Intergenerational transfers: Realising the value of the UKs ageing population

The hegemonic discourse prevalent within society denotes that the ageing population presents a growing burden for younger generations. However, this discourse does not take account of the growing potential of the ageing population owing to transitions in both demography and epidemiology. Contrary to this overriding narrative, contemporary research indicates that the older population holds enormous value in providing intergenerational transfers over a life course. As shall be discussed, the flow of intergenerational transfers is largely downwards from older adults to their children and grandchildren. Greater attention lent to such intergenerational transfers will help highlight some of the values the UK's ageing population presents.

The UK is currently experiencing the latter stages of the demographic transition where fertility and mortality rates are low; the total fertility rate (TFR) dropped below the replacement level around 1950, whilst the life expectancy at birth for a male increased by 12.7 years between 1950 and 2015 and 11.2 years for a female.[1] In this current stage of the demographic transition the primary driver of population ageing is the low mortality rate, especially in the older age-group. Within this older age-group, the proportion of 'very old' individuals has risen at a significant pace; in 1901 the populated aged 75 and over was 0.5%, by 2025 this is expected to rise to 5.4%.[2]

Due to the discussed declines in mortality, the number of generations alive simultaneously has increased significantly. Research has shown that for those born in 1900, by the age of 30 only 21% had any grandparents alive, whereas today 91% of people aged 20 will have at least one grand-parent alive.[3]

However, such changes have been accompanied by what has been termed the "second demographic transition." This relates to the changes in family behaviours across Western Europe. These behaviours include: increases in divorce rates (between 1950 and 2015 the number of divorces per 1,000 increased from 2.8 to 8.5 in England and Wales)[4]; decreases in the mean household size in England and Wales (between 1951 and 2011 the mean household size de-creased from 3.1 to 2.3)[5]; and reduced childbearing (the TFR in the UK has decreased from 2.08 in 1950 to 1.8 in 2015)[6]. This second demographic transition has been catalysed by attitudinal shifts.

Accordingly, although there has been an increase in the number of parents and grandparents alive concurrently since the early 20th century due to the epidemiological transition, there has been a simultaneous reduction in the number of siblings and extended family members due to the transition in fertility rates. Therefore, the micro context in which intergenerational, spousal and sibling relationships function has changed significantly. The question which therefore arises is whether the reconstitution of family structure will affect the supply of intergenerational transfers available across a lifetime? Research suggests that the increased longevity of older family members over the course of the last century represents a newfound source of intergenerational support which is available for younger generations to utilise.

Broadly, intergenerational relations and transfers can be measured through three main indicators: space; time; and money. In the subsequent sections, I wish to discuss each of the three indicators and demonstrate that older people are in fact the net givers of intergenerational transfers that predominantly flow downwards from older to young family generations.

Space

As discussed, the number of older people surviving with a spouse has dramatically improved over the last century, this has been driven by increases in life expectancy, particularly amongst men. The percentage of older women living with only spouse in Britain has increased from 10% in 1891 to 35% in 1991, whilst the percentage of older men has increased from 16% to 62%.[7] The increased longevity of spouses will help reduce the pressure on children to support their older parents in terms of living arrangements.

Due to the increased longevity of grandparents, there has also been an increase in the number of multi-generational households. Although there is limited data within the UK on the living arrangements of grandparents and grandchildren[8], using data from the US we can a greater understanding that grandparents are usually the heads of these multi-generational households who provide some form of care to their grandchildren in some capacity. In a MetLife Study, 20% of grandparents surveyed consider themselves to be living in multi-generational households. Of grandparents in multi-generational homes, 30% have grandchildren living in their household with them.[9] This evidence suggests that younger generations are increasingly becoming less burdened by their older relatives, in fact there is a growing trend of older relatives providing housing for younger generations.

Time

Providing care for grandchildren on a supplemental basis is a common occurrence across the world. This is becoming an increasingly common occurrence as ageing is no longer associated with frailty and dependency. People today now spend their 'extra years' in good health and are therefore able to remain a source of informal care for a longer period of time.[10]

In Britain, on average, 17% of grandparents with a grandchild under 16 years of age provide approximately 10 hours of childcare per week, and around 3.3% provide full-time care to their grandchildren.[11] Such high rates of informal care are likely influenced by the increasing prevalence of women in the labour market and the growth of single-parent households in the UK: in the UK the employment rate among women of 'prime working age' (aged 25-54) has increased from 57% in 1975 to 78% in 2017[12]; and the proportion of lone parents with dependent children had increased 3.5 times between 1961 and 2007.[13] Such trends not only highlight the importance of grandparents as informal caregivers, but also indicate that if these trends continue to rise, the demand for grandparental care shall likewise continue to rise.

Evidence suggests that supplemental care provided by grandparents leads to positive effects on not only intergenerational relations as grandparents serve as important role models in the socialisation of their grandchildren,[14] but also on grandparental health. There is no substantial evidence to suggest that caring for grandchildren has dramatic and widespread negative effects on grandparents' health and behaviour.[15] Grandparents who provide a supplemental level of care to their grandchildren actually increase the probability of postponing or preventing the onset of dementia. As research has shown, brain cells need to stay active to maintain their connections with other neurons.[16] These connections begin to diminish if a cell does not use them to communicate. As evidenced by the Lancet Commission on Dementia, physical exercise and intellectual stimulation over one's lifespan is a key determinant in reducing the risk of dementia in old age.[17] Thus, grandparents may indirectly be improving their health by delivering informal care for their grandchildren.

