</td>
<td>40.451 (7.610)</td>
</tr>
<tr>
<td>Number of children</td>
<td>1.374 (0.984)</td>
<td>1.374 (0.984)</td>
</tr>
<tr>
<td>Share owns home in Wave 1</td>
<td>0.752 (0.316)</td>
<td>0.752 (0.316)</td>
</tr>
<tr>
<td>Share with primary highest</td>
<td>0.023 (0.123)</td>
<td>0.022 (0.118)</td>
</tr>
<tr>
<td>Share with junior cert highest</td>
<td>0.103 (0.243)</td>
<td>0.100 (0.236)</td>
</tr>
<tr>
<td>Share with leaving cert highest</td>
<td>0.287 (0.350)</td>
<td>0.272 (0.345)</td>
</tr>
<tr>
<td>Share with diploma highest</td>
<td>0.191 (0.285)</td>
<td>0.199 (0.284)</td>
</tr>
<tr>
<td>Share with primary degree highest</td>
<td>0.253 (0.330)</td>
<td>0.247 (0.324)</td>
</tr>
<tr>
<td>Share with postgraduate degree</td>
<td>0.144 (0.277)</td>
<td>0.160 (0.291)</td>
</tr>
<tr>
<td>Share in same neighbourhood as parents</td>
<td>0.184 (0.274)</td>
<td>0.178 (0.269)</td>
</tr>
<tr>
<td>Share in diff. neighbourhood but same county as parents</td>
<td>0.308 (0.333)</td>
<td>0.306 (0.333)</td>
</tr>
<tr>
<td>Share in diff. county but same country as parents</td>
<td>0.268 (0.316)</td>
<td>0.265 (0.315)</td>
</tr>
<tr>
<td>Share in diff. country to parents</td>
<td>0.237 (0.310)</td>
<td>0.248 (0.317)</td>
</tr>
<tr>
<td>Share married</td>
<td>0.573 (0.349)</td>
<td>0.596 (0.341)</td>
</tr>
<tr>
<td>Share cohabiting</td>
<td>0.124 (0.227)</td>
<td>0.115 (0.223)</td>
</tr>
<tr>
<td>Share single</td>
<td>0.255 (0.309)</td>
<td>0.235 (0.298)</td>
</tr>
<tr>
<td>Share separated</td>
<td>0.025 (0.095)</td>
<td>0.029 (0.100)</td>
</tr>
<tr>
<td>Share divorced</td>
<td>0.014 (0.077)</td>
<td>0.017 (0.083)</td>
</tr>
<tr>
<td>Share widowed</td>
<td>0.008 (0.068)</td>
<td>0.009 (0.069)</td>
</tr>
<tr>
<td>Share full-time employed</td>
<td>0.656 (0.332)</td>
<td>0.647 (0.340)</td>
</tr>
<tr>
<td>Share part-time employed</td>
<td>0.098 (0.194)</td>
<td>0.098 (0.193)</td>
</tr>
<tr>
<td>Share self-employed</td>
<td>0.069 (0.176)</td>
<td>0.073 (0.181)</td>
</tr>
<tr>
<td>Share unemployed</td>
<td>0.083 (0.189)</td>
<td>0.075 (0.176)</td>
</tr>
<tr>
<td>Share out of workforce</td>
<td>0.094 (0.197)</td>
<td>0.107 (0.211)</td>
</tr>
<tr>
<td><strong>PARENT HOUSEHOLD CHARACTERISTICS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of children</td>
<td>3.475 (1.861)</td>
<td>3.475 (1.861)</td>
</tr>
<tr>
<td>Share of children emotionally close to</td>
<td>0.907 (0.237)</td>
<td>0.913 (0.221)</td>
</tr>
<tr>
<td>Homeowner household</td>
<td>0.877 (0.328)</td>
<td>0.874 (0.332)</td>
</tr>
<tr>
<td>Spouses’ avg. age</td>
<td>68.335 (8.654)</td>
<td>70.380 (8.653)</td>
</tr>
<tr>
<td>HH income (EUR 1,000s)</td>
<td>30.020 (53.554)</td>
<td>25.259 (31.188)</td>
</tr>
<tr>
<td>Average self-rated health poor/fair</td>
<td>0.264 (0.396)</td>
<td>0.230 (0.383)</td>
</tr>
<tr>
<td>Average self-rated health good</td>
<td>0.317 (0.407)</td>
<td>0.336 (0.413)</td>
</tr>
<tr>
<td>Average self-rated health very good/excellent</td>
<td>0.419 (0.441)</td>
<td>0.434 (0.442)</td>
</tr>
<tr>
<td>Average education level primary</td>
<td>0.344 (0.441)</td>
<td>0.344 (0.441)</td>
</tr>
<tr>
<td>Average education level secondary</td>
<td>0.391 (0.431)</td>
<td>0.391 (0.431)</td>
</tr>
<tr>
<td>Average education level third level</td>
<td>0.264 (0.401)</td>
<td>0.264 (0.401)</td>
</tr>
<tr>
<td>Head of Household employed</td>
<td>0.118 (0.323)</td>
<td>0.091 (0.287)</td>
</tr>
<tr>
<td>Head of Household self-employed</td>
<td>0.090 (0.286)</td>
<td>0.091 (0.287)</td>
</tr>
<tr>
<td>Head of Household unemployed</td>
<td>0.043 (0.202)</td>
<td>0.032 (0.176)</td>
</tr>
<tr>
<td>Head of Household retired</td>
<td>0.596 (0.491)</td>
<td>0.644 (0.479)</td>
</tr>
<tr>
<td>Head of Household sick or disabled</td>
<td>0.047 (0.212)</td>
<td>0.045 (0.208)</td>
</tr>
<tr>
<td>Head of Household a homemaker</td>
<td>0.090 (0.286)</td>
<td>0.086 (0.280)</td>
</tr>
<tr>
<td>Head of Household in education</td>
<td>0.003 (0.054)</td>
<td>0.006 (0.076)</td>
</tr>
<tr>
<td>Married</td>
<td>0.482 (0.500)</td>
<td>0.482 (0.500)</td>
</tr>
<tr>
<td>Separated/divorced</td>
<td>0.134 (0.341)</td>
<td>0.134 (0.341)</td>
</tr>
<tr>
<td>Widow</td>
<td>0.373 (0.484)</td>
<td>0.373 (0.484)</td>
</tr>
<tr>
<td>Single (never married)</td>
<td>0.011 (0.103)</td>
<td>0.011 (0.103)</td>
</tr>
<tr>
<td>Observations</td>
<td>1035</td>
<td>1035</td>
</tr>
</tbody>
</table>
Table 6: Probit models of $T_{prob}$ for *inter vivos* transfers, marginal effects at means

<table>
<thead>
<tr>
<th></th>
<th>Small transfer</th>
<th></th>
<th>Large transfer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Wave 1</td>
<td>(2) Wave 2</td>
<td>(3) Wave 1</td>
<td>(4) Wave 2</td>
</tr>
<tr>
<td><strong>CHILDREN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any child provides help</td>
<td>0.11*** (0.03)</td>
<td>0.09*** (0.03)</td>
<td>0.05 (0.03)</td>
<td>0.03 (0.02)</td>
</tr>
<tr>
<td>Avg. age group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged 30-39</td>
<td>-0.07 (0.06)</td>
<td>-0.07 (0.07)</td>
<td>0.11** (0.05)</td>
<td>0.08* (0.05)</td>
</tr>
<tr>
<td>Aged 40+</td>
<td>-0.10 (0.08)</td>
<td>-0.18** (0.09)</td>
<td>-0.05 (0.07)</td>
<td>0.06 (0.05)</td>
</tr>
<tr>
<td>Avg. number of children</td>
<td>0.01 (0.02)</td>
<td>0.01 (0.02)</td>
<td>-0.06*** (0.02)</td>
<td>-0.02 (0.01)</td>
</tr>
<tr>
<td>Share female</td>
<td>0.02 (0.05)</td>
<td>0.03 (0.05)</td>
<td>0.02 (0.05)</td>
<td>0.03 (0.03)</td>
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<tr>
<td>Share with third level degree</td>
<td>-0.05 (0.05)</td>
<td>-0.10** (0.05)</td>
<td>-0.03 (0.04)</td>
<td>0.01 (0.03)</td>
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<tr>
<td>Share owns home in W1</td>
<td>-0.07 (0.06)</td>
<td>-0.06 (0.06)</td>
<td>0.18*** (0.06)</td>
<td>-0.02 (0.04)</td>
</tr>
<tr>
<td>Share in same county as parents</td>
<td>0.05 (0.05)</td>
<td>0.11** (0.05)</td>
<td>-0.02 (0.05)</td>
<td>-0.02 (0.03)</td>
</tr>
<tr>
<td>Share not working</td>
<td>-0.07* (0.04)</td>
<td>0.01 (0.04)</td>
<td>0.02 (0.03)</td>
<td>0.00 (0.02)</td>
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<tr>
<td>Share married</td>
<td>-0.05 (0.08)</td>
<td>0.06 (0.07)</td>
<td>0.01 (0.07)</td>
<td>0.02 (0.04)</td>
</tr>
<tr>
<td>Share cohabiting</td>
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<td>0.16* (0.08)</td>
<td>-0.01 (0.08)</td>
<td>0.07 (0.05)</td>
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<tr>
<td>Share separ./divorced/widow</td>
<td>0.09 (0.08)</td>
<td>0.09 (0.08)</td>
<td>0.01 (0.08)</td>
<td>0.00 (0.05)</td>
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<tr>
<td>Number of children</td>
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<td>-0.01 (0.01)</td>
<td>0.01 (0.01)</td>
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<tr>
<td>Homeowner household</td>
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<td>0.10* (0.05)</td>
<td>0.04 (0.06)</td>
<td>0.03 (0.04)</td>
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<tr>
<td>Spouses’ avg. age</td>
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<td>-0.00 (0.00)</td>
</tr>
<tr>
<td>HH income (EUR 10,000s)</td>
<td>0.04 (0.03)</td>
<td>0.17** (0.08)</td>
<td>0.11* (0.06)</td>
<td>0.03 (0.03)</td>
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<tr>
<td>Avg. self-rated health</td>
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<tr>
<td>Good</td>
<td>0.08 (0.05)</td>
<td>0.07 (0.05)</td>
<td>0.07 (0.05)</td>
<td>0.07** (0.03)</td>
</tr>
<tr>
<td>Very good/excellent</td>
<td>0.14*** (0.05)</td>
<td>0.12** (0.05)</td>
<td>0.08* (0.04)</td>
<td>0.03 (0.03)</td>
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<tr>
<td>Avg. education level</td>
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<tr>
<td>Secondary</td>
<td>0.09** (0.04)</td>
<td>0.14*** (0.04)</td>
<td>0.07* (0.04)</td>
<td>0.11*** (0.03)</td>
</tr>
<tr>
<td>Third level</td>
<td>0.18*** (0.05)</td>
<td>0.10* (0.05)</td>
<td>0.22*** (0.04)</td>
<td>0.11*** (0.03)</td>
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<tr>
<td>Head of HH status</td>
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<tr>
<td>Retired</td>
<td>-0.05 (0.05)</td>
<td>0.11** (0.05)</td>
<td>0.06 (0.04)</td>
<td>0.03 (0.03)</td>
</tr>
<tr>
<td>Not working</td>
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<td>0.05 (0.06)</td>
<td>-0.09 (0.05)</td>
<td>-0.04 (0.04)</td>
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<tr>
<td>Divorced/sep/single</td>
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<td>-0.01 (0.05)</td>
<td>-0.15*** (0.05)</td>
<td>-0.10*** (0.04)</td>
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<td>-0.01 (0.04)</td>
<td>-0.03 (0.04)</td>
<td>-0.05** (0.02)</td>
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<td>1035</td>
<td>1035</td>
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<td>-534.13</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
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<td>0.06</td>
<td>0.14</td>
<td>0.10</td>
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</table>

Robust standard errors in parentheses. * p<0.10, ** p<0.05, *** p<0.01.
Dependent variable: 1 if household makes *inter vivos* transfers, 0 otherwise

Table 7: Probit models of $T_{\text{prob}}$ for planned bequests, marginal effects at means