Money

Combined with the favourable health situation many older people find themselves in the UK, many older people also benefit from favourable financial situations relative to young adults. In this vein, grandparents are expected to play an increasingly pivotal role in the financial support of their adult children and grandchildren.

Intergenerational patterns of financial support largely flow downwards from the older generations to younger generations. In 2010 it was estimated that 20.4% of grandparents reportedly gave money to grandchildren, this money was not of insignificant amount; those aged

between 80 and 84 reportedly gave £213.13 per annum.[18] Across England, grandparents gave a cumulative total of £333.8million to their grandchildren in 2010. Naturally, there were differentials in the total money given depending on grandparental characteristics: on average married grandparents gave more, as a proportion, than grandparents of any other relationship status (21.53%; £142.70 per annum); and retired and self-employed grandparents gave the largest amount (£152.09 and £158.82 per annum respectively).[19] Although we note there are huge regional variations to the amount of money transferred from grandparents to grandchildren, these figures give a strong indication that intergenerational monetary flow between grandparents and grandchildren is largely downwards.

In light of the growing cost of living, grandparents will have a greater dependency placed upon their financial transfers. For example, at present approximately 3% of grandparents have helped fund the university education costs of their grandchildren, however this figure is expected to rise by 10% in the next ten years.[20]

From the three indicators of intergenerational transfers discussed, research demonstrates that the flow of intergenerational transfers are largely downwards from older to younger generations. These intergenerational transfers will likely grow in importance and quantity in light of the second demographic transition discussed in this paper. Accordingly, the narrative that older generations will become more burdensome to younger generations is not founded on sound ground; older generations will in fact play an increasingly important role in the future of younger generations.

Care England
www.careengland.org.uk @careengland
February 2020

For any further queries please contact George Appleton, Policy and Public Affairs Officer at Care England gappleton@careengland.org.uk

1. Roser, M (2017). Fertility Rates. Our World in Data. Available at: https://ourworldindata.org/fertility-rate
2. Tinker, A. (2014). Older People in Modern Society. 4th Edition. London: Routledge.
3. Uhlenberg, P. (1996). Mutual attraction: Demography and life-course analysis. Gerontologist, 36, 226–229.
4. ONS (2017). Divorces in England and Wales: 2015. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/divorce/bulletins/divorcesinenglandandwales/2015
5. ONS (2014). Households and Household Composition in England and Wales: 2001-11. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/articles/householdsandhousehold-compositioninenglandandwales/2014-05-29
6. Roser, M (2017). Fertility Rates. Our World in Data. Available at: https://ourworldindata.org/fertility-rate
7. Grundy, E. (1999). Changing role of the family and community in providing support for the elderly. Population ageing: Challenges for policies and programmes in developed and developing countries. R. Cliquetand M. Nizamuddin. Geneva, UNFPA.
8. Glaser K, Stuchbury R, Price D, Di Gessa G, Ribe E, Tinker A. (2018). Trends in the prevalence of grandparents living with grandchild(ren) in selected European countries and the United States. Eur J Ageing. 15(3):237–250.
9. MetLife. (2012). 'Grandparents Investing in Grandchildren: The MetLife Study on How Grandparents Share, Their Time, Values, and Money.' Mature Market Institute.
10. Cavendish, C. (2019). 'Extra Time: 10 Lessons for an Ageing World.' Harper Collins Publishers.
11. Glaser, K. et al. (2013). Grandparenting in Europe: family policy and grandparents' role in providing childcare. Grandparents Plus, London.
12. Roantree, B. and Vira, K. (2018). The rise and rise of women's employment in the UK. IFS Briefing Paper BN234.
13. Hunt, S. (2009). Family Trends British families since the 1950s. Family and Parenting Institute. The Lavenham Press Ltd.
14. Bengston, V. (2001). Beyond the Nuclear Family: The Increasing Importance of Multigenerational Bonds. Journal of Marriage and Family. 63: 1–16
15. Hughes, M., Waite, L., LaPierre, T. and Luo, Y. (2007). 'All in the Family: The Impact of Caring for Grandchildren on Grandparents' Health.' The Journals of Gerontology. Series B, Psychological Sciences and Social Sciences. 62(2): 108-119.
16. Cavendish, C. (2019). 'Extra Time: 10 Lessons for an Ageing World.' Harper Collins Publishers.
17. Livingston, G. et al. (2017). 'Dementia prevention, intervention, and care.' The Lancet Commission on Dementia.
18. Beach, B. (2013). Grandparental Generosity: Financial transfers from grandparents to grandchildren. International Longevity Centre, UK.
19. Beach, B. (2013). Grandparental Generosity: Financial transfers from grandparents to grandchildren. International Longevity Centre, UK.
20. Beach, B. (2013). Grandparental Generosity: Financial transfers from grandparents to grandchildren. International Longevity Centre, UK.