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<td>Bequest 150k+</td>
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<tr>
<td>Any child provides help</td>
<td>0.01 (0.01)</td>
<td>-0.00 (0.02)</td>
<td>-0.05 (0.03)</td>
</tr>
<tr>
<td><strong>Avg. age group</strong></td>
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</tr>
<tr>
<td>Aged 30-39</td>
<td>-0.04 (0.02)</td>
<td>-0.03 (0.05)</td>
<td>0.01 (0.08)</td>
</tr>
<tr>
<td>Aged 40+</td>
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<td>-0.03 (0.06)</td>
<td>-0.06 (0.09)</td>
</tr>
<tr>
<td>Avg. number of children</td>
<td>0.00 (0.01)</td>
<td>-0.00 (0.01)</td>
<td>-0.03 (0.02)</td>
</tr>
<tr>
<td>Share female</td>
<td>0.03 (0.02)</td>
<td>0.01 (0.03)</td>
<td>0.00 (0.06)</td>
</tr>
<tr>
<td>Share with third level degree</td>
<td>0.02 (0.02)</td>
<td>0.04 (0.03)</td>
<td>0.02 (0.06)</td>
</tr>
<tr>
<td>Share owns home in W1</td>
<td>0.00 (0.02)</td>
<td>0.05 (0.04)</td>
<td>0.16** (0.07)</td>
</tr>
<tr>
<td>Share in same county as parents</td>
<td>-0.02 (0.01)</td>
<td>-0.05* (0.03)</td>
<td>-0.10** (0.05)</td>
</tr>
<tr>
<td>Share not working</td>
<td>0.00 (0.01)</td>
<td>0.03 (0.02)</td>
<td>0.05 (0.04)</td>
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<tr>
<td><strong>Marital status</strong></td>
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<tr>
<td>Share married</td>
<td>-0.01 (0.03)</td>
<td>-0.03 (0.05)</td>
<td>-0.05 (0.08)</td>
</tr>
<tr>
<td>Share cohabiting</td>
<td>-0.01 (0.03)</td>
<td>-0.03 (0.05)</td>
<td>-0.02 (0.09)</td>
</tr>
<tr>
<td>Share separ./divorced/widow</td>
<td>0.00 (0.03)</td>
<td>-0.11** (0.04)</td>
<td>-0.04 (0.08)</td>
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<td><strong>PARENTS</strong></td>
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</tr>
<tr>
<td>Number of children</td>
<td>-0.01** (0.00)</td>
<td>-0.01* (0.01)</td>
<td>-0.01 (0.01)</td>
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<tr>
<td>Homeowner household</td>
<td>0.13*** (0.02)</td>
<td>0.36*** (0.04)</td>
<td>0.67*** (0.08)</td>
</tr>
<tr>
<td>Spouses’ avg. age</td>
<td>0.00* (0.00)</td>
<td>0.00** (0.00)</td>
<td>0.01*** (0.00)</td>
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<td>HH income (EUR 10,000s)</td>
<td>0.17*** (0.05)</td>
<td>0.28*** (0.08)</td>
<td>0.54*** (0.12)</td>
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<tr>
<td><strong>Avg. self-rated health</strong></td>
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<td></td>
</tr>
<tr>
<td>Good</td>
<td>0.01 (0.01)</td>
<td>-0.02 (0.03)</td>
<td>0.07 (0.05)</td>
</tr>
<tr>
<td>Very good/excellent</td>
<td>0.04** (0.02)</td>
<td>0.07** (0.03)</td>
<td>0.11** (0.05)</td>
</tr>
<tr>
<td><strong>Avg. education level</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>-0.00 (0.01)</td>
<td>0.06** (0.02)</td>
<td>0.18*** (0.04)</td>
</tr>
<tr>
<td>Third level</td>
<td>0.04** (0.02)</td>
<td>0.11*** (0.03)</td>
<td>0.30*** (0.05)</td>
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<td><strong>Head of HH status</strong></td>
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</tr>
<tr>
<td>Retired</td>
<td>0.00 (0.02)</td>
<td>-0.01 (0.03)</td>
<td>-0.07 (0.05)</td>
</tr>
<tr>
<td>Not working</td>
<td>0.01 (0.02)</td>
<td>0.02 (0.03)</td>
<td>-0.05 (0.06)</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Divorced/separated/single</td>
<td>-0.01 (0.02)</td>
<td>-0.03 (0.03)</td>
<td>-0.12** (0.06)</td>
</tr>
<tr>
<td>Widow</td>
<td>-0.01 (0.02)</td>
<td>0.00 (0.03)</td>
<td>-0.00 (0.04)</td>
</tr>
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<td><strong>Observations</strong></td>
<td>1035</td>
<td>1035</td>
<td>1035</td>
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<tr>
<td><strong>LogLikelihood</strong></td>
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<td>0.00</td>
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<tr>
<td><strong>PseudoR2</strong></td>
<td>0.37</td>
<td>0.46</td>
<td>0.31</td>
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</tbody>
</table>

Robust standard errors in parentheses. * p<0.10, ** p<0.05, *** p<0.01.
Dependent variable: 1 if parent household reports a positive probability of leaving a bequest, 0 otherwise

Table 8: OLS models of $T_{\text{value}}$ for *inter vivos* transfers, conditional on $T_{\text{value}} > 0$

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<th>Small transfer</th>
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<th>Large transfer</th>
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<tr>
<td></td>
<td>(1) Wave 1</td>
<td>(2) Wave 2</td>
<td>(3) Wave 1</td>
<td>(4) Wave 2</td>
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<tr>
<td><strong>CHILDREN</strong></td>
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</tr>
<tr>
<td>Any child provides help</td>
<td>-1.38</td>
<td>(1.01)</td>
<td>19.57</td>
<td>(19.74)</td>
</tr>
<tr>
<td></td>
<td>-4.86</td>
<td>(4.05)</td>
<td>-4.72</td>
<td>(5.39)</td>
</tr>
<tr>
<td><strong>Avg. age group</strong></td>
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<tr>
<td>Aged 30-39</td>
<td>0.22</td>
<td>(0.89)</td>
<td>2.94</td>
<td>(20.33)</td>
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<td>-2.53</td>
<td>(2.80)</td>
<td>3.49</td>
<td>(6.65)</td>
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<td>Aged 40+</td>
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<td>-17.53</td>
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<td>-0.39</td>
<td>(1.74)</td>
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<td>(11.42)</td>
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<td>Avg. number of children</td>
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<td>(0.76)</td>
<td>-23.81*</td>
<td>(13.10)</td>
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<td>0.76</td>
<td>(0.57)</td>
<td>-9.14*</td>
<td>(4.93)</td>
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<td>Share female</td>
<td>1.19</td>
<td>(1.53)</td>
<td>-39.66</td>
<td>(13.10)</td>
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<td>1.20</td>
<td>(1.32)</td>
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<tr>
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<td>10.12</td>
<td>(18.43)</td>
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<td>(3.07)</td>
<td>2.51</td>
<td>(6.55)</td>
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<td>(2.00)</td>
<td>29.45</td>
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<td>5.75</td>
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<td>(13.37)</td>
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<td>Share in same county as parents</td>
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<td>-31.04*</td>
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<td>(10.20)</td>
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<td>(12.61)</td>
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<td>(12.53)</td>
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<tr>
<td>Number of children</td>
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<td>6.79</td>
<td>(5.70)</td>
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<td>3.91</td>
<td>(3.81)</td>
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<td>(1.15)</td>
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<td>(7.31)</td>
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<tr>
<td>Spouses' avg. age</td>
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<td>(2.14)</td>
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<td>0.06</td>
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<td>(0.67)</td>
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<td>HHI income (EUR 10,000s)</td>
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<td>(1.07)</td>
<td>0.79</td>
<td>(5.31)</td>
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<td>0.53</td>
<td>(0.97)</td>
<td>-2.03</td>
<td>(5.55)</td>
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<td><strong>Avg. self-rated health</strong></td>
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<td>Good</td>
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<td>-12.82</td>
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<td><strong>Avg. education level</strong></td>
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<td>(29.11)</td>
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<td>(11.93)</td>
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<td>(1.08)</td>
<td>-0.67</td>
<td>(6.26)</td>
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<tr>
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<td>-1.78**</td>
<td>(0.85)</td>
<td>5.89</td>
<td>(27.49)</td>
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<td></td>
<td>0.43</td>
<td>(1.31)</td>
<td>-6.89</td>
<td>(6.91)</td>
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<tr>
<td><strong>Marital status</strong></td>
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<tr>
<td>Divorced/separated/single</td>
<td>-0.25</td>
<td>(1.58)</td>
<td>-4.26</td>
<td>(21.98)</td>
</tr>
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<td>(1.09)</td>
<td>1.05</td>
<td>(7.02)</td>
</tr>
<tr>
<td>Widow</td>
<td>0.22</td>
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<td>15.60</td>
<td>(19.56)</td>
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<td>(3.39)</td>
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<td>(3.64)</td>
<td>8.26</td>
<td>(122.84)</td>
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<td>(17.01)</td>
<td>-19.68</td>
<td>(40.63)</td>
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<td>403</td>
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<td>296</td>
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<td><strong>R^2</strong></td>
<td>0.044</td>
<td></td>
<td>0.148</td>
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</table>

Robust standard errors in parentheses. * p<0.10, ** p<0.05, *** p<0.01.
Dependent variable: value of *inter vivos* transfers (EUR 1,000).
Table 9: Models of small *inter vivos* transfers (*T* _prob_ and *T* _value_) in Wave 2 (with additional covariates)

<table>
<thead>
<tr>
<th></th>
<th>Emotional Closeness</th>
<th>Personality</th>
<th>Lagged help</th>
</tr>
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<tr>
<td></td>
<td>(1) Probit mfx</td>
<td>(2) OLS</td>
<td>(3) Probit mfx</td>
</tr>
<tr>
<td>Share of children emotionally close to</td>
<td>-0.001 (0.074)</td>
<td>3.263 (3.377)</td>
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</tr>
<tr>
<td><strong>Parental personality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neuroticism</td>
<td>0.001 (0.003)</td>
<td>0.073 (0.093)</td>
<td></td>
</tr>
<tr>
<td>Extraversion</td>
<td>0.001 (0.004)</td>
<td>0.018 (0.060)</td>
<td></td>
</tr>
<tr>
<td>Openness</td>
<td>-0.000 (0.003)</td>
<td>-0.069 (0.087)</td>
<td></td>
</tr>
<tr>
<td>Agreeableness</td>
<td>0.003 (0.004)</td>
<td>0.047 (0.072)</td>
<td></td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>0.001 (0.004)</td>
<td>0.013 (0.037)</td>
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</tr>
<tr>
<td><strong>CHILDREN</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any child provides help (lagged)</td>
<td>0.091***</td>
<td>(0.034)</td>
<td>0.472 (1.128)</td>
</tr>
<tr>
<td>Any child provides help</td>
<td>0.093*** (0.034)</td>
<td>-4.812 (4.012)</td>
<td>0.087** (0.040)</td>
</tr>
<tr>
<td><strong>Avg. age group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged 30-39</td>
<td>-0.068 (0.071)</td>
<td>-2.636 (2.887)</td>
<td>-0.039 (0.080)</td>
</tr>
<tr>
<td>Aged 40+</td>
<td>-0.183** (0.086)</td>
<td>-0.344 (1.773)</td>
<td>-0.178* (0.097)</td>
</tr>
<tr>
<td><strong>Avg. number of children</strong></td>
<td>0.031 (0.027)</td>
<td>0.819 (0.610)</td>
<td>0.011 (0.022)</td>
</tr>
<tr>
<td>Share female</td>
<td>0.025 (0.054)</td>
<td>1.081 (1.273)</td>
<td>0.022 (0.053)</td>
</tr>
<tr>
<td>Share with third level degree</td>
<td>-0.095* (0.049)</td>
<td>2.418 (2.966)</td>
<td>-0.090* (0.054)</td>
</tr>
<tr>
<td><strong>PARENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of children</td>
<td>-0.013 (0.010)</td>
<td>3.919 (3.816)</td>
<td>-0.013 (0.011)</td>
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<tr>
<td>Homeowner household</td>
<td>0.100* (0.055)</td>
<td>0.862 (1.067)</td>
<td>0.109* (0.064)</td>
</tr>
<tr>
<td>Spouses' avg. age</td>
<td>-0.001 (0.003)</td>
<td>0.063 (0.099)</td>
<td>-0.002 (0.004)</td>
</tr>
<tr>
<td>HH income (EUR 10,000s)</td>
<td>0.168** (0.078)</td>
<td>0.524 (0.908)</td>
<td>0.170** (0.086)</td>
</tr>
<tr>
<td><strong>Avg. self-rated health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>0.073 (0.050)</td>
<td>3.098 (3.824)</td>
<td>-0.004 (0.060)</td>
</tr>
<tr>
<td>Very good/excellent</td>
<td>0.117** (0.048)</td>
<td>-2.329 (1.812)</td>
<td>0.054 (0.058)</td>
</tr>
<tr>
<td><strong>Avg. education level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>0.137*** (0.043)</td>
<td>0.999 (1.365)</td>
<td>0.155*** (0.051)</td>
</tr>
<tr>
<td>Third level</td>
<td>0.095* (0.049)</td>
<td>0.772 (1.242)</td>
<td>0.118** (0.058)</td>
</tr>
<tr>
<td><strong>Head of HH status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retired</td>
<td>0.107** (0.046)</td>
<td>0.851 (1.136)</td>
<td>0.137** (0.054)</td>
</tr>
<tr>
<td>Not working</td>
<td>0.053 (0.057)</td>
<td>0.542 (1.384)</td>
<td>0.071 (0.067)</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divorced/separated/single</td>
<td>-0.004 (0.055)</td>
<td>-0.241 (1.138)</td>
<td>-0.005 (0.064)</td>
</tr>
<tr>
<td>Widow</td>
<td>-0.014 (0.040)</td>
<td>-3.880 (3.335)</td>
<td>0.031 (0.047)</td>
</tr>
<tr>
<td><strong>Constant</strong></td>
<td>-18.974 (19.290)</td>
<td>-0.591 (3.310)</td>
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</tr>
<tr>
<td>Observations</td>
<td>1034</td>
<td>406</td>
<td>803</td>
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<tr>
<td><strong>R</strong>^2</td>
<td>0.072</td>
<td>0.056</td>
<td>0.064</td>
</tr>
<tr>
<td>LogLikelihood</td>
<td>-651.754</td>
<td>-511.019</td>
<td>-652.238</td>
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<tr>
<td>PChi2</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>PseudoR2</td>
<td>0.059</td>
<td>0.058</td>
<td>0.059</td>
</tr>
</tbody>
</table>

Robust standard errors in parentheses. * p < 0.10, ** p < 0.05, *** p < 0.01.

Dependent variable in Models 1, 3 and 5: 1 if household makes small *inter vivos* transfers, 0 otherwise.

Dependent variable in Models 2, 4 and 6: value of small *inter vivos* transfers (EUR 1,000).

Table 10: Fixed effects Logit ($T_{\text{prob}}$)

<table>
<thead>
<tr>
<th></th>
<th>(1) FE Logit</th>
<th>(2) FE Logit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHILDREN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any child provides help</td>
<td>0.106</td>
<td>(0.204)</td>
</tr>
<tr>
<td>Daily hours help provided</td>
<td></td>
<td>0.366*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.210)</td>
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<tr>
<td><strong>Avg. age group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged 30-39</td>
<td>-0.584</td>
<td>(0.467)</td>
</tr>
<tr>
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<td>-0.590</td>
<td>(0.470)</td>
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<tr>
<td>Aged 40+</td>
<td>-0.484</td>
<td>(0.617)</td>
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<td>-0.505</td>
<td>(0.620)</td>
</tr>
<tr>
<td>Share with third level degree</td>
<td>0.382 (0.583)</td>
<td>0.371 (0.582)</td>
</tr>
<tr>
<td>Share in same county as parents</td>
<td>-0.696 (0.631)</td>
<td>-0.714 (0.632)</td>
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<tr>
<td>Share not working</td>
<td>-0.065</td>
<td>(0.343)</td>
</tr>
<tr>
<td></td>
<td>-0.120</td>
<td>(0.347)</td>
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<tr>
<td><strong>Marital status</strong></td>
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<tr>
<td>Share married</td>
<td>1.598</td>
<td>(1.034)</td>
</tr>
<tr>
<td></td>
<td>1.618</td>
<td>(1.040)</td>
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<tr>
<td>Share cohabiting</td>
<td>0.333</td>
<td>(0.887)</td>
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<td></td>
<td>0.323</td>
<td>(0.888)</td>
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<td>Share separ./divorced/widow</td>
<td>1.194 (1.128)</td>
<td>1.253 (1.142)</td>
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<td>Homeowner household</td>
<td>0.142</td>
<td>(0.626)</td>
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<td>0.102</td>
<td>(0.629)</td>
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<tr>
<td>Spouses’ avg. age</td>
<td>0.019</td>
<td>(0.061)</td>
</tr>
<tr>
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<td>0.010</td>
<td>(0.061)</td>
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<td>HH income (EUR 10,000s)</td>
<td>0.612</td>
<td>(0.423)</td>
</tr>
<tr>
<td></td>
<td>0.596</td>
<td>(0.420)</td>
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<tr>
<td><strong>Avg. self-rated health</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>-0.034</td>
<td>(0.307)</td>
</tr>
<tr>
<td></td>
<td>-0.004</td>
<td>(0.308)</td>
</tr>
<tr>
<td>Very good/excellent</td>
<td>0.291</td>
<td>(0.382)</td>
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<td>0.315</td>
<td>(0.383)</td>
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<td><strong>Head of HH status</strong></td>
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<tr>
<td>Retired</td>
<td>0.208</td>
<td>(0.369)</td>
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<td>0.192</td>
<td>(0.369)</td>
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<tr>
<td>Not working</td>
<td>-0.043</td>
<td>(0.404)</td>
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<td>(0.402)</td>
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<td>Observations</td>
<td>660</td>
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</tbody>
</table>

Robust standard errors in parentheses. * p<0.10, ** p<0.05, *** p<0.01.

References


A  Continuous measure of help (hours per day)

Table 11: Probit models of $T_{prob}$ using help hours, marginal effects at means

<table>
<thead>
<tr>
<th></th>
<th>Small transfer</th>
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<th>Large transfer</th>
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<td>(2) Wave 2</td>
<td>(3) Wave 1</td>
<td>(4) Wave 2</td>
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<tr>
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<tr>
<td>Daily hours help provided</td>
<td>0.15***</td>
<td>0.04</td>
<td>0.02</td>
<td>-0.01</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.03)</td>
<td>(0.03)</td>
<td>(0.02)</td>
</tr>
<tr>
<td><strong>Avg. age group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged 30-39</td>
<td>-0.08</td>
<td>-0.07</td>
<td>0.10*</td>
<td>0.08*</td>
</tr>
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<td></td>
<td>(0.06)</td>
<td>(0.07)</td>
<td>(0.05)</td>
<td>(0.05)</td>
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<tr>
<td>Aged 40+</td>
<td>-0.11</td>
<td>-0.19**</td>
<td>-0.05</td>
<td>0.06</td>
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<td>(0.08)</td>
<td>(0.09)</td>
<td>(0.07)</td>
<td>(0.05)</td>
</tr>
<tr>
<td><strong>Avg. number of children</strong></td>
<td>0.01</td>
<td>0.01</td>
<td>-0.06***</td>
<td>-0.02</td>
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<td>(0.02)</td>
<td>(0.02)</td>
<td>(0.02)</td>
<td>(0.01)</td>
</tr>
<tr>
<td><strong>Share female</strong></td>
<td>0.01</td>
<td>0.03</td>
<td>0.02</td>
<td>0.03</td>
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<tr>
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<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.04)</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Share with third level degree</strong></td>
<td>-0.05</td>
<td>-0.11**</td>
<td>-0.03</td>
<td>0.01</td>
</tr>
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<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.04)</td>
<td>(0.03)</td>
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<tr>
<td><strong>Share owns home in W1</strong></td>
<td>-0.08</td>
<td>-0.06</td>
<td>0.18***</td>
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<td>(0.06)</td>
<td>(0.06)</td>
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<td>(0.04)</td>
</tr>
<tr>
<td><strong>Share in same county as parents</strong></td>
<td>0.06</td>
<td>0.12***</td>
<td>-0.01</td>
<td>-0.01</td>
</tr>
<tr>
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<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Share not working</strong></td>
<td>-0.08**</td>
<td>0.01</td>
<td>0.01</td>
<td>0.00</td>
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<tr>
<td></td>
<td>(0.04)</td>
<td>(0.04)</td>
<td>(0.03)</td>
<td>(0.02)</td>
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<tr>
<td><strong>Marital status</strong></td>
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</tr>
<tr>
<td>Share married</td>
<td>-0.05</td>
<td>0.06</td>
<td>0.02</td>
<td>0.02</td>
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<td>(0.07)</td>
<td>(0.07)</td>
<td>(0.04)</td>
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<td>Share cohabiting</td>
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<td>0.16*</td>
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<td>(0.05)</td>
</tr>
<tr>
<td>Share separ./divorced/widow</td>
<td>0.10</td>
<td>0.07</td>
<td>0.01</td>
<td>-0.00</td>
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<td>(0.08)</td>
<td>(0.08)</td>
<td>(0.08)</td>
<td>(0.05)</td>
</tr>
<tr>
<td><strong>PARENTS</strong></td>
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<tr>
<td>Number of children</td>
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<td>(0.01)</td>
<td>(0.01)</td>
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<tr>
<td>Homeowner household</td>
<td>0.09</td>
<td>0.10*</td>
<td>0.04</td>
<td>0.03</td>
</tr>
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<td>(0.06)</td>
<td>(0.05)</td>
<td>(0.06)</td>
<td>(0.04)</td>
</tr>
<tr>
<td>Spouses’ avg. age</td>
<td>-0.00</td>
<td>-0.00</td>
<td>-0.00</td>
<td>0.00</td>
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<td>(0.00)</td>
<td>(0.00)</td>
<td>(0.00)</td>
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</tr>
<tr>
<td>HH income (EUR 10,000s)</td>
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<td>0.17**</td>
<td>0.11*</td>
<td>0.03</td>
</tr>
<tr>
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<td>(0.04)</td>
<td>(0.08)</td>
<td>(0.06)</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Avg. self-rated health</strong></td>
<td>0.08</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07**</td>
</tr>
<tr>
<td>Good</td>
<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.03)</td>
</tr>
<tr>
<td>Very good/excellent</td>
<td>0.14***</td>
<td>0.12**</td>
<td>0.08*</td>
<td>0.03</td>
</tr>
<tr>
<td></td>
<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.04)</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Avg. education level</strong></td>
<td>0.10**</td>
<td>0.13***</td>
<td>0.07*</td>
<td>0.10***</td>
</tr>
<tr>
<td>Secondary</td>
<td>(0.04)</td>
<td>(0.04)</td>
<td>(0.04)</td>
<td>(0.03)</td>
</tr>
<tr>
<td>Third level</td>
<td>0.19***</td>
<td>0.09*</td>
<td>0.22***</td>
<td>0.11***</td>
</tr>
<tr>
<td></td>
<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.04)</td>
<td>(0.03)</td>
</tr>
<tr>
<td><strong>Head of HH status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retired</td>
<td>-0.05</td>
<td>0.10**</td>
<td>0.05</td>
<td>0.02</td>
</tr>
<tr>
<td>Not working</td>
<td>-0.18***</td>
<td>0.05</td>
<td>-0.09*</td>
<td>-0.05</td>
</tr>
<tr>
<td></td>
<td>(0.06)</td>
<td>(0.06)</td>
<td>(0.05)</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divorced/separated/single</td>
<td>-0.06</td>
<td>-0.00</td>
<td>-0.15***</td>
<td>-0.10**</td>
</tr>
<tr>
<td></td>
<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.05)</td>
<td>(0.04)</td>
</tr>
<tr>
<td>Widow</td>
<td>-0.09**</td>
<td>0.00</td>
<td>-0.03</td>
<td>-0.05**</td>
</tr>
<tr>
<td></td>
<td>(0.04)</td>
<td>(0.04)</td>
<td>(0.04)</td>
<td>(0.02)</td>
</tr>
</tbody>
</table>

Observations 1034 1035 1035 1035
LogLikelihood -622.13 -654.89 -534.93 -373.10
Pchi2 0.00 0.00 0.00 0.00
PseudoR2 0.10 0.06 0.14 0.09

Robust standard errors in parentheses. * p<0.10, ** p<0.05, *** p<0.01.
Dependent variable: 1 if household makes inter vivos transfers, 0 otherwise
Table 12: Probit models of $T_{\text{prob}}$ for planned bequests (marginal effects at means), using help hours

<table>
<thead>
<tr>
<th></th>
<th>(1) Any bequest</th>
<th>(2) Bequest 50k+</th>
<th>(3) Bequest 150k+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHILDREN</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily hours help provided</td>
<td>0.01 (0.01)</td>
<td>0.01 (0.02)</td>
<td>0.02 (0.02)</td>
</tr>
<tr>
<td><strong>Avg. age group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged 30-39</td>
<td>-0.04 (0.02)</td>
<td>-0.03 (0.05)</td>
<td>0.02 (0.08)</td>
</tr>
<tr>
<td>Aged 40+</td>
<td>-0.03 (0.03)</td>
<td>-0.03 (0.06)</td>
<td>-0.06 (0.09)</td>
</tr>
<tr>
<td>Avg. number of children</td>
<td>0.00 (0.01)</td>
<td>-0.00 (0.01)</td>
<td>-0.04 (0.02)</td>
</tr>
<tr>
<td>Share female</td>
<td>0.03 (0.02)</td>
<td>0.01 (0.03)</td>
<td>0.00 (0.06)</td>
</tr>
<tr>
<td>Share with third level degree</td>
<td>0.02 (0.02)</td>
<td>0.04 (0.03)</td>
<td>0.02 (0.06)</td>
</tr>
<tr>
<td>Share owns home in W1</td>
<td>0.00 (0.02)</td>
<td>0.05 (0.04)</td>
<td>0.16** (0.07)</td>
</tr>
<tr>
<td>Share in same county as parents</td>
<td>-0.01 (0.01)</td>
<td>-0.05* (0.03)</td>
<td>-0.11** (0.05)</td>
</tr>
<tr>
<td>Share not working</td>
<td>0.00 (0.01)</td>
<td>0.03 (0.02)</td>
<td>0.05 (0.04)</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share married</td>
<td>-0.01 (0.03)</td>
<td>-0.03 (0.05)</td>
<td>-0.04 (0.08)</td>
</tr>
<tr>
<td>Share cohabiting</td>
<td>-0.01 (0.03)</td>
<td>-0.03 (0.05)</td>
<td>-0.02 (0.09)</td>
</tr>
<tr>
<td>Share separ./divorced/widow</td>
<td>-0.00 (0.03)</td>
<td>-0.10** (0.04)</td>
<td>-0.02 (0.08)</td>
</tr>
<tr>
<td><strong>PARENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of children</td>
<td>-0.01** (0.00)</td>
<td>-0.01* (0.01)</td>
<td>-0.01 (0.01)</td>
</tr>
<tr>
<td>Homeowner household</td>
<td>0.13*** (0.02)</td>
<td>0.36*** (0.04)</td>
<td>0.67*** (0.08)</td>
</tr>
<tr>
<td>Spouses’ avg. age</td>
<td>0.00* (0.00)</td>
<td>0.00** (0.00)</td>
<td>0.01*** (0.00)</td>
</tr>
<tr>
<td>HH income (EUR 10,000s)</td>
<td>0.17*** (0.05)</td>
<td>0.27*** (0.08)</td>
<td>0.52*** (0.12)</td>
</tr>
<tr>
<td><strong>Avg. self-rated health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>0.01 (0.01)</td>
<td>-0.02 (0.03)</td>
<td>0.07 (0.05)</td>
</tr>
<tr>
<td>Very good/excellent</td>
<td>0.04** (0.02)</td>
<td>0.06** (0.03)</td>
<td>0.11** (0.05)</td>
</tr>
<tr>
<td><strong>Avg. education level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>-0.00 (0.01)</td>
<td>0.06** (0.02)</td>
<td>0.19*** (0.04)</td>
</tr>
<tr>
<td>Third level</td>
<td>0.04** (0.02)</td>
<td>0.11*** (0.03)</td>
<td>0.32*** (0.05)</td>
</tr>
<tr>
<td><strong>Head of HH status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retired</td>
<td>0.00 (0.02)</td>
<td>-0.01 (0.03)</td>
<td>-0.07 (0.05)</td>
</tr>
<tr>
<td>Not working</td>
<td>0.01 (0.02)</td>
<td>0.02 (0.03)</td>
<td>-0.05 (0.06)</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divorced/separated/single</td>
<td>-0.01 (0.02)</td>
<td>-0.03 (0.03)</td>
<td>-0.12** (0.06)</td>
</tr>
<tr>
<td>Widow</td>
<td>-0.01 (0.01)</td>
<td>0.00 (0.03)</td>
<td>-0.01 (0.04)</td>
</tr>
<tr>
<td><strong>Observations</strong></td>
<td>1035</td>
<td>1035</td>
<td>1035</td>
</tr>
<tr>
<td>LogLikelihood</td>
<td>-210.63</td>
<td>-257.01</td>
<td>-451.72</td>
</tr>
<tr>
<td>Pchi2</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>PseudoR2</td>
<td>0.37</td>
<td>0.46</td>
<td>0.31</td>
</tr>
</tbody>
</table>

Robust standard errors in parentheses. * p<0.10, ** p<0.05, *** p<0.01.
Dependent variable: 1 if household plans to leave a bequest with a positive probability, 0 otherwise.

Table 13: OLS models of $T_{value}$ for *inter vivos* transfers conditional on $T_{value} > 0$, using help hours

<table>
<thead>
<tr>
<th></th>
<th>Small transfer</th>
<th>Large transfer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Wave 1</td>
<td>(2) Wave 2</td>
<td>(3) Wave 1</td>
</tr>
<tr>
<td><strong>CHILDREN</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily hours help provided</td>
<td>-0.39 (0.46)</td>
<td>-1.77 (1.66)</td>
<td>23.44 (17.18)</td>
</tr>
<tr>
<td>Avg. age group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aged 30-39</td>
<td>0.26 (0.91)</td>
<td>-3.12 (3.25)</td>
<td>0.22 (19.74)</td>
</tr>
<tr>
<td>Aged 40+</td>
<td>-2.12 (1.89)</td>
<td>-1.28 (1.59)</td>
<td>-21.41 (31.45)</td>
</tr>
<tr>
<td>Avg. number of children</td>
<td>0.25 (0.76)</td>
<td>0.60 (0.54)</td>
<td>-24.38* (13.28)</td>
</tr>
<tr>
<td>Share female</td>
<td>1.21 (1.54)</td>
<td>0.64 (1.10)</td>
<td>-38.61 (26.91)</td>
</tr>
<tr>
<td>Share with third level degree</td>
<td>0.57 (1.28)</td>
<td>2.94 (3.37)</td>
<td>9.63 (18.05)</td>
</tr>
<tr>
<td>Share owns home in W1</td>
<td>2.45 (2.05)</td>
<td>5.18 (3.34)</td>
<td>30.44 (26.65)</td>
</tr>
<tr>
<td>Share in same county as parents</td>
<td>-2.22 (1.58)</td>
<td>1.37 (2.75)</td>
<td>-26.55 (16.44)</td>
</tr>
<tr>
<td>Share not working</td>
<td>0.84 (1.90)</td>
<td>1.92 (1.54)</td>
<td>-26.98 (16.40)</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share married</td>
<td>-1.55 (1.79)</td>
<td>-3.59 (2.79)</td>
<td>-37.74 (38.04)</td>
</tr>
<tr>
<td>Share cohabiting</td>
<td>-2.37 (2.50)</td>
<td>2.83 (3.90)</td>
<td>-31.38 (39.22)</td>
</tr>
<tr>
<td>Share separ./divorced/widow</td>
<td>-3.03 (2.10)</td>
<td>-3.46 (3.21)</td>
<td>134.38 (98.85)</td>
</tr>
<tr>
<td><strong>PARENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of children</td>
<td>0.28 (0.24)</td>
<td>3.78 (3.72)</td>
<td>6.68 (5.64)</td>
</tr>
<tr>
<td>Homeowner household</td>
<td>0.57 (1.08)</td>
<td>0.48 (0.93)</td>
<td>-86.47 (62.70)</td>
</tr>
<tr>
<td>Spouses’ avg. age</td>
<td>-0.00 (0.06)</td>
<td>0.07 (0.10)</td>
<td>3.22 (2.20)</td>
</tr>
<tr>
<td>HHI income (EUR 10,000s)</td>
<td>1.65 (1.07)</td>
<td>0.49 (0.97)</td>
<td>0.03 (5.89)</td>
</tr>
<tr>
<td>Avg. self-rated health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>-0.78 (1.26)</td>
<td>3.86 (4.42)</td>
<td>-12.87 (28.37)</td>
</tr>
<tr>
<td>Very good/excellent</td>
<td>-0.62 (1.58)</td>
<td>-1.98 (1.59)</td>
<td>-2.77 (26.44)</td>
</tr>
<tr>
<td>Avg. education level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>-0.60 (0.95)</td>
<td>0.91 (1.30)</td>
<td>-48.12* (29.05)</td>
</tr>
<tr>
<td>Third level</td>
<td>0.49 (1.79)</td>
<td>1.23 (1.23)</td>
<td>-27.58 (29.84)</td>
</tr>
<tr>
<td><strong>Head of HH status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retired</td>
<td>1.34 (1.93)</td>
<td>0.86 (1.11)</td>
<td>-0.17 (19.68)</td>
</tr>
<tr>
<td>Not working</td>
<td>-1.60* (0.86)</td>
<td>0.44 (1.29)</td>
<td>-35.18 (28.69)</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divorced/separated/single</td>
<td>-0.12 (1.60)</td>
<td>-1.06 (1.09)</td>
<td>-3.97 (21.83)</td>
</tr>
<tr>
<td>Widow</td>
<td>0.13 (1.04)</td>
<td>-4.83 (4.10)</td>
<td>15.82 (19.69)</td>
</tr>
<tr>
<td>Constant</td>
<td>1.74 (3.53)</td>
<td>-16.46 (17.19)</td>
<td>6.50 (123.47)</td>
</tr>
<tr>
<td>Observations</td>
<td>403</td>
<td>406</td>
<td>296</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.042</td>
<td>0.066</td>
<td>0.149</td>
</tr>
</tbody>
</table>

Robust standard errors in parentheses. * p<0.10, ** p<0.05, *** p<0.01.

Dependent variable: value of *inter vivos* transfers a family makes (EUR 1,000)

B Gifts and bequests in Ireland

B.1 Capital Acquisitions Tax

In Ireland, Capital Acquisitions Tax (CAT) is payable on gifts and bequests. Gifts include transfers of cash, valuables, property, and financial assets. There are three tax-exemption thresholds, depending on the relationship between the donor and the recipient. The thresholds can be reached either by a single gift or by a series of gifts over a longer time period. Both the tax-exemption thresholds and the CAT rate payable on the balance have changed between the collection of Wave 1 and Wave 2 of TILDA data, as is apparent in Table 14.

Table 14: CAT exempt thresholds for gift tax by donor group type, and CAT rate due on the balance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Son/Daughter</td>
<td>EUR 434,000</td>
<td>EUR 414,799</td>
<td>EUR 332,084</td>
<td>EUR 332,084</td>
<td>EUR 250,000</td>
<td>EUR 225,000</td>
</tr>
<tr>
<td>Brother/Sister/Niece/Nephew/Grandchild/Parent</td>
<td>EUR 43,400</td>
<td>EUR 41,481</td>
<td>EUR 33,208</td>
<td>EUR 33,208</td>
<td>EUR 33,500</td>
<td>EUR 30,150</td>
</tr>
<tr>
<td>Other</td>
<td>EUR 21,700</td>
<td>EUR 20,740</td>
<td>EUR 16,604</td>
<td>EUR 16,604</td>
<td>EUR 16,750</td>
<td>EUR 15,075</td>
</tr>
<tr>
<td>CAT rate on balance</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>30</td>
<td>33</td>
</tr>
</tbody>
</table>

The main exemptions from CAT are:

- the first EUR 3,000 of all gifts taken by a recipient from one donor in any calendar year (does not apply to bequests).\(^{35}\)
- a gift between spouses or civil partners.
- 90 per cent of the value of a family business (or farm) is exempt from CAT when transferring it to a lineal descendant (child, grandchild, great-grandchild, etc.) if the descendant qualifies as working in the family business (or farm).

\(^{35}\)Under certain conditions, property in which the recipient has been residing may also be gifted without gift tax liability. However, the analysis in this chapter focuses on households with non-resident children only, and the TILDA dataset does not contain information about whether any non-resident children are residing in properties owned by their parents.
B.2 Division of bequests

When a person dies, everything they owned is referred to as the deceased’s estate. After payment of debts and taxes, the estate is divided among the beneficiaries in accordance with the deceased’s will, or as per the details set in the Succession Act of 1965 (The Office of the Attorney General, 1965).

B.2.1 If there is a will

In Ireland in general, people can divide their estate freely, however the Succession Act set certain legal rights of spouses (and civil partners) and children. The spouse (or civil partner) is legally entitled to 1/2 of the estate if there are no children, and to 1/3 of the estate if there are children. Children do not have any absolute right to inherit their parent’s estate. However, a child may appeal if they feel that they have not been adequately provided for.

B.2.2 If there is no will

If the deceased had no will, the estate is divided among the closest relatives in accordance with rules set out in the Succession Act. Some of the details of the Act are that if the deceased has:

- a surviving spouse (or civil partner) but no children: spouse inherits the estate
- surviving children (or their lineal descendants) but no surviving spouse (or civil partner): children inherit the estate
- both a spouse (or civil partner) and children: the spouse inherits 2/3, and the children (or their descendants if the children have deceased) inherit 1/3 of the estate
- neither a surviving spouse (or civil partner) nor lineal descendants: the estate is divided between either the deceased’s parents, brothers and sisters, nephews and nieces, closer living relatives, or next of kin, depending on who exist
- no relatives: the estate goes to the